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## Flexibility in Service Sector

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## **Abstract**

*The world had changed from Agriculture based economy to the Manufacture based economy and ultimately to the Service sector based economy. Services processes are very special and playing as increasingly important role in modern economics. They require new forms of flexibility in service sector. In service sector services processes have allow high degree of interaction with external participants such as customer and Contractors. Flexibility in service sector not only produce a defined output but they also have to provide a defined potential to provide the service output. his is a case study of flexibility in BSNL Service Sector. We focus on the additional flexibility deriving from improving the work culture, Outsourcing work & their brand name.*

**Keyword :** *Flexibility, Outsourcing*

## **Introduction**

Traditional Service sector are declining replaced by service providing enterprising service sector must be very flexible in adopt to customer's requirement. These requirements are quickly changing customers expects that all changes can be implemented immediately. Apart from the servicing portion involved in a manufacturing or agriculture base companies, there are various industries which are only catering service to customers and charging on the basis of the use. The Postal services, it charges the customers on the basis of the size-weight of the various packages to be transported to the desired destinations. The manufacturing companies can have their own personnel at their disposal to carry out these tasks of transportation but it may not have enough work to employ them at full time. So the Postal services are helpful to them as they pay only for the amount of the work done by them and it

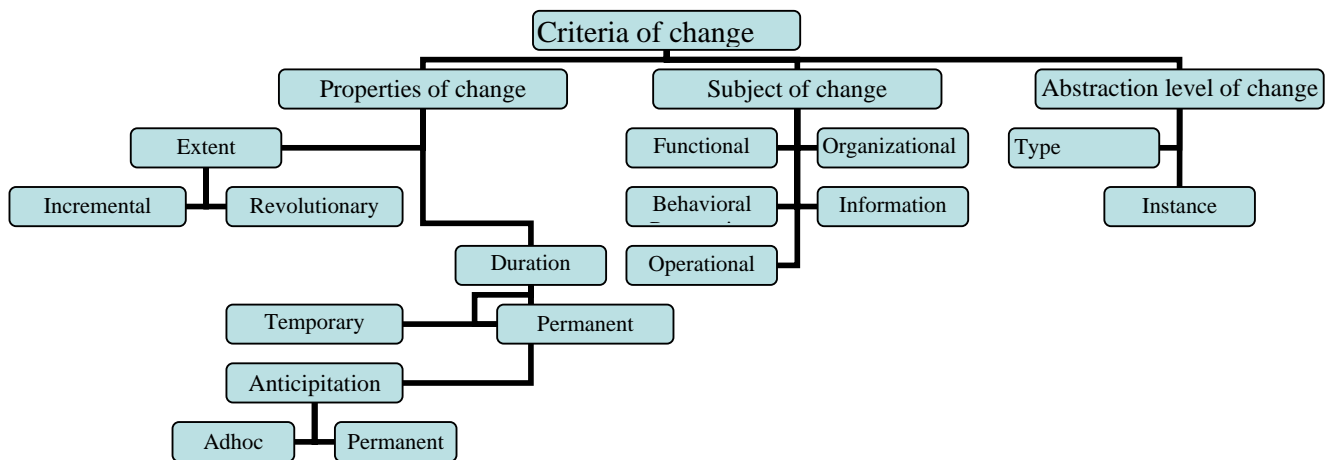
helps the companies to reduce the overheads substantially and provide them flexibility in choosing the best postal companies which can help them properly. Generally the decisions are base not only on the basis of Price but on variety of factors like speed of delivery, the safety precautions employed, the language barrier, response time in picking the package etc. All of the above was mentioned to provide a glimpse of the pattern of the Flexibility offered to the companies.

Flexibility is an important aspect in any organizational working particularly in the service sector. It is difficult to define the term Flexibility but it is easy to understand it. It is an important characteristics of all types of the resources that includes the material, raw material, personnel, ideas, decision making process, working hours etc. The courier companies hire persons during peak seasons temporarily to distribute the packages. The entertainment industry hire temporary staff on holidays and week ends to cater to the rush of the customers. The service industry provides services which similar from all the suppliers and hence they have to provide some uniqueness in their approach which sets them apart from their other competitors.

## Flexibility

Flexibility in the capability to implement changes of the requirement in service sector model instances by changing only those part of service sector model instances that reflect the change. The taxonomy classifies flexibility with respect to the type of changes it enables. The taxonomy uses three criteria of change. The abstraction level of change , the subject of change and the properties of change.

**Fig. 1: Criteria of Flexibility**



## **Service Sector and flexibility**

Service sector have a kind of double identity, because they are also services offered to the customers. Therefore they have to be very flexible to adopt the provided services to the customer's requirement. Service sector show a very high degree of division of labour, requiring many interactions between service provider, the customer and the third party service providers. Second service processes use external resources both from the customer and the third party service providers that have to be obtained , integrated & administrated. Third not only the execution but also the potential to execute the service process is important to the customer.

## **Service level Perspective**

Not only the execution but also the potential to execute the service process is important to the customer. It is important for the customer that the service staff receive complain in service desk & get a reaction within a predefined reaction time. To reach a certain level define in service level agreement , resources have to be kept ready as service can not be stored as material product.

## **Requirement of flexibility in Telecom service Sector**

The Service Sector has to provide the services at the request of the customers. The demand of the customers has to be met with a proper satisfaction level otherwise, the customers would be lost. Here we take an example of the Communication service providers. The Telephone Exchange of the service Providers should have enough capacities to immediately connect all the call requests made by the customers of that Exchange, but such a scenario would increase the size of the Switches and associated items like the requirement of the space, the power supply needs, bigger size air-conditioning plants etc. Hence all the Communication service providers have an optimum size of the switching networks on assumptions of the calling patterns or the past data. This is the reason of the collapse of the services when all the customers try to attempt to make a call during some emergency like Bomb explosion, train accidents etc. It is the endeavour of any company to balance the Demand and Supply for its products.

We take an Example of Bharat Sanchar Nigam Ltd. or popularly called as BSNL. It is a Public sector avatar of earlier Department of Telecommunication or DOT came in existence on 1<sup>st</sup> October 2000. (DOT had formed after the bifurcation Post & Telegraph department) The BSNL had the work culture of any Government sector where the employees are not very friendly or courteous towards their customer. BSNL is having air-conditioned customer care centers with proper facilities for sitting, drinking water etc. but the BSNL officer manning the counters may not be available at their respective seats. It was noticed that even if they are available on their seats they may refuse to attend the customers on the pretext of busy for the tea or approaching lunch time etc. These points of sale to the customers or service had become Points of Discontents for the customers. I had heard a customer mentioning that it is the only company which refuses to accept the money brought by a customers who was kept waiting for a long duration in a queue and later asked to visit again on the next working day to deposit the money.

The BSNL management had recognized this flaw in their organization. It was not possible for them to change the habits of the employees overnight and hence to prevent the Customers discontent and provide flexibility in service points they had created a Franchisee network who had provided them a multifold increase in the BSNL outlets where any customer can get the services. The franchisees had provided a different environment to the customers in respect of the courtesy, no restriction on time limits etc. Also these franchisees were having a number of retailers which were also catering to the needs of the customers at their doorsteps. The appointment of the Franchisees had very vital positive effects on the health of the companies health. The 86% of the Mobile revenue business of BSNL is generated through the franchisee network. It is the time when BSNL should start thinking of outsourcing of the Customer center officials who are specifically trained for the service of the customers. The rules and regulations governing these officials should be different from the rules administered to other employees.

BSNL as a Government controlled Public sector was allowed permission to enter in GSM based Mobile services quite late i.e. after establishment of at least two mobile service providers in each commercially important states like Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat etc. But still BSNL managed to capture a substantial market share because of the Flexibility in access points brought by the franchisee network. This may not have been possible if the company had relied only on the existing Customer service networks.

### **Flexibility in Brand Name**

If we continue to examine the case of BSNL it had created a Distinctive brand symbol with a Globe surrounded by two circular arrows and a punch line of Connecting India. The brand awareness is very high because of the effective use of the media mix in the form of Television advertisements, Radio jingles, Print media colourful advertisements, Sponsorship of the various events, Hoardings at the road sides etc. The effective and flexible use of the various medias it had brought its brand name in the awareness zone of the customers. Initially it had started with a separate brand name for each of its products mention in table1. But soon it was realized that the customers were getting confused with these names. Hence company had take a conscious decision to remove those names and instead call them as mention in table1. The quick acceptance of the customers reactions indicates a Flexible decision making approach followed at board level in BSNL.

**Table 1.** Brand product name of BSNL

<b>S. No.</b>	<b>Description</b>	<b>Previous Name</b>	<b>Present Name</b>
1.	Post paid mobile	Cellone	BSNL Post paid mobile
2.	Prepaid mobile	Excell	BSNL Prepaid mobile
3.	Life time mobile Services	Tarang	BSNL CDMA
4.	Land line Services	B-Fone 1	BSNL Land line
5.	Broad band Services	Dataone	BSNL Broad band
6.	Internet post paid Services	Netone	BSNL Internet post paid
7.	Internet prepaid Services	BSNL Sanchar Net	BSNL Internet prepaid
8.	PCO Services	Call Now	BSNL PCO

## Flexibility in Outsourcing

The BSNL company had acknowledged the importance of the helpline to the customers, which should provide help to them telephonically round the clock through out the year. It started the call center facility with its own staff but soon recognized its limitations in terms of the effectiveness. It had outsourced the call center to the private operators who are better trained for this job. Also being in private domain they are more flexible in hire and fire policies, like if the effectiveness of any employee is not upto the expected level that person is removed very quickly. This practice was not possible for BSNL which has to follow the rules of the government sector in form of issuing memos, warning letters, charge sheet the person and later prove to the enquiry committee about the failure of the employee in performing his duties. Hence the BSNL had approached and solved this issue using outsourcing method which provides them flexibility in putting instructions with the outsourcing agency to increase the number of simultaneous positions at the peak hour without increasing the number of permanent employees.

BSNL had similarly outsourced the cable laying work, erection of the telecom towers, installation of electric engines, installation of the air-conditioning plants etc. These are the few activities which are to be undertaken as and when its need arises. So permanent persons are not employed for these activities. The work is awarded through proper tender to avoid any favouritisms.

Similarly the cleaning work at the various BSNL premises, the security of the vital installations, the gardening or horticulture works etc too have been outsourced. It appears that the decision had been taken for effective implementation of these works, which may not have been performed properly by the permanent employees as well as the overheads on account of the fixed governmental salary, pension liabilities etc. are avoided. The vehicle requirement is met by hiring taxis instead of the departmental vehicles. The hired taxis are generally in pool and used by all the officers whenever required and thus avoiding to keep them idle.

**Table 2 : Outsourced work in BSNL**

Sr.No.	Description	Outsourcing Party	% of total work
1.	Cable lying	Private Contractor	100
2.	Security of vital telecom installation	Directorate General of Defence Service	100
3.	Cleaning work	Major offices headed by CGM or GM	100
4.	Vehicle heiring	Private taxy	60

## Flexible approach in BSNL

BSNL officials are well versed with the latest developments in the communication field but lack in knowledge of the computers. It is able to provide the fast broadband access upto the customers' premises using the copper cable network. But the customers want that the access to be provided in their personal computers and configure them. The line staff employed by the BSNL could not do it properly and it had become appoint of discontent among the customers. The issue had been settled using an unique approach of appointing Broadband Business Associates who are

generally students and need to earn money to supplement their monthly allowances from their parents. They are asked to visit the new customers' premises and configure the computers to the satisfaction of the customer and these BBAs are paid fixed amount for every such visits. Also to provide them some fixed monthly amount to induce them to continue this work, the maintenance work too was entrusted and fixed amount against each connection was provided irrespective of any fault. This flexible approach had helped to create a large demand for this product.

## **Conclusion**

The flexibility in approach is of the vital importance for any service sector. The demands and expectations of the customers are to be met instantly to keep him within the organization. Retaining a customer is far easier than bringing a new customer. In this article, a few approaches adopted by a 100% government owned company which is having a less flexibility in comparison to the private telecom service providers are mentioned to illustrate that a changed holistic view is required to be competitive. Flexibility in decision making, flexibility in system design and will to change the designed system whenever need arises etc. are few attributes to be successful in this world of cut throat competition. The evolution of popular frequent flier program, its role shift from a cost center to a revenue center. We also propose standard and creative ways to tackle the over-issuance problem and ways to facilitate the flexible redeem of the points to enhance customers' utility and loyalty and to lessen the over-issuance problem.

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