

## **Case study 2.**

### **vox-Info**

#### **The company's activities and business situation**

Established in 1996, voXinfo began its present line of business in September 2001, when it decided to do telephone market research. Its other activity, which is currently the most intensive one, is operating, and doing PR for, a micropayment system. Staff: two persons hold full jobs, a programming job is contracted out, and from time to time a sociologist, a coordinator and, when need be, flexible workers are hired.

#### **The company's mission, as defined on its website**

A dotcom company, **voXinfo** was formed, among other things, to harness ICTs for marketing communication and to utilize our new ideas in juxtaposed areas of telephony, mobile telephony, the Internet and direct marketing.

#### **The company's personnel policy**

Being a small firm, it only employs few persons in full jobs on a continuous basis. It is chiefly because the volume of orders wildly fluctuates. The firm obtains some of its orders by bidding for sums of money that are allocated on a competitive basis.

#### **The motivation behind opting for flexible working**

The idea behind employing flexible working was to introduce an advanced technique to telephone market research. It was supposed that a large number of people possess the requisite infrastructure in their homes: a telephone, a computer and Internet access. There is no need – so the working philosophy went – to concentrate them in a single workplace that is furnished with expensive ICTs, which is the case with conventional telephone market research. The conventional system is anything but flexible. By contrast, a telephone market research company that hires flexible workers – so it was believed – can immediately deploy the required number of people when a major order comes in.

When the operation began, the CEO of voXinfo expected flexible working to allow the firm to drastically reduce costs. It was believed that – supposing flexible workers are scattered all over Hungary – all interviewees could be reached at the cost of a local call. (As a rule, the surveys requested were representative. Because of the representativeness also in a geographical sense, telephone calls had to be made to a large number of settlements across Hungary. In surveys that are focused geographically such a problem would not have arisen.) Actually, that working hypothesis did not prove right for voXinfo for surveys done in flexible working. That was due mainly to two causes: (1) geographically speaking, the flexible workers were unevenly distributed across Hungary. In other words, major chunks of country remained uncovered. In Gyor-Sopron County, for instance, voXinfo found hardly any interest among local residents in making some extra income with flexible working. (2) Coordinating the network of remotely located flexible workers proved to be more difficult than foresawn.

As for cost reduction, voXinfo thought it would have to pay by far less for the flexible workers than what it would pay for the employees of a call centre. That hypothesis did not prove to be right either. Flexible workers had to be paid by their output and not on the basis of their presence. The income that people could thereby obtain was too low to be attractive, especially in western parts of Hungary.

### **Selection, hiring and training of flexible workers**

Staff recruitment was done via the Internet, and with a good reason. The announcements about vacancy were published on the website <tavmunkainfo.hu> [*távmunka* meaning flexible working in Hungarian] – the only site devoted to flexible working at the time – and on some other on-line sites for job-seekers. The reason behind that was this: the target market of the announcement was people who regularly use the Net. As for the criteria of selection, the applicant had to have Internet access in his/her home and it was a plus to have the now-defunct *Mindenkinek* type of telephone subscription package [with that subscription package between 6 p.m. and 7 a.m. one could talk or use the Internet without limitation for a monthly flat rate.] or ADSL.

The keen response to the vacancy announcements immediately indicated that there was a massive demand for doing flexible working. If the advertising campaign lasted for longer, voXinfo could easily collect as many as 10,000 applicants. Eventually, the firm entered into its database 2,000 names, from which it selected 40 persons. As for statistics about certain data of the applicants, see the Attachment.<sup>1</sup> The 40 persons concerned were invited to attend a consultation and briefing in Budapest. The travel fare had to be paid by the applicants, who could thus prove they considered the job offer a serious one. There was another briefing later on, but then voXinfo bore the travel cost.

Another precondition of application was a secondary school certificate. Without that, voXinfo thought, no one can do telephone market research effectively. The majority of the applicants considered that job opportunity as a source of income on the side. Applicants came from all age groups, but those in their middle age dominated in number. Among the applicants there were some newly retired persons, housewives and college/university students.

Originally it was desired to hire the flexible workers in a self-employed capacity. But as it turned out, many of the applicants were not self-employed, which means they could not issue an invoice for their service. In the absence of an invoice however the fee would have run too high for voXinfo. [It is because of the employer's obligation to pay pension and health insurance contribution after its employees.] The firm definitely resisted employing the flexible workers in full jobs because of the fluctuations in the volume of orders. Of the persons entered into the database 52% were self-employed, which means they could issue an invoice. An additional 5% could be convinced to become self-employed for the sake of doing this flexwork.

Eventually voXinfo could rely on between 30 and 35 persons who could in principle be mobilized at peak load operations.

### **Infrastructure**

For telephone market research voXinfo hired flexible workers who had a computer and Internet access at home. The firm provided them with software, which had been developed for the purpose. There was no need for any other device.

**Is the company satisfied with flexible working? How is the output of flexible workers measured? Was there need for readjustments in the organization of work, if so why? Did the company have to hire additional flexible workers? Were some flexible workers dismissed, if so why?**

---

<sup>1</sup> The statistical data and diagrams are courtesy of András Domán, CEO of voXinfo.

When there is work, the company can mobilize about forty persons, who have been appropriately trained. As for the availability of flexible workers, the company has mixed experiences because the payment does not prove to be a sufficient pull. When there was work, some of the flexible workers excused themselves citing other occupations or family engagements. The company found it difficult to convince the flexible workers that the projects concerned had definite time limits and that defaulting incurred huge fines.

By contrast, a minor part of the flexible workers did a wonderful job. Ironically, those doing their work the best were not all in the lowest income brackets, relatively speaking. Some worked well because they found the work intriguing, others enjoyed using the Internet, yet others appreciated belonging to a community (mainly middle-aged people belonged to the latter group).

Mention should be made of working with physically disabled people. In fact, it was not the first time voXinfo cooperated with the National Federation of the Associations of the Physically Disabled (MEOSZ) and when in 2001 it needed a considerable number of flexible workers, it occurred to them that people who were disadvantaged in the labour market (as for instance, the physically disabled, mothers with small children, etc.) would benefit from that scheme. Eventually voXinfo signed a cooperation agreement with MEOSZ, which granted it access to its database. (Note that MEOSZ had already organized a course each in IT and practical aspects of self-employment.) That physically disabled people are bright, fast working, motivated and are ready to accept a low pay has once again proved to be fallacy. Physically disabled people, just like any other group of society, are diverse. By the end of the selection process, five physically disabled persons remained in the final team of 40.

As the work offered by voXinfo could only be done from home, it was a precondition for each flexible worker to have appropriate Internet access. Having ADSL access was seen as a highly telling circumstance. Because in Hungary the ADSL service requires a (high) flat-rate fee, the person concerned is surely a heavy Internet-user, which means he/she is well-versed in that area.

The distribution of costs (overheads, telephone, etc.) is an essential issue in the case of flexible working. When ADSL is established in the home for flexible working, it will most probably be also used for private purposes. Hence it follows the employer is not supposed to cover its entire cost. Neither would it be fair if the employee would have bear its entire cost. The CEO of voXinfo recommended a 50-50 distribution of costs. By the way, it would be important to have a uniform protocol for dividing in a clear and fair manner the costs of flexible working from the home between employer and employee.

Another conclusion voXinfo drew was that the lack of confidence was a strong drawback on both sides. Occasionally there are hundreds of kilometres between employee and employer. That makes it difficult for the employer to convince the employee that honouring time limits is part and parcel of that type of work. Conversely, the employee must have confidence in the employer; he/she must believe that the firm will indeed pay for the work done. voXinfo believes that only full-time employment could dispel mutual distrust. Most of the people who are looking for work wish to get a full job because that gives them a sense of security. However, given the ups and downs in workload in market research, voXinfo could not afford employing the flexible workers in full jobs. The only way to increase mutual confidence is arranging personal meetings. (The longest project lasted for four weeks.) Initially voXinfo

arranged some personal meetings for the team, especially to train team members. If in the future flexible working is applied on a regular basis – for the time being there is no project in sight that would justify that – voXinfo would devote greater attention to team-building.

### **Hierarchy between flexible workers -- and related lessons to be drawn**

The company selected five team leaders from the pool of about forty motivated flexible workers because it had realized the need for structured management. The staff became so big, and flexible workers complained of an untold number of minor practical problems, so voXinfo management just could not cope on its own. Team leaders received additional income depending on the efficiency of flexible workers under their management. Even if that extra money was not big, it meant perceptible motivation.

### **About the future of flexible working**

The company concerned, voXinfo, is certain that flexible working has an enormous potential. Conditions for telephone surveys as done by flexible workers will be ideal when IP telephony becomes widespread. The advance of ICTs (as, for instance, more gateways in cities) will certainly encourage the spread of flexible working. In certain cases new software needs to be developed for specific projects to be done in the framework of flexible working. voXinfo has spent a lot of money on evolving its purpose-built software, without which the project concerned could have been realized.

### **The role of flexible working managers**

As voXinfo is a small firm, the CEO of the company chiefly maintained day-to-day relations with the flexible workers.

### **General lessons of the case study**

voXinfo's experiences are typical of any small company in Hungary nowadays that introduces flexible working. The volume of orders is very changeable. Consequently, it would not be cost-effective to employ the flexible workers in full jobs or as part-time workers for that matter. The only viable option is to hire them on a project basis.

Hiring the flexible workers as self-employed persons, who submit an invoice to get paid, generates distrust and uncertainty on both sides.

Presently, the employer is not prepared to pay the cost of installing a telephone and a computer with Internet access. It is the employee who is expected to bear those expenditures.

When flexible working is launched, it puts a major burden on the employer (if it is a small company) in terms of time and cost input. (The tasks to be solved include supplying software, organizing briefings, selecting staff, checking on work performance, etc.)

Just as with other types of innovation, the introduction of flexible working compels a small company to reconsider its entire activity, which does good for any venture, even if the profit that can be gained from the project concerned is negligible.

The members of the management of the company concerned are sensitive to social welfare issues, but that does not jeopardize the interests of the venture.

In Hungary the legal environment for flexible working (labour law, tax legislation) is not sufficiently elaborate and unequivocal. Consequently, questions like "who bears the costs" and "how best to post certain costs to pay less tax" keep propping up. That increases a sense of uncertainty that is ubiquitous in this field.