The global call center industry: What challenges? What solutions?

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Today’s talk

- What does the global call center industry look like?
  - Findings from the global call center project (19 countries)
    (www.globalcallcenter.org)

- Trends in employment, management practices

- What common challenges do workers & unions face?

- What impact do unions have?

- What solutions should we pursue?
Global call center project: Participating countries

- North America
  - Canada, US

- Europe & Middle East
  - Austria, Denmark, England, France, Germany, Ireland, Israel, Netherlands, Poland, Spain, Sweden

- South America, Asia, Africa
  - Brazil, China, India, Japan, South Africa, South Korea
International workplace survey

- **Participation**
  - 19 countries, 2,600 centers
  - Centers employed about 500,000 workers

- **Survey content**
  - Industry location, markets
  - Work organization, HR practices
  - Turnover, absenteeism, service quality
  - Union representation
Global trends: Across all countries

Call centers are:

- Recent development everywhere
  - Most call centers are new (less than 10 years old)

- Viewed as economic development strategy
  - Solution to unemployment

- Similar lead sector users in each country:
  - Telecommunications, Financial services
Global trends: Across all countries

- Employment is large & growing everywhere
  - 3% of workforce in US, 1-2% in Europe

- Most centers: serve domestic, not international market
  - Over 85% in all countries except India, Ireland, Canada

- 75% centers, 55% workers: ‘in-house’ (not outsourced)
Is off-shoring a threat to US call center jobs?

Employment of call center workers (2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Total CC jobs</th>
<th>Jobs serving US</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>280,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Canada</td>
<td>400,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Philippines</td>
<td>160,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total</td>
<td>840,000</td>
<td>380,000</td>
</tr>
<tr>
<td>United States</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
</tbody>
</table>

- Offshore centers serving US = about 10% of total
- What kind of work tends to get sent off-shore? Most simple tasks

Sources: National country reports, Global Call Center Survey [www.globalcallcenter.org](http://www.globalcallcenter.org); BLS data, US
## US employment trends: Selected call center jobs

<table>
<thead>
<tr>
<th>Occupation</th>
<th>1997-9</th>
<th>2004-7</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone Operators</td>
<td>50,820</td>
<td>23,840</td>
<td>-53.1%</td>
</tr>
<tr>
<td>Switchboard Ops</td>
<td>248,570</td>
<td>160,200</td>
<td>-35.6%</td>
</tr>
<tr>
<td>Order Clerks</td>
<td>376,430</td>
<td>255,670</td>
<td>-32.1%</td>
</tr>
<tr>
<td>Telemarketers</td>
<td>485,650</td>
<td>354,000</td>
<td>-27.1%</td>
</tr>
<tr>
<td>Reservation Agents</td>
<td>222,340</td>
<td>167,390</td>
<td>-24.7%</td>
</tr>
<tr>
<td>Credit Authorizers</td>
<td>82,900</td>
<td>67,480</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Collections Reps</td>
<td>383,090</td>
<td>409,570</td>
<td>6.9%</td>
</tr>
<tr>
<td>New Accounts Clerks</td>
<td>69,790</td>
<td>88,880</td>
<td>27.4%</td>
</tr>
<tr>
<td>Customer Service Reps</td>
<td>1,789,620</td>
<td>2,193,430</td>
<td>22.6%</td>
</tr>
</tbody>
</table>

Call center jobs as % of US workforce: Stable over at about 3%
The more complex, higher paying jobs are increasing

BLS occupational data: 2008
Why do US jobs continue to grow?

- Companies need more customer service centers
- IT technology has eliminated only simple tasks
- On-line self-servicing still requires additional help
- Consumers are dissatisfied with service quality
- Consumers angry about off-shoring service, complications
- Companies that care about quality tend to keep jobs in-house
Customer satisfaction rates: Selected industries (2008)

American Customer Satisfaction Survey www.acsi.org
Similar problems - challenges across all countries

Most centers focus more on low costs than high quality

Result for workers
- High standardization (Ave. call handling time: 195 seconds)
- ‘Call’ centers are not ‘multi-channel’
- Electronic monitoring is pervasive
  - Creates mistrust
  - Creates flat organizations with dead-end jobs
- Turnover and absenteeism are high
Similar problems - challenges across all countries

In every country, subcontractors offer worse jobs:

- Less discretion with customers, more scripting
- More performance monitoring
- Lower wages and benefits
- More use of part-time and temporary workers
- Lower levels of union representation
- Higher quits and dismissals
Days of Initial Training

Weeks to Become Qualified on the Job

% Who Rely Heavily on Scripted Texts

% with Considerable Discretion with Customers

![Bar chart showing the percentage of employees with considerable discretion with customers, categorized by employment status. Union In-house: 33.3%, Non-union In-house: 42.1%, Outsourced: 17.1%.]

Legend:
- Union In-house
- Non-union In-house
- Outsourced
% Supervisor Monitoring

- Union In-house: 37.5%
- Non-union In-house: 49.4%
- Outsourced: 73.5%
Total Compensation

Total turnover: Quits, Dismissals, Layoffs

% of Workers with Less than 1 Year Tenure

What have unions accomplished in call centers?

- Higher pay and benefits
- More investment in training
- Limits on performance monitoring and it’s use
- Negotiated rules for sales quotas
- Negotiated formulas for incentive pay
On-going challenges for unions and workers

- Performance monitoring and it’s use
- Incentive pay systems: What is the right formula?
- Too many conflicting performance measures used
- Unreasonable sales quotas
- Inflexible work schedules

- Result: The high turnover workplace
Total turnover: Quits, Dismissals, Layoffs

Is high turnover a problem for management?

High turnover causes:

- Poor customer service
- Lower productivity
- Higher costs of recruitment and training
- Higher churn – disruptive of daily routines
- Harder jobs for managers
Is high turnover a problem for unions & workers?

High turnover:

- Lowers trust among workers
- Lowers ability to rely on each other for help
- Lowers union membership & participation
- Makes it hard to build union leadership
- Makes it hard build capacity for mobilization
- Undermines union power
Management solutions:
Adopt a professional model of customer service

- Invest in on-going training and development

- Reorganize work
  - More discretion to respond to customers
  - Less focus on call handling time
  - More use of groups and teams to solve problems

- Reduce intensity of performance monitoring
  - Build environment of trust

- Improve scheduling flexibility: Work-family balance
Production line vs. Professional Service Approach

Union solutions? Questions for Roundtable

- What was the most surprising finding from the presentation?

- What are the most important areas for contract negotiations to address the needs of call center & retail workers?

- What are three things that CWA members can do *independently of employers* to help call center & retail workers and build the union?