

# Customer Oriented Bureaucracy & Flexibility: Interactions & Implications in the Services Industry Context

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## Introduction

*Customer oriented bureaucracy is the creation of a fragile social order with dual imperatives of efficiency and customer focus. Human capital flexibility and flexible people management system are critical in the service industry due to the features of simultaneity, variability and intangibility. This paper emphasizes the need for flexibility as opposed to fit in handling the issues related to CoB (customer oriented bureaucracy). Together human capital flexibility and flexible people management practices can mitigate the ensuing tensions related to CoB and in turn have a positive effect on the firm performance. The paper also highlights that the dichotomy of customer oriented bureaucracy is experienced at both organizational and individual levels.*

Flexibility is the ability of a firm to respond to various demands from its dynamic competitive environment (Sanchez, 1995; Eisenhardt & Martin, 2000; Winter, 2003; Teece, 2007). Flexibility was described as having two distinct forms namely resource flexibility and coordination flexibility. The former is about a larger and broader array of skills in human resources and the latter is about the reconfiguration and re-deployment of these resources. Wright and Snell (1998), in a different terminology, proposed that HR flexibility is composed of three sub-dimensions: employee skill flexibility, employee behavioural flexibility, and HR practice flexibility. Firm performance is positively affected by skill flexibility, behavioural flexibility and HR practices flexibility (Bhattacharya, Gibson & Doty, 2009). HR flexibility is a dynamic capability of the firm (Teece, Pisano & Shuen, 1997) in the sense that it is focused on adapting employee attributes such as knowledge, skills and behaviours to changing environmental conditions (Wright, Dunford & Snell, 2001; Wright & Snell, 1998).

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These flexibilities are neither easy to obtain nor cheap to sustain. But in the current dynamism of the environment, flexibility (and not fit) is increasingly becoming a means to survive. In the context of service industry, customer demands have a high degree of variability. In the concept of customer oriented bureaucracy, two apparently differing logics of production and consumption are reconciled in service interactions where they occur simultaneously and are often geographically co-located (Korczynski & Ott, 2004). On the production-side rationalization is joined by customer-orientation, and on the consumption-side management promotes consumption of the enchanting myth of sovereignty (Korczynski, 2002). The customer is meant to experience a sense of being supreme. At the same time the space is created for the customer to be, potentially, substantively directed and influenced to follow the requirements that flow from the rationalized elements of production. There is a need for customer-focused HRM, which is targeted at meeting the expectations of the customers in specific market segments (Schuler & Jackson, 1987) and the customer can be a legitimate standard for evaluating the effectiveness of HRM practices and procedures (Schneider, 1994).

Through the lens of the customer oriented bureaucracy, HRM is interpreted as functioning primarily as a means to create and maintain fragile social order out of the contradictory pressures underlying service work. Boxall (2003) gave a very comprehensive model of SHRM.

According to him, the major tasks of organizations is the management of mutuality to create a talented and committed workforce and then developing employees and teams in a way to create an organization capable of learning and adapting to industry demands and cycles. On similar lines, three components of strategic human resource management were identified by Wright, Dunford and Snell (2001). Human capital pool refers to the stock of employee skills that exists at any point in time. Distinct from skills of the human capital pool, employee behaviour recognizes individuals as cognitive beings who possess free will and thus, should be allowed flexibility and discretion in their behaviour. This free will is essential from the services industries point of view as it determines the behaviours that the employees will engage in. From the employees' side, meeting the rather opposing demands of efficiency and care needs attitudinal adjustments; these are aided by the knowledge, skills and ability of the resources as well as the HR practices at the organization. Discretionary behaviour recognizes that even within prescribed organizational roles, employees exhibit discretion that may have positive or negative consequences to the firm. It is through the people management system that the firm influences the human capital pool and elicits the desired employee behaviour.

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This paper argues that in the context of services industries, human capital flexibility and flexible people management practices can mitigate the tension created due to customer oriented bureaucracy. The effects of CoB are both at the organizational level and at the individual frontline staff level. Together, these flexibilities help in managing the duality of objectives of the current businesses.

### **Service Industry: A Backdrop**

“A service is an activity or series of activities of more or less intangible nature that normally , but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”.

Gronroos (1990)

Historically, it has been believed that “manufacturing adds value unlike services industries”. This was the view of Adam Smith; manufacturing has been synonymous with capitalism and services have been regarded as the remnants of the feudal society. The above definition brings out several aspects of the service industry that set it distinct from the traditional manufacturing sector. Typical service work features include intangibility, perishability, and variability, simultaneity in production and consumption, and inseparability. Each of these terms would be evident when we describe service work from different in-

dustry contexts. Service work is characterized by high customer contact time (usually) and customization, apart from other features. Services or organizations operate in terrains in which there are dual imperatives of minimizing cost (or increasing efficiency) and delivering customer-oriented service quality (Korczynski, 2002). This interpretation of the organization of service work has important implications both for HRM and for workers’ experience of service work.

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The main fields of service work having distinctive types of frontline work can be broadly segregated as distributive services (transport, communications, trade), producer services (banking, business services, real estate), social services (healthcare, education, public and non profit services) and personal services (home help, hotels, restaurants, travel, repairs). This paper covers business process outsourcing (BPOs) or call centers, healthcare, airlines, professional services firms (consultancies, law firms etc.), retail and hospitality sector. The frontline work in each of these fields is distinct and so are the HR practices, thus followed. HRM functions at two levels. First, it promotes the necessary efficient and customer-oriented behaviour from the front-line staff. Second, it serves to cope with the inevitable

ensuing tensions (Korzynski, 2002). “The employees of service organizations constitute not only a delivery mechanism but a strategic diagnostic resource for service organizations” (Schneider, 1994).

The hospitality services are characterized by the *front* and *back* of the house. An example of service work is a restaurant where in the service is traditionally done by the waiters and the ‘product’ comprises of the food, ambience, prices, presentation etc. The HR policies devised should be such that they foster co-operation amongst the product (chefs) and services (waiters) providers. There is an inherent pressure in the industry to maintain standardization and customization, flexibility and coordination which leads to the complex dual and potentially contradictory logics *customer oriented bureaucracy* (Korzynski, 2002). The routinizing logic of standardizing procedures is married to the logic of dealing with variable and unpredictable customers. Operational focus is essential but at the same time, special needs of the customers have to be catered to.

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BPOs or call centers have emerged as a new industry aimed at cost reduction, improving operational efficiency and for organizations to focus on their core competencies. Here too, there are con-

tradictory logics of customer orientation and rationalization. Batt (2002) conducted a survey of a nationally representative sample of 354 customer service establishments (call centers). She segmented the market into the following types: Operators, residential, small businesses, middle markets and large businesses. The dimensions that served as the basis of this classification are customer-service provider interaction, use of technology, skill level, discretion and incentives (especially the pay level). Operator services follow the mass production model, have very little interaction with the customers per day and use ‘scripted text’ (while answering standard customer queries). Most of their services are completed on-line and these employees are often electronically monitored. They have low relative discretion while serving customers. The middle and large markets on the other hand handle a lot of variability. The use of technology to mediate service relationships is less substantial and the front line employees have considerable degree of discretion at work. By and large the work is measured and speech is monitored at traditional call centers, something that leads to stressed employees with low morale.

Unlike the BPOs, hospitals and other healthcare facilities have a complex structure; the nature of work is such that there is substantial inter-professional collaboration required and much more flexibility is demanded by the job. The concept of customer oriented bureaucracy holds true even in the case of frontline workers at healthcare centers as they work with two opposing de-

mands. A physician, for example, is expected to deliver quality, individualized service to her patients but at the same time to serve a certain number of patients within a specified time frame. Airlines industry, apart from the other features of service work, has additional issues such as job security and lack of discretion and flexibility at work given to the cabin crew. There is a high degree of emotional labour amongst the air hostesses who have to constantly remain 'servile' to passengers (Korzynski, 2002). Some HR policies that can deal with such issues are employee empowerment and team based jobs (help in reducing stress). Professional services firms like consultancies and law firms offer personalized and customized services to businesses/individuals. Like the healthcare industry and unlike call centers, these professionals are more powerful than the customers because of their knowledge and expertise. There are no 'scripted' solutions and the nature of work is strictly knowledge based, thus, there is a need for pooled professional interdependence at work. HR policies such as up-or-out promotions, mentoring and deferred compensation are prevalent. Retail sector, like call centers, has low skill requirement, casual/contingent employment, dual expectations of efficiency and attentiveness to the customers and short but imperative training. Retail sector has HR practices such as target based compensation, job rotation, uniforms, 'employee of the month' reward schemes and cultural events.

Boxall (2003) identified three broad types of competition in service industries,

ranging from mass market to knowledge intensive services. His framework explores competitive differentiation through human resources in high skill areas such as professional services. Two broad strategic types exist: firms oriented to efficiency and firms oriented to expertise. The efficiency focused firms have more bureaucratic HR systems. Expertise driven firms try to hire intelligent free spirits and retain them through challenging, high discretion work. Herzberg, Alic and Wial (1998) conceived a typology of work systems based on the markets served, the nature of task supervision, level of formal education of workers and on-the-job training provided to them. These work systems are categorized as tightly constrained, un-rationalized labour-intensive, semi-autonomous and high skill autonomous. Lashley (1998) has classified these jobs as mass service, service factory, service shops and professional services based on varying degrees of intangibility and customization. Tightly constrained work systems serve high volume, low cost and standardized quality markets. The workers have low to moderate formal education, are given limited on-the-job training and are under tight task supervision. Typical examples include telephone operators, fast food workers, cheque proofers etc. The other end of Herzberg, Alic and Wial's (1998) continuum has high-skill autonomous work systems. Such systems cater to low volumes of differentiated tasks and serve high quality. The workers have high degree of formal education and substantial on-the-job training. Their work entails considerable discretion and they are thus under little task supervision.

### Customer Oriented Bureaucracy

Services organizations operate in terrains in which there are dual imperatives of minimizing cost and delivering customer-oriented service quality (Korczyński, 2002). This interpretation of the organization of service work has important implications both for HRM and for workers' experience of service work. Frontline staff's experience is contradictory. The dual pressures structuring their work mean that there are both more tensions and potentially more spaces for these workers. From a SHRM perspective, a model of customer orientation is inappropriate. A hybrid model of a CoB is more adequate way to capture the mutually constituted nature of the customer and the significant power that continues to reside with the individual producing organization. Under CoB model, organizations have to be both formally rational, to respond to competitive pressures to appeal to customers' wishes for efficiency and to be formally irrational to enchant, responding to the customers' desire for pleasure.

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The key management role is to fashion a fragile social order and devise ways to cope with difficulties that the employees might face as they cater to both the expectations. There is both a quality

(customer relationship) and quantity focus (efficient task completion). One key point to note is that the basis of authority lies with the customer also, apart from the rational legal rules. The organizational effectiveness also depends on the evaluation by the standard of a dominant external constituent. The Boundary Spanners or the front-line staff need to be aware and sensitive to organizational (e.g., established rules) and customer goals (e.g., courtesy) (Schneider et al, 1980). Prior research has established that employee perception and customer perception of service quality are positively related (Schneider & Bowen, 1985; Schneider, 1980; 1994; Schneider, Parkington & Buxton, 1980). Employee perception of service oriented practices/procedures is positively related to customer's perception of service quality. Thus, for the frontline staff, the control is both, imperfect bureaucratic measurement and customer related norms. COB theory suggests that for front-line workers the rise of customer authority has made customer service the pivotal moment of their work experience (Brook, 2007).

There is a need for flexibility because the employees have to maintain internal stability and simultaneously adapt to customer variability. The model of CoB contains within it, the dual logics of rationalization and orientation to the formally irrational aspects of customers. As stated, work has to be organized to enchant the sensibility of the customer, particularly through the enchanting myth of sovereignty (Korczyński, 2002). In a hospital setting, key aspects of the service in-

teraction, including the menu and its presentation, the display of empathy and aesthetic labor, and the use of naming within the service interaction, are analyzed in terms of the promotion of the enchanting myth of sovereignty. The routine logic of standardizing procedures is married to the logic of dealing with the variable and unpredictable customers. The reorganization of front-line work is driven by the need to cut costs and simultaneously improve customer service. Du Gay (2005) locates the concept of customer sovereignty as central to the discourse of enterprise (Korczynski, 2002). "Overall, even though some authors might overstate the extent of the differing logics which dominate the spheres of production and consumption, service management is still faced with an important point of tension in managing consumption within service interactions. The management structures the service interaction in such a way that the frontline worker can guide the customer through the constraints of production, while at the same time encouraging the customer to experience a sense of being sovereign. On the one hand, the particularity, individuality, contingency and variability (of the situations and needs of clients . . .) must be preserved . . . On the other hand; service labour must ultimately bring about a state of affairs which conforms to certain general rules. The definition of service labour . . . draws attention to processes of individuation and differentiation on the one hand and coordination and standardization requirements on the other. Service labour can be deemed successful if it affects a balance between these two aspects" (Korczynski, 2002).

Within frontline production, rationalization remains a strong current, but increasingly is being joined in significance by a customer-oriented current. Service management seeks to reconcile this through the promotion of enchanting myth of sovereignty, by subtly attempting to direct customer behaviour while also attempting to ensure that the customer feels that s/he is in charge. The trick for frontline workers, then, is to 'both deferential and authoritative' (Benson, 1986: 159), to direct behaviour but to convey the impression that the customer is in charge.

The management uses technology as an instrument both to rationalise production (lower costs, increase productivity) and to make the firm more customer oriented (improve the service, personalize it, collect data on customers, add value for them and build relationships with them). In the production line or bureaucratic approach to service work, HRM may have a relatively peripheral role. There is a strong, largely mono focus on efficiency, with frontline workers expected merely to comply with the standardised procedures enshrined in technology and rules (Korczynski, 2002).

HRM assumes a central role in service management because it can operate at two levels. First, it can be used to promote the dual-focused, efficient, and committed and customer oriented worker behavior that is required. Second, it can offer a range of approaches to cope with the inevitable ensuing tensions. Again there is a dual imperative of 'hard', cost minimizing HRM policies to match price competitive product markets and 'soft',

resource maximizing HRM policies to match quality sensitive product markets. This combination of hard and soft policies calls for flexibility in the people management systems of the organization. Managers have to simultaneously encourage spontaneity and convert employee behaviors and actions that are definable, repeatable, and actionable.

Research on service workers indicates that workers empowered by flexible systems are likely to be more productive than their more routinized colleagues, with the clear implication that management should choose this form of work organization (Schneider & Bowen, 1993). The theoretical basis for this contention lies in management's on-going attempts to reconcile standardization of processes and products, aimed at lowering unit costs through scale and transaction economies, and customization aimed at generating revenue by focusing on individual customer requirements (Frenkel et al., 1998).

### **Flexibility**

Researchers have found three modes of theorizing in SHRM. The HR practices can follow universal, contingency and configurational perspectives. Pfeffer (1995) argued that there is a set of sixteen management practices such as participation and empowerment, incentive pay, employment security, promotion from within, training and development, job rotation etc. that are universal in nature and constitute as best practices. These best practices can be universally adopted and are strongly linked to the firm's financial

performance. Contrary to this view is the contingency perspective which rests on the view that the HR practices depend on the firm's strategy. Organizations should implement HR practices that encourage the employee behaviors that are consistent with the organizational strategy. Yet another view of theorizing in SHRM is the configurational perspective. This view draws on the holistic or systems principle and looks at patterns or bundles of HR practices (MacDuffie, 1995).

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Firm performance, from strategic human resource management point of view, depends largely on the two concepts of fit and flexibility. Fit is related to the congruency of objectives and practices. Flexibility is adaptability in a dynamic environment. It is not a temporary state but an actual characteristic of an organization. Resource flexibility is the extent to which a resource can be applied to a larger range of alternative uses, the costs and difficulty of switching the uses of a resource from one alternative uses to another and the time required to switch. Management by objectives as an appraisal technique and skill based pay plans resemble flexible processes. Mental abilities, flexible behaviors and even personality traits are associated with adaptability to change. Co-ordination flexibility is the extent to which the firm

can re-synthesize the strategy, reconfigure the chain of resources and redeploy the resources. Use of contingent labor force is an example of co-ordination flexibility. These flexibilities create options for managers; they are choices that firms make with respect to the dynamic environment. Firms create flexibility through hiring people based on their potential for creating value.

However, a limitation of Sanchez's (1995) work is that the idea of behavioral flexibility was not adequately addressed by him. Flexibility in strategic HRM is obtained by developing HR systems that can be adapted quickly, developing a human capital pool with a broad array of skills and promoting behavioral flexibility. Employees of any firm possess a broader repertoire of capabilities than simply those relevant to the current strategy of the firm. Flexibility plays an important role in developing, identifying and exploiting emergent strategies. To observe a visible change in the performance of the organization, strategy needs to be coupled with skills and behaviors. This can be achieved by introducing changes in recruitment and selection processes for skill flexibility and changes in the appraisals, rewards and recognition system to initiate behavioral flexibility.

Flexibility in employee skills, employee behaviors and human resource practices has a profound effect on the performance (both financial and non-financial) of the firm. Skill flexibility for instance, contributes to the cost efficiency of a firm. Also, operational flexibility, product customization and resource flex-

ibility are related to increased firm performance. HR flexibility is focused on adapting employee attributes such as knowledge, skills and behavior to the changing environmental conditions (Wright & Snell, 1998). Flexibility of employee skills is the number of potential alternative uses to which employee skills can be applied and how individuals with different skills can be redeployed quickly. Flexibility which entails a wider range of resources and less process routine can increase costs. But in the longer run, acquiring, motivating and developing intellectual assets can be a source of competitive advantage. HR can affect firm profitability through improved labor productivity, cost efficiency and by adding value through human assets.

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Skill flexibility can be gained in two ways by any organization; acquiring small number of employees with broad skills or having a large set of employees with narrow but specialist skills. From a sustainable competitive advantage view, the former is difficult to imitate as their advantage is socially complex and causally ambiguous. Managers should, therefore, develop skill flexibility in the existing employee base by adopting job rotation, cross functional teams and project based work assignments.

Behavioral flexibility is the capacity of people to adapt to changing situations

or to exhibit behavioral repertoires under different situations. Thus, managers tend to recruit individuals who exhibit greater levels of adaptability. This, however, is not easy to achieve. HR practice of appraising employees through behavioral observation is more difficult than through management by objectives. Employees with enhanced learning capabilities means that organization does not need to hire new people with new attributes to address environmental changes.

HR practice flexibility is about the firm being more readily adaptable in changing its HR practices. HR practice flexibility may induce flexible employee behavior and facilitate reallocation and reconfiguration of employee skills. This allows the firm to offer similar HR practices across different units thereby maintaining strategy consistently. High performance HR practices (selectivity in recruitment, training, variable compensation and performance appraisal) are associated with greater firm performance. A firm's financial performance index is positively correlated with skills, behavior and HR practice flexibility. High flexibility reduces the cost of obsolescence and by helping firms to react to change, may reduce the cost of delayed change and missed opportunity (Bhattacharya, Gibson & Doty, 2009). Flexibilities may not only generate value by themselves but may also facilitate synergies with other resources, creating strategic opportunities. These flexibilities may also foster greater creativity, innovation and first mover advantage. Also, firms that are flexible avoid opportunity costs

of layoffs and turnover and are hence, more cost efficient. Behavior and HR practice flexibility are not related to cost efficiency. "Skills flexibility makes a firm more cost efficient" lowers the requirement for actual buffers against uncertainty. Cost savings owing to skills flexibility are immediate and apparent (Bhattacharya, Gibson & Doty, 2005). HR flexibility, on the other hand, is positively related to return on sales, operating profit per employee and sales per employee.

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Service organizations are characterized as having high labor intensity, short response times, and the inability to inventory finished services. These characteristics, along with low increases in service sector productivity, make workforce scheduling a fundamental concern, because overstaffing wastes resources and understaffing affects customer service. A type of operational flexibility called structural flexibility was proposed; this method uses the structure of the capability pattern to generate indices that quantify the ability of a system to respond to variability in its environment (Iravani, Oyen & Sims, 2005). The authors focused on strategic-level issues of how flexibility can be created by using multi-purpose resources such as cross trained labor, flexible machines, or flexible factories. A key policy issue is to establish the appropriate degree of resource flex-

ibility for different operations as the needs arise. In the service sector it is synonymous with scheduling flexibility. Capacity can better match demand when high-demand periods are staffed with more employees than low-demand periods (Malhotra & Ritzman, 1994). Flexibility is also closely linked to the firm's ability to provide niche and customized products to the consumer.

### **Discussion & Conclusion**

Having gone through the literature present on the two key concepts - flexibility and customer oriented bureaucracy in the context of the different sectors within the service industry, the basic imperatives of both are clear. In CoB, there is emphasis on establishing internal stability to maximise efficient production along with focus on the external environment of the customer. This additional requirement means that organizations must seek to be flexible to cope with this unpredictable environment (Korczynski, 2002). The unpredictability and variability can be at the level of the individual customer or that of the demands of the whole set of the customers. One way to reduce the uncertainty is by increasing the predictability of changes in customer demand (thus, the growth in production of software programs). Another, more sustainable way in which management is likely to seek to cope with the tensions is to utilize labor force flexibility.

**Some degree of multi-skilling is essential for customer satisfaction.**

The firm performance is positively associated with skills flexibility, behavioral flexibility and HR practice flexibility (Bhattacharya, Gibson & Doty, 2009). Additionally, researchers have classified flexibility as resources and coordination flexibility (Sanchez, 1995). Resource flexibility, skill flexibility and functional flexibility are related terms that refer to the ability of the workforce to undertake differing tasks in line with the fluctuations in customer demands. The concept is in line with one of the requirements of CoB, this flexibility of employees can help them switch from one job to other in less time, thus, fulfilling customer demands without compromising on the efficiency of service. Therefore, some degree of multi-skilling is essential for customer satisfaction. Another type of flexibility adopted by the firms is numerical flexibility which refers to the ability of management to adjust workforce numbers in line with fluctuations in the customer demand. In yet another methodology called 'Flexible Firm', the workforce is segmented with the 'core' staff delivering functional flexibility and the staff in the 'periphery' delivering numerical flexibility. In a range of service industries, the expanded use of numerical flexibility appears to be one of the key ways in which management seeks to create a fragile social order out of the context of constraining tensions.

This paper primarily has two propositions: a) The dual imperatives of efficiency and customer focus are shouldered at both the organizational and the individual levels and b) Together with human capital flexibility and flexible

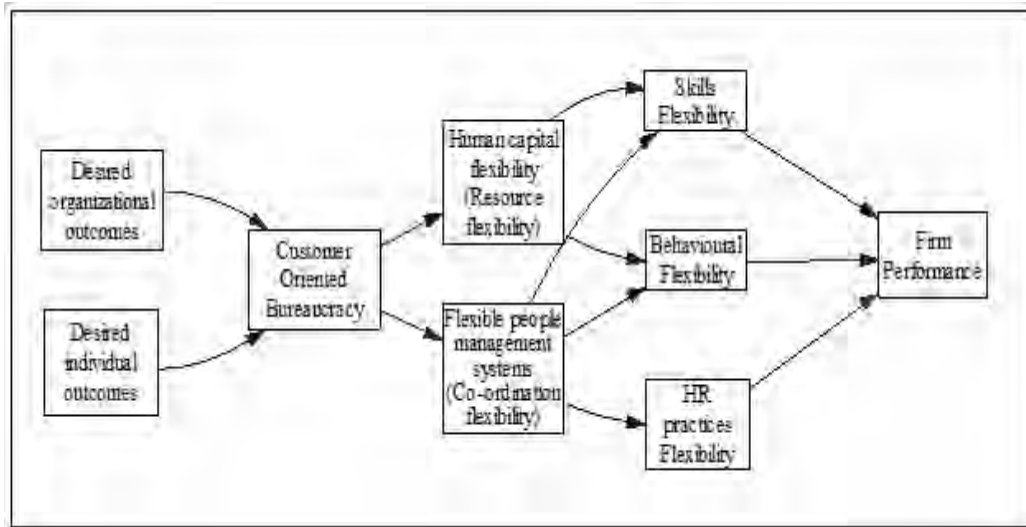
people management system, the inherent tensions of CoB can be reduced and better firm performance can be achieved. At the organizational level, the task is to devise flexible HR practices that ensure flexibility of working for the employees, especially the front-line staff. Also, the organizations have to design coping mechanisms for the staff to help them vent the frustrations that are likely to develop owing to the pressures of CoB. In a typical restaurant, for example, there is a back stage and a front stage of work. The back stage includes the chefs and the front stage comprises the 'waiters'. The chefs follow the bureaucratic logic and are driven by accuracy and efficiency of their operations. Since there is no interaction with the customers, no orientation is required towards them. The waiters however have interplays of both efficiency (in terms of the number of tables served, say) and customer focus (aspects such as politeness, catering to specific needs etc.). There are high chances of the waiters facing the pressures of opposing expectations. Also, there is the likelihood of conflicts that might arise between the chefs and the waiters because of the conflicting nature of work. Therefore, organizations have to devise ways in which this workplace friction is reduced.

From the employee perspective, the impact of CoB leads to attitudinal and behavioral demands. For instance, in a healthcare organization, nurses are said to be walking a "tightrope" where they have to maintain balance between closeness, stemming from their patient

empathy and distance from the patient that stems from the bureaucratic imperative of efficiency. Therefore what is needed from the employees is behavioral flexibility. Another example can be the call centre industry. The first image of the call centre is that of an 'Electronic Sweatshop' or 'panoptical wired cage', work is de-skilled and monotonous, relieved only by the increasing employment of part-time workers. This permits management to respond flexibly to changes in demand but at the same time divides the workforce into core and peripheral employees. On the other hand, these frontline employees are like the company's brand ambassadors. In this setting, work is increasingly customized to the needs of the customer. The worker uses IT to seamlessly identify and service the customer. In addition, appropriate software assists in on-the-job learning, thereby improving workers' knowledge and skills (Korczyński & Ott, 2004). It is clear that attitudinal flexibility is required at the employee level. Frontline staff continuously needs to switch between opposing roles. Therefore, it is not only work and capabilities that govern the performance of the employees in the services setting but also the psycho-social effects.

Unless there is flexibility in both human capital and the management systems in a firm, the dual imperatives cannot be achieved. Human capital (comprising knowledge, skill and ability) flexibility would lead to skills and behaviour flexibility amongst employees. Flexible

Fig.1 Superior Firm Performance by the Interaction of CoB & Flexibility



people management systems (related to staffing, training, appraisal, communication etc.) will ensure HR practice flexibility. Together these help an organization better its performance. At the recruitment stage, firms are increasingly looking for employees whose traits include a positive, service-driven attitude, credibility, a strong detail orientation, loyalty, initiative, self-discipline, and trustworthiness. Training should largely be aimed at providing employees with the knowledge and skills to work effectively in the shortest possible time. Consequently, the emphasis can be on contextual knowledge – company products, systems, procedures – and customer-related skills.

In the case of a call centre, productivity measures such as calls taken per CSR, time spent on the phone, and volume and value of sales, are recorded automatically by computer and transmit-

ted to supervisors on a regular basis. This rule-oriented behavior is flexibly enforced to the extent that productivity is usually balanced against expectations of quality. Management can formalize several minimum requirements, typically scripted and learned in initial training. This covered such aspects as greeting customers, answering queries, encouraging sales, terminating calls, communicating with other departments and dealing with abusive callers. Beyond these minimal requirements, CSRs are expected to use their 'discretion' in a positive way. A crucial job of lower management and supervisors is the creation of individual points of 'balance' with individual workers – often through the forum of the performance appraisal. If the management devises mission statements which stress commitment to the workforce, to their development, training and career, and if management continually reinforces this

through forums such as team meetings and through performance appraisals, then this may have an effect on engendering a level of workforce commitment regardless of the tensions ensued by CoB. The customer oriented bureaucracy points to the supplementing of the bureaucratic form of control through the operation of customer-related norms. Customer oriented training programmes that are conducted in several service companies, to handle various kinds of customers, their expectations, dealing with expected and unexpected exceptions, tend to supplement the traditional direct and bureaucratic control. Thus, by making employees more flexible in their skills as well as behavior, organizations can attempt to achieve bureaucratic control also. SHRM emphasizes the need to focus on the good surface mood at work as it is likely to be frequently mirrored in management seeking to create 'fun' and 'positive' level of social reality above deep seated organizational tensions. In frontline work, management stresses that workers should take ownership of customer interactions. The staffs are empowered to take decisions at the front end and considerable employee discretion ensures flexibility at the work place. By giving workers more autonomy, the management offers them more interesting and challenging work. This can in turn lead to job satisfaction. The sources of intrinsic satisfaction lie in management's work-structuring strategies that include clearly defined work tasks and expectations and work-process facilitation. In addition, workers are likely to favour and gain satisfaction from participation in decisions that determine how work is undertaken. Extrinsic satisfac-

tion depends a good deal on employment relations: what the employer provides in pay and employment conditions in exchange for workers' contributions. Social satisfaction depends on opportunities for social interaction which in the case of services industries such as healthcare organizations, hospitality sector, call centres and ITeS, airlines industry etc. is very frequent.

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Thus, we see that in services setting, there are two major demands – a demand for flexibility on the one hand and demand for a high degree of control and coordination on the other (Korczyński, 2002). The demand for flexibility stems from the variability of customers, while the demand for control stems from a bureaucratic rationale tied to the need for cost control. There are continued tensions between rationalization and customer orientation in service organizations. To combat these tensions and still have superior firm performance, human capital flexibility and flexible people management systems are required.

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