

Human Resource Development Systems for Customer Care Services  
Management in Telecommunications Companies: Comparison of a  
Japanese-affiliated and a Swedish-owned Firm in Sri Lanka

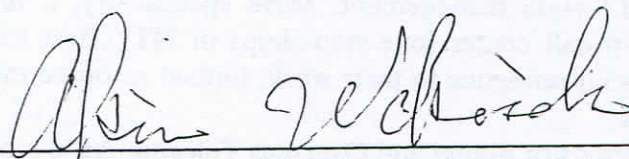
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A Thesis  
presented to the  
Graduate School of Economics  
Gakushuin University, Tokyo, Japan  
in partial fulfillment of the requirements for the Degree of  
Doctor of Philosophy in Economics

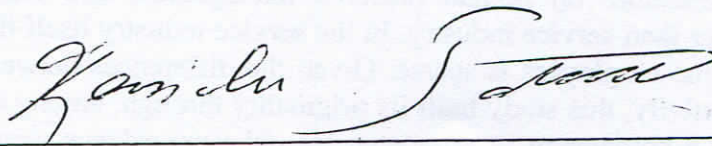
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September 2004



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## Extended Abstract

The telecommunications sector in Sri Lanka has experienced deep and remarkable transformations since the mid-1990s. They include, *inter alia*, Sri Lanka Telecom Limited (SLT), the state-owned telecommunications monopoly, forming a strategic partnership with Nippon Telegraph and Telephone Corporation (NTT) under its privatization program, Suntel Limited (Suntel), a joint venture between international and local partners, commencing commercial operations, and many other new firms penetrating the telecom market. Amid structural and regulatory changes, telecommunications companies, more than other utilities, have dramatized a gradual paradigm shift from price to customer service as the major source of building and sustaining a competitive edge for long-term growth and survival. A central issue in the research presented in this thesis is the configuration of human resource management and human resource development (HRD) systems to support the delivery of customer service, maximizing customer retention. An understanding is sought of how the organization of customer service function affects job structure, how various human resource management functions support job structure, and how that influences the actual behavior of customer service employees (CSEs), in turn impacting on customer retention. Of similar interest is how various human resource management functions contribute to the competency level of CSEs, in turn determining their actual behavior and customer retention. This intellectual inquiry was carried out through comparative case studies in two different organizational settings, SLT and Suntel. Nippon Telegraph and Telephone Communications Corporation (NTT Com, a subsidiary of NTT group in Japan) holds 35.2% shares of SLT while Overseas Telecom AB, a subsidiary of TeliaSonera group in Sweden, holds 55.09% shares of Suntel. Teleshops of SLT and Suntel Centers of Suntel were chosen as the units of analysis. They share considerable commonality as one-stop-shops for walk-in customers. In cognizance of the associations between SLT and Suntel with their respective main foreign shareholder/strategic partner, the research also sought to establish two types of relationship:

- (1) between the operations of SLT and the management style of NTT Com, in broader terms NTT-style management. More specifically, a linkage between Teleshops and 116 call center (one-stop-shop) of NTT East Corporation was explored with special reference to their work, human resource management and HRD organization
- (2) between the operations of Suntel and Overseas Telecom AB's management style, in broader terms Telia-style management.

The majority of literature on human resource management and HRD focuses on manufacturing rather than service industry. In the service industry itself the literature on the work of front-line employees is sparse. Given the differences between service and goods-producing activity, this study built its originality through, among others, arguing that "attitudes", as a component of competencies, take precedence over "knowledge" and "skills" in CSEs serving the customer.

This study entails both primary and secondary objectives. The primary objectives are to identify:



- (1) good human resource and HRD practices which contribute to delivering better customer service
- (2) how these goods practices are developed in relation to the management practices of the main foreign shareholder/strategic partner
- (3) the implications of introducing management systems from overseas for companies in Sri Lanka.

The secondary objectives, as a means to achieve these primary objectives, are to:

- (1) explore the organization of customer service function
- (2) understand how the organization of customer service function affects major human resource and HRD variables as they relate to front-line CSEs
- (3) understand how the management style of the main foreign shareholder/strategic partner influences the organization of customer service function and in turn how it affects major human resource and HRD variables as they relate to front-line CSEs
- (4) compare SLT and Suntel with respect to the organization of customer service function and major human resource and HRD variables affecting front-line CSEs
- (5) determine why identified differences exist between SLT and Suntel.

The empirical research was confined to three companies, SLT (Teleshops), Suntel (Suntel Centers) and NTT East (116 call center). The other research site, Overseas Telecom AB in Sweden, was covered by a review of literature on European rather than specifically Telia-style management. Qualitative rather than quantitative research methods were used as the major source of empirical data. Thus the data in this study were collected using mainly the field role of observer-as-participant and semi-structured in-depth personal interviews with CSEs and various levels of management within all three firms and union leaders of SLT. The significant reliance placed on the observer-as-participant method in this study contrasts with the approach in much of the case study research in human resource management and HRD.

The themes that emerged from analyzing the phenomena observed in the work setting, discussed in the semi-structured in-depth personal interviews and described in documents, were transformed into variables and connected to form a grounded theory. Thus relationships between variables explored comparing the organization of the customer service function of Teleshops and Suntel Centers and their human resource management and HRD configuration are as follows:

- (1) low flexibility in job assignment and high target orientation of CSEs
- (2) high flexibility in job assignment and medium level target orientation of CSEs
- (3) low flexibility in job assignment and high autonomy of the manager in deciding on the amount of annual salary increment
- (4) high flexibility in job assignment and low autonomy of the manager in deciding on the amount of annual salary increment

- (5) high autonomy of the manager in deciding on the amount of annual salary increment and low incentive for continuous and long-term accumulation of competencies by CSEs
- (6) low autonomy of the manager in deciding on the amount of annual salary increment and medium level incentive for continuous and long-term accumulation of competencies by CSEs
- (7) high target orientation of CSEs and their low incentive for continuous and long-term accumulation of competencies
- (8) medium level target orientation of CSEs and their medium level incentive for continuous and long-term accumulation of competencies
- (9) low flexibility in job assignment and low incentive for continuous and long-term accumulation of competencies by CSEs
- (10) high flexibility in job assignment and medium level incentive for continuous and long-term accumulation of competencies by CSEs.