



Institute of Customer Service evidence for the Independent Review of Employment Practices in the Modern Economy

April 2017

The Institute of Customer Service is an independent not for profit professional membership body, with nearly 500 organisational members. Our purpose is to help organisations strengthen their business performance by focusing on raising the standards of their service which in turn will improve their customers' experiences.

Overview

The Institute of Customer Service (The Institute) recognises the ambition and scope of this inquiry and believes that looking at the factors helping to make work fair and decent and ensure people achieve fulfilment is a key component to help drive UK economic performance and productivity.

With the world of work changing fast, in particular through increasing use of artificial intelligence and the growth of automation, it is imperative that organisations focus on appropriate people development so that employees have the right skills, competencies, capabilities and training to be able to deliver in their roles and also find well-paid, productive work in the future.

This is because The Institute believes that as more jobs are automated, employees will be redirected into customer roles that robots and machines are unable to fill.

Therefore, it is essential to provide employees with better customer service qualifications, development (including coaching and training) and skills in order to make this transfer into the economy and to build engagement with the workforce. Indeed, a recent report called 'The Customer Knows' published by The Institute, revealed that enabling and developing employees led directly to an increase in employee engagement, and with it, a rise in customer satisfaction. The same report also noted that 67% of customers who had a great experience with an engaged employee would buy again from that organisation. The suggestion is clear: by enhancing the capabilities of employees, satisfaction within and external to an organisation increases, with the resulting positive impact on productivity and performance.

Robotics & Automation

There is a growing realisation that we are about to move into a phase of automation in the economy that could pose a fundamental challenge - and opportunity - to society.

Both Robotic Process Automation (RPA) and Intelligent Automation (IA) have the potential to make business/public administration more efficient but in doing so will have a significant impact on particular areas of the economy and segments of society.

RPA is best suited for processes with repeatable, rules-based interactions or transactions with IT applications. These software "robots" mimic the way that people interact with applications through a user interface and follow simple rules to make decisions. For instance an RPA robot can input council tax direct debit details in exactly the way that a human

worker would, albeit in a fifth of the time (as identified in a report by Arvato Bertelsmann). This software is becoming the norm in the private sector and is beginning to penetrate the public sector. From a service perspective it addresses a key desire of today's customer – namely providing speed of service, making the transaction easier and maximising a positive experience.

IA by contrast is focused on non-routine tasks involving intuition, judgment, creativity, persuasion, or problem solving. This is less advanced but rapid developments in the field of Artificial Intelligence and cognitive technologies with human-like capabilities such as recognising handwriting, identifying images, and natural language processing point to similarly profound impacts in due course, according to Intel (2016). With 'ease of doing business' a key component that contributes to customer satisfaction, this is an area which The Institute believes should be an opportunity to improve the overall customer experience – but it must be supported by employees who can provide the human interaction customers continue to demand as artificial intelligence is not yet advanced enough to provide the authentic experience customers are also seeking. As outlined in the UK Customer Satisfaction Index, this is because customers want a seamless experience that blends technological advancement with 'in person' dealings.

The impact of this on the UK labour market could be enormous. Recent studies by Deloitte, published in 2015 and 2016, have indicated that around 35% (11 million) of jobs in the UK are at risk from automation in the coming years.

The refrain from proponents of RPA is that historically, technology has not led to long-term unemployment but has simply altered the type of employment available, in many cases creating new sectors or roles that hadn't existed.

At an individual level it is expected that workers will be released from routine roles and re-directed to higher-level, customer related and value-added work. This is a common message in the public sector in particular where back office efficiencies are heralded as an opportunity to focus resource on better service delivery and front-line services, areas which are under pressure from continuing austerity and valued by the taxpayer. As such, The Institute believes that the technology should be welcomed and embraced as a way to solve the challenges of co-ordinating the customer experience in multi-channel environments, but only if organisations equip their employees to handle service interactions in different roles – something from which employees and their employers have much to gain.

What seems increasingly clear is that there will be, in the decades to come, a fundamental shift of the workforce away from back office and routine roles and into positions that require a different set of skills. The Institute's research, called 'Customer of the Future', suggests that these skills will revolve around customers' desire for both a personal assistant and a trusted advisor. It highlights how an expanding range of devices and materials connected to intelligent technologies will transform the way people interact in a personal and professional capacity, and how this will fuel the demand for greater personalisation. In other words, whilst technology can address the desire for speed and efficiency, the capabilities that employees will need to develop will need to focus on emotional intelligence, with competencies focused on how to read and manage different personality types and emotional states.

Future Economy – Training

There is an emphasis on Government putting in place the necessary structures to help workers cope with the changes that are to come.

The Institute believes that Government has a key role in assisting workers to acquire the

skills that will be most valued in this new workforce; problem-solving skills, creativity, social skills and emotional intelligence – all key aspects of customer service skills development. However, this is not a simple task. The Government, in its Industrial Strategy Green Paper, identified the following challenges:

- The accelerating pace of technological change means there is a growing challenge with lifelong learning: supporting people to up-skill and re-skill across their working lives
- People are living and working longer, but training across working life is going down
- Older workers and low to medium-skilled groups (the most likely to be automated) are less likely to undertake learning opportunities and adults in the highest socio-economic groups are twice as likely to participate in training as those in the lowest. This leaves us with the conundrum that those who most need to engage in lifelong learning and re-skilling are the least likely to do so.

To that end we believe we need to see the following:

- Customer service skills embedded into vocational training – There has been a concerted effort by Government to tackle the bewilderingly complex array of qualifications in the areas of vocational and technical education that has made the system hard to use for students and employers. The role of The Institute of Apprenticeships and greater business control of apprenticeship provision are important but Government should mandate that within all of these qualifications there is a core element covering problem-solving skills, creativity, social skills and emotional intelligence. This will ensure that those entering the workforce have a grounding in transferable skills that will be valued in the future economy
- More attention should be given to upskilling across the workforce – The average age of the working population is increasing as people live longer and stay in work longer. The net impact is that skills development in later life is not necessarily being given the attention it warrants. To ensure productivity improves, to reduce the potential for discord between multi-generational workplaces and to enhance employee engagement at all levels, Government should commit to skills development that extends beyond new entrants to the labour market
- Greater adherence to nationally recognised standards – The National Occupational Standards for customer service provide a recognised reference framework that can be employed across industry sectors. Rather than reinventing the wheel, these should be used to define the scope and focus of future job roles, assess staff in terms of capability and performance and help organisations meet the needs and demands of their customers
- Remove barriers to individuals re-training – Technological change means it will be increasingly necessary for people to retrain during their careers. Government financial assistance is available to help with some of the costs, but recipients also often have to make a substantial commitment of their own. Government should explore how significant a barrier cost is to retraining, particularly for low to medium-skilled workers and consider extending finance for adult learning. In addition to cost, Government should simplify and consolidate information on training opportunities and government support to increase take-up of skills training. This should include better signposting and promoting online training that can be accessed as needed by users and should also be focused on a wide range of age groups, given the ageing population. This is imperative because, at the

moment, the focus is on younger people entering the labour market, whereas we now have five generations employed simultaneously

- Direct outreach into workplaces most likely to be facing automation in the early stages – Studies have suggested that jobs in sectors including transport, logistics, and administration are particularly likely to be affected by automation. This should enable Government to target those sectors where the workforce will need to shift to customer-facing roles and where better personal skills will be required. Government should explore how to directly reach out to these industries, but rather than set new standards, it should capitalise on the service standards already in existence and the expertise of professional bodies with experience developing organisational and individual service capabilities, and drive a greater focus on the practical skills learned through undertaking professional customer service qualifications
- Incentivise affected sectors to re-skill their workforce – There is clearly a significant risk that the pace of technological change simply leads employers to use the redundancy route with the current workforce but instead of focusing on headcount, organisations should explore how they can develop a workforce for the future. Indeed, our research, 'The Customer of the Future' suggests that customers are increasingly more critical of organisational conduct and in an environment in which corporate governance and behaviour is under closer scrutiny, Boardrooms should consider the impact on their reputation and customer loyalty if they use technology advancements as an excuse to reduce employee costs
- Focus on customer service training in the public sector back office – Predicting the impact of automation over a specific timeframe is difficult because of uncertainties in the rates of technological development and adoption - the Government is often unsighted on these changes until they happen. However, Government is much better placed to have foresight on its own workforce (Deloitte has estimated that up to 861,000 public sector jobs – 16% of the overall workforce - could be automated by 2030) and to identify the back office functions that are most likely to be at the forefront of automation. Government should review what type of support can be extended to these employers to ensure that they are training their workforce in customer service skills ahead of time
- Jobcentre Plus to focus customer service training on most effected regions – There are certain regions of the UK that have adapted to de-industrialisation by growing particular elements of the service economy – for instance the north east and contact centres – or depending on public sector jobs that are particularly prone to automation. The Government should work with Jobcentre Plus in these areas to ensure that workers that pass through them are re-skilled through customer service training to ensure they have foundation to cope with future changes to the local economy

About The Institute of Customer Service

The Institute of Customer Service is the professional body for customer service delivering tangible benefits to organisations and individuals so that our customers can improve their customers' experience and their own business performance.

The Institute is an independent not for profit membership body with a community over 500 organisational members, over 17% from the FTSE 350 and over 3,000 individual memberships – from the private, public and third sectors.

The Institute provides members with a range of products and services to help organisations improve their business performance and the experience they give their customers:

- Benchmarking
- Accreditation
- Professional Qualifications
- Research and Insight
- Training
- Networking Events

The Institute also holds an Annual Conference and organises the UK Customer Satisfaction Awards.

For more information about The Institute of Customer Service go to:

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