

# **CWA, Indian Worker Organizations Release Landmark Report on Conditions for Call Center Workers in India and U.S.**

October 17, 2006

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Washington, D.C. -- The Communications Workers of America, several Indian worker organizations and Jobs with Justice today are releasing a first-ever analysis of the call center industry as it affects workers in India and the United States.

The report: a "Bi-National Perspective on Offshore Outsourcing: a Collaboration Between Indian and U.S. Labour," provides a detailed look at the phenomenon of offshore outsourcing and its impact on call center workers in India and the United States, who are linked through the growing globalization of this work.

Participating in the report's release were Ashim Roy, general secretary of the New Trade Union Initiative (India), who outlined recommendations to improve working conditions and the industry for Indian workers. This growing sector is important for stable employment in India, he said, and as the industry matures and stress levels – already visible – increase, trade unions will have an important role in better regulating and bringing about workplace democracy in this sector.

Vinod Shetty, secretary of the Young Professionals Collective, spoke of a strong, industry-wide culture that affects workers in seeking out union representation. In many situations, other kinds of professional worker associations or organizations can better provide an opening to more workplace democracy.

Anannya Bhattacharjee, an international organizer with Jobs with Justice, provided an overview of the study, outlining its methodology, offering a review of call center structures in India and summarizing case studies of three selected call centers in Delhi and Mumbai, along with interview findings.

CWA District 7 Vice President Annie Hill said that "at a time of conflicting and often hostile public opinion in the two countries over the outsourcing of jobs, this report demonstrates the link between workers in both countries and explores joint efforts to stop global companies from pitting workers against each other."

She also summarized the recommendations of labor in the United States, emphasizing the benefits to consumers, workers and employers of a "high road" approach to call center work, where workers' training and professionalism enables them to provide quality service and ensure accountability to customers.

CWA joined with Jobs with Justice, a coalition of labor, community, student and other organizations, and three Indian organizations, the Centre for Education and Communication, New Trade Union Initiative and the Young Professionals Collective, to produce the report.

# Executive Summary

## *Background*

Business Process Outsourcing (BPO) or outsourcing of business processes to external service providers has become a global phenomenon. Companies in developed countries outsource low skilled service jobs to developing countries. An educated labour force, high unemployment and relatively low wage levels make developing countries attractive for outsourcing back office service work. India has become one of the top back office service provider countries since it started to provide business services to developed countries like the US, the UK and Australia in the late 1990s. The resultant boom in the service sector in India has been accompanied by emerging global debates on the loss of service sector jobs in these developed countries.

## *Objective and Methodology*

Trade unions and labour organizations in the US and India conceptualized this bi-national study in an effort to engage in a new kind of North-South dialogue. The study analyses the phenomenon of offshore outsourcing and its impact on workers in both countries from the perspective of labour rights.

Workers in India and the US are linked, for the first time, in the contemporary global supply chain of customer service work. The organizations share a global concern that unionized work should not be outsourced and that outsourced work should not remain non-union. The bi-national nature of the report is reflected in studying this global supply chain from the perspective of workers and trade union organizations in the two countries.

The main objective of the study is to understand the nature of work, employment, and labour relationships in call centres and its impact on workers. The collaborative effort intends to explore and identify the common shared interest to counter the prevailing sense that workers and unions in developing and developed world are divided.

The ideal method for bi-national research would have been to conduct simultaneous field research, based on a common research framework in both the countries. In the present study, however, primary research in US was not possible within the available resources and specified timeframe.

The Indian field research looks at problems and prospects of international movement of jobs, especially back office service jobs, to developing countries like India; the nature of work and employment, and labour relations in call centres; and their impact on labour, employees' well being and the right to organize. It does so through the case studies of three selected call centres in India (Delhi and Mumbai), plus employees from an assorted set of call centres as a reference

group, in which 249 employees were carefully selected and personally interviewed by trained researchers.

### ***Structure of the Report***

Chapter one gives the background and events that led to this collaborative study and lays out the expectations of the collaborators. Chapter two explains the research methodology. Chapter three provides overviews of outsourcing and offshoring of Information Technology Enabled Services (ITES) in the world, in the US and in India.

Chapter four describes the working conditions of US customer service workers and is largely based on a study called “The U.S Call Centre Industry 2004: National Benchmarking Report” done by Rosemary Batt, Virginia Doellgast, and Hyunn Kwon. It reveals the following about US customer service workers:

- The average age of the worker is 30 years old and the range is from 22 to 50 years old.
- A typical worker has about one and a-half years of college education
- The average annual pay depends on the differences in the nature of work and at the low end, the typical employee in outsourced centres receives a total compensation of \$30,447.

The study shows that in the customer service workplaces in the US,

- Men represent over 40% of the workforce in the higher end of call centre jobs and women make up a disproportionate percentage of workers in the lower-paying jobs.
- 77% of call centre workers hold permanent full-time jobs.
- Call centres provide, on an average, 4.2 weeks of training to new employees.

In terms of working conditions of US workers, it reveals that

- Subcontractors are under intense pressure to maintain low costs and meet certain efficiency goals.
- Electronic monitoring of employees at work is a common feature
- Call handling time varies between nine minutes in call centres serving large business or providing IT services to 4.7 minutes for retail and financial services centres.
- The number of customers per employee per day ranges from 56 in IT service centres and 66 in business centres to 83 in outsourced centres and 99 in retail centres.
- Call centre employees work 40 hours per week on an average, with a range of 35 hours per week in retail and outsourced centres and over 40 hours in large business and IT service centres.

The study concludes that union in-house jobs have the best trained employees and have the highest retention.

Chapter five profiles three BPO firms in India. One firm is Wipro which provides a broad range of services from customer relationship management, back office transaction processing to industry specific solutions. The company owns eight facilities in India and has overseas offices in the US, the UK, Japan, etc. and has both domestic and foreign clients. The second firm is Accenture, a multinational consulting company headquartered in Bermuda, which operates

regional offices throughout the world. They have been in the forefront of the expansion of this industry into public utilities throughout North America. The third firm is Convergys, headquartered in Cincinnati, Ohio, US. It employs over 66,000 people serving customers in 60 countries (such as the United States, Europe, Asia Pacific, Canada, Latin America and the Middle East), and operates in 30 languages. It provides billing, customer care, employee care, and transaction management software. Convergys moved to India in October 2001 and has seven call centres in India.

Chapter six is a report of the primary survey done among workers in call centres in India. The report reveals the following about the workforce:

- The workforce is relatively young with a mean age of 24 years who work in Indian call centres. Most of the respondents (87.95%) are unmarried.
- More than 80% of the respondents go to private English-medium schools.
- Most of the respondents are graduates, with three to five years college education.

The report finds that at the workplace

- The payment system is based on management discretion and employee performance.
- A majority of the respondents get a salary of over Rs.10,000 per month. This is a high salary by Indian standards for workers with that experience and education background. The average wage in the sample was Rs.14,370.
- In economic terms the call centre employee in India gets about a sixth of the salary of a call centre employee in the US. This underlines the rationale for offshoring of call centre jobs from US to India.
- However, in terms of purchasing power parity (PPP), the Indian call centre employee gets paid a compensation that is equivalent to 75% of the typical salary of his/ her counterpart in the US.
- Call centres seem to have a high labour turnover. Even though the firms studied are more than six years old, the survey revealed that a majority of the employees (61.4 %) had completed less than 12 months of service. The primary motivation for call centre employee to shift jobs is economic.
- Work pressure is high. The call centre employee in India works between 48 to 54 hours per week. The intensity of work during the period is generally high.

We also found that in terms of recruitment and supervision,

- Call centres follow a careful selection of workers, and language and soft skills are essential to call centre work requirements rather than educational qualifications.
- Computers and mechanisms like Automatic Call Distributor (ACD) and Predictive Dialling control call centre work.
- Use of script with some flexibility is a common practice.

The report reveals some key findings about working conditions:

- Workers have to meet daily targets and maintain a consistently good performance, as the salary package is linked to performance. To meet these daily targets, workers have to work overtime Compulsory night shifts for men and women, and long working hours make the workers more vulnerable to psychological and health risks related to work.
- Abusive callers and irate customers significantly add to the stress of a call centre worker.
- The atypical working hours and adoption of ‘western names’ and etiquettes throws the workers into cultural confusion.
- More than 20% of the workers have severe health problems and behavioural disorders.

The survey looks at trade union or association possibilities and at how the imbibed corporate culture has affected workers’ perception of the processes of collectivization. The unique profile of the employees in this new economy forces them to think beyond the traditional kinds of unions that are based on conflicting industrial relations. The fact that 38.15% respondents are positive about unions is an important finding. Individualism concealed under team work, directed socialisation processes, technology-induced surveillance methods and various other human resource management techniques have kept the collective identity of call centre workers from reaching the political threshold limit. The present study gives the indication that this situation may not continue forever.

### ***Labour’s Bi-national Recommendations***

Chapter seven brings the bi-national effort together and here organizations from the two countries, the US and India, suggest recommendations from their respective perspectives. Chapter eight describes the partner organizations in the US and India that came together on this historic bi-national study.

**BI-NATIONAL PERSPECTIVE ON  
OFFSHORE OUTSOURCING:  
A Collaboration Between Indian and US Labour**

**Centre for Education and Communication  
Communication Workers of America  
Jobs with Justice  
New Trade Union Initiative  
Young Professionals Collective**

**October 2006**

**BI-NATIONAL PRESPECTIVE ON OFFSHORE  
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## Acknowledgments

The present report is an outcome of a collaboration between Communication Workers of America (CWA) in the US, Centre for Education and Communication (CEC) in India, Jobs with Justice (JwJ) in US and India, the New Trade Union Initiative (NTUI) in India and Young Professionals Collective (YPC) in India. This project has resulted in a unique collaboration across two countries. It started with the financial assistance from CWA for an idea seeded during a meeting of CWA, NTUI and JwJ. The addition of CEC and YPC greatly enriched the expertise and experience of the collaborative.

In CWA, we acknowledge the foresight of Larry Cohen, the President of CWA, the support of Yvette Herrera, the Assistant to the Executive Vice President, the encouragement of Research Economist Tony Daley, and the energetic contributions of Hetty Scofield, the Mobilization Director.

In CEC, we found an anchor that every project needs. J John, the Executive Director and Pallavi Mansingh, both excellent researchers as well as administrators, helped to provide the project with a home, in a multitude of ways. In particular, we are grateful to John for bringing rigour to the research methodology.

In Jobs with Justice, we remember the commitment and support of Fred Azcarate, the Executive Director and Sarita Gupta, the National Field Director.

In NTUI, we acknowledge the foresight and commitment of Ashim Roy, the General Secretary, and the critical and sharp review by Researcher Rosa Basanti and Chief Researcher Mohan Mani.

In Young Professionals Collective, lawyer and Secretary of YPC Vinod Shetty's work in organizing call centre workers in Mumbai gave the project the grounding it needed. His innovative ideas for breaking into the secure world of call centres provided us with research access. His infectious energy and camaraderie saw us through some tense moments!

And now, we must acknowledge the people whose work lies at the heart of this collaborative study and report and without whom, we would not be holding this report in our hands. The field researchers, who conducted surveys of call centre workers in an industry that practices fortress-like security, had their work cut out. They rose to the challenge superbly and tirelessly: Kunal Sinha and Subir Rana in Delhi, and Ketaki Rege and Tanu Mehta in Mumbai. The desk researcher, data analyst and a key writer of the report, Sajikumar, did a commendable job of sifting through research from the two countries and the field data, and patiently producing drafts under collaborative supervision. We remember with gratitude the insights received from Dr. Babu.P. Remesh during various interactions with him on the study. At times, when we felt we could not do it, given the secrecy of the industry, he confidently told us we could – and he was right. Purti Sharma, a researcher, stepped in for a short period when we most needed her, and helped out at a crucial phase.

This study is about working people in both countries. Behind the dry report, are life stories of customer service employees or call centre workers. We are grateful to all the employees who

have inspired us, shared their precious leisure time in helping with the report, and demonstrated their courage by speaking out. Thank you, everyone.

This study is also an effort of collaboration in the midst of conflicting, if not hostile, public opinion across two countries. The partners of this collaboration demonstrated their perseverance in sustaining a shared commitment and respect for each other throughout this study.

We would like to acknowledge the cooperation and help given by various departments under the Government of India. We would like to thank the staff of VV Giri National Labour Institute Library in Noida, the Documentation and Information Department (DIS) of CEC, and the Systems Department and Administration Department of CEC. There are many others who directly and indirectly helped the project at various levels – we may not mention you by name, but we remember and thank you.

I have had the privilege of coordinating this collaborative effort across the two countries. Through the strengths and weaknesses of this practice, I have learned to appreciate the depth of meaning concealed in the term “bi-nationalism”.

Anannya Bhattacharjee  
International Organizer  
Jobs with Justice, US-India  
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# Executive Summary

## Background

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### ***Labour’s Bi-national Recommendations***

Chapter seven brings the bi-national effort together and here organizations from the two countries, the US and India, suggest recommendations from their respective perspectives. Chapter eight describes the partner organizations in the US and India that came together on this historic bi-national study.

# Chapter 1

## Genesis of Bi-national Response to Offshore Outsourcing

### *Background*

The mainstream debate on outsourcing in the US and India has been dominated by transnational corporate elites that downplay the effect of outsourcing on American workers and in fact claim that it will lead to greater prosperity; by Indian companies that are eager for offshore contracts; and by government voices that support the neo-liberal corporate agenda. On the one hand, we get the depiction of Indian workers as eager to receive contracted out offshore jobs, without any discussions on the quality of jobs and the impact on democratic rights of workers; on the other hand American opposition to outsourcing is branded as xenophobic, and opposed to development. These extreme images pit workers against each other, which makes it easier for the industry to exploit one set of workers over another. Absent in most mainstream debates in both countries, are thoughtful voices of working people and trade unions.

### *Genesis of the project*

The New Trade Union Initiative (NTUI) is seized with the issue of growing contractual work in India, and its impact on core labour standards and the right to association of workers. Its priorities are to organise contract labour, and to struggle for equitable legislation and regulation of contractual labour relationships. NTUI has attempted to look at outsourced work in the call centre industry as a special case within these parameters of contractual labour in the country. It has therefore been concerned with the status of employment relations and labour standards in the call centre industry.

Communication Workers of America (CWA) has organized workers in the call-centre industry and is the largest union of telecommunication workers in the United States. Jobs with Justice (JwJ) has worked across the US with unions like CWA and grassroots community organizations among blacks, Asians and immigrants. Both organizations have therefore been concerned with issues of outsourcing from the US and its impact on workers and working class communities. They have been concerned with the increased xenophobia and racial hatred that has resulted from the manner in which many trade unions and mainstream political parties have handled the valid concerns of workers in the US affected by outsourcing.

The foregoing forms the basis for the interest that NTUI, CWA and JwJ have in learning more about outsourcing and its impact on workers in both the Global North and South. They have a common interest in finding means to address outsourcing in both US and India, which highlight common working class concerns and areas of struggle. In November 2004, during a tour organized by JwJ, representatives from NTUI met with local and national leaders and members of Communication Workers of America (CWA). NTUI testified at a public hearing in Portland on outsourcing of customer service work. American workers heard about Indian working conditions and perspectives on the kind of development ushered in by outsourcing. In Atlanta, NTUI attended an event at the local CWA union hall where workers testified about job loss and loss of wages and benefits as a result of outsourcing; NTUI speakers spoke about the conditions

of Indian workers, the nature of global subcontracting and the need for global level regulation of labour standards. This was the context for the joint research programme envisaged by NTUI, CWA and JwJ.

In the meantime in Mumbai, India, the Young Professionals Collective, an innovative effort to organize call centre workers, released a report about call centre workers it had surveyed. They were exploring how to organize call centre workers through non-traditional tactics and had been raising workers' issues with the industry and the government. YPC became interested in joining the collaboration.

We envisioned a report that would be used for understanding working conditions in both countries and the nature of offshore subcontracting, for

- i. asserting positions from labour's perspective;
- ii. education of working people in both countries;
- iii. exploring policy changes; and
- iv. spurring organizing of call centre workers.

The actual research in India was done by the Centre for Education and Communication (CEC) a well-respected labour research organization, the Young Professionals Collective (YPC), and Jobs with Justice-India (JwJ).

### ***Bi-national study***

The joint research programme was envisaged as a bi-national study, addressing issues of call centre work within a comparable framework in the two countries. This was perceived as central to the project to:

- i. set up parameters that could compare across work situations in India and USA;
- ii. generate research results that would help in raising and addressing shared concerns of call centre workers in both countries; and
- iii. define common trade union demands for the industry.

The ideal method for the bi-national research would have been to conduct simultaneous field research with identical sample sizes from the same companies in both the countries. However, due to various constraints, such as lack of resources and the fact that the bi-national methodology itself was a learning process for all of us, the programme could not do this. We decided on the next best option: the research would focus on high-end Indian companies of a size and ownership pattern that would make comparisons with American situation valid.

The primary research was restricted to three large call centre companies in India, including two American multinationals. For the US, the study used data from a recently completed research project. The study attempted to compare secondary research data on customer service union and non-union jobs in the US, with primary research data on call centre jobs in high-end workplaces in India.

## **Chapter 2**

### **Research Methodology**

Trade unions and labour organizations in the US and India have conceptualized this study as an effort to engage in a new kind of North-South dialogue. The study analyses the offshored outsourcing phenomenon and its impact on workers in both countries from a framework of labour rights. Workers in the two countries, India and the US, are linked for the first time in the contemporary global supply chain of customer service work. The bi-national nature of the report is reflected in studying this global supply chain from the perspective of workers and trade union organizations in the two countries.

The main objective of the study is to understand the nature of work, employment, and labour relationships in call centres and its impact on workers. The collaborative effort intends to explore and identify the common shared interest to counter the prevailing sense that workers and unions in developing and developed world are divided.

The ideal method for bi-national research would have been to conduct simultaneous field research, based on a common research framework in both the countries. In the present study, however, primary research in US was not possible within the available resources and specified timeframe.

In that context, it was decided that, as a next best situation, the research should have the following strategy:

- i. Use the information available in a recently completed research in the US, entitled *The US Call Centre Industry 2004: Benchmarking Report* by Rosemary Batt, Virginia Doellgast and Hyunji Kwon at Cornell University to understand the characteristics of the US call centre industry.
- ii. Conduct field research in India with a focus on high-end companies inclusive of multi-nationals who set up business in India. Consequently, strict comparison of working conditions and labour relations in the same company in the two countries cannot be made.

### **Indian Field Research**

The study looks at the work organisation, labour relations, and nature of employment and its impact on employees in some selected call centres in India. We have used both primary and secondary sources of data for the study. We obtained general information on the Indian call centre industry from the Ministry of Electronics and Information Technology, and the National Association of Software and Service Companies (NASSCOM). The Indian government does not have official statistics on IT enabled services employment and relies on NASSCOM for data on BPO services in India. NASSCOM, being an industrial lobby for companies, is not an impartial source. Information regarding the companies was collected from annual reports, codes of conduct, integrity manuals, press articles, management interviews, and websites of the respective

firms. The meagre government data on employment in the call centre sector is a major limitation.<sup>1</sup>

The primary research was conducted in three large call centre companies in India, including two American multinationals, one Indian-based company, and another assorted group of respondents selected at random. In this report, we call them Firm I, Firm II and Firm III. The assorted group we call Group/Firm IV. The first two are big US multinational companies (captive firms) which operate in India and the last one is a leading Indian third party service provider to foreign clients. Survey locations are Mumbai and Delhi. To substantiate the corporate character of the BPO industry in India, we have included a study of these three BPO companies. The primary research set a sample size of 300. However, the final sample size is only 249 after excluding incomplete and incorrectly entered forms.

We contacted more than 450 employees of the selected call centres but some of them declined and some were always busy. Finally, 249 call centre employees responded to the questionnaires distributed to them. The field researchers used a structured pre-tested 11-page extensive questionnaire, which discussed the nature of work, working conditions, payment and bonuses, control and monitoring of work, aspects of employee association, well being etc.

The survey covered the employees in the lower segments of the call centre job ladder, like call centre agents, team leaders and managers. As the three call centres are different with regard to the nature of operations and employee strength, we used proportional sample size from each of the call centres according to its employee strength. We also interviewed selected individuals in managerial positions in the companies to gain insights regarding work organisation and employment practices.

The US study, on the other hand, was based entirely on a survey of general managers in the US companies, which again restricts comparability.

The specific objectives of the field survey in India were to:

1. Understand the problems and prospects of international movement of jobs, especially back office service jobs, to developing countries like India.
2. Understand the nature of work and employment, labour relations in call centres, and the state of labour rights with a focus on the right to organise by a case study of three selected call centres in India.
3. Identify major problems of call centre workers to improve their working and employment conditions and ensure labour rights at work through collective actions.

### ***Method of Data Collection***

The field researchers had numerous interesting experiences during data collection. The most difficult task in the study was to locate the employees at places other than their workplace because all the big call centres are in protected and private areas where entry is denied to outsiders. This posed a serious problem at the beginning as we had very few personal contacts with the employees in the selected firms. Even the employees had to undergo thorough checking

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<sup>1</sup> The National Sample Survey (NSS) provides a general picture regarding labour and employment in the IT and ITES sectors but not particularly in the BPO sector. NASSCOM gives some rough estimates on the number of employees in the sector from their membership documents. But it may not be authentic for sample selection as a good number of BPO firms are outside the NASSCOM membership.

before and after shifts. Thus entry of outsiders is restricted through prior appointments. The visitors have to wait in the reception for 45 minutes to one hour to get a reply from the concerned department. Some of the contact numbers for employees, given by the call centre management, were fake or not working.

We tried several techniques including waiting for employees near cafeterias and parking lots inside the buildings where call centres are located. It was difficult to conduct face-to-face interviews of call centre employees in these locations.

In one of the cities, the field researchers came up with the idea of distributing questionnaires through a cafeteria inside the call centre compound, where the employees come for coffee/tea and cigarettes during their break time. The cafeteria manager was convinced to offer a free piece of cake to the employees who fill the survey forms. The researchers put a notice up describing the purpose and relevance of the study. On the very first day some employees came out during break hours and did start to fill the form. However, within a short period, the management of that call centre came to know about the survey, warned the cafeteria manager against any such activity and instructed the employees to not fill the forms. After this incident and continued persistence, we managed to establish personal contacts with workers through more informal networks and decided to collect information from employees outside the workplace.

As the shifts are unconventional, it was a great challenge to trace the workers outside the workplace. The workers are also frantically busy. We used the precious time we had with them to establish personal rapport and then, handed over survey questionnaires with the agreement that they would fill them on their own time and return them. The hardest part of the survey was to trace employees during night shifts.<sup>2</sup>

We distributed more than 450 questionnaires among call centre employees covering all the shifts and various processes involved in the three selected call centres. All the employees have not returned filled forms. The researchers had to call them numerous times and also remind them by email.

Some employees felt the eleven page long survey form too lengthy to fill. Some of them asked for an electronic version of the form. According to them, it was easier to fill an electronic version rather than respond on paper. Some of them were not ready to fill the survey forms but showed willingness to undergo a long telephonic interview. Some workers responded immediately and some had to be persuaded and pressurised to give back the filled forms. The interview process was not easy either. Some of them were agitated and became angry when we asked about the working time, rest, duration of calls they handle etc. Some workers were very cooperative and stressed the importance of regulating call centre work and unionising the employees.

Using a range of these methods the field researchers were able to collect 305 filled questionnaires. Out of this number, only 249 were useful and reliable after a number of errors and omissions.

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<sup>2</sup> On the way to work, they hurry to reach the work bay on time and on the way back home, they are burnt out or tired from the atypical working hours. During the daytime, the workers sleep after working all night.

## Chapter 3

# Global Overview of Outsourcing and Offshoring: The Globe, US and India

### *Outsourcing Around the Globe*

During the last decade, the global economy has opened up rapidly with the increasing importance of international trade, the formation of the World Trade Organisation (WTO) and the information and communication technology revolution. Dismantling of trade barriers to enable freer flow of goods, capital and technology has become the accepted method for development of national economies.<sup>3</sup>

Market-led globalisation or, more often just ‘globalisation,’ the name given to this phenomenon, has been shaped primarily by corporate practices of Global North capitalist countries. As the competition among multinational companies (MNCs) intensified, they began to search for cost cutting measures across the globe. Outsourcing is one of the most widely practiced cost cutting measures used by corporations. Outsourcing is the contracting out of operations or jobs within a company to an external entity (such as a subcontractor) that specializes in that operation. It is not a new cost-cutting strategy but the current scope and scale of outsourcing is unprecedented.

Outsourcing is as old as capitalist production itself and used to be practiced primarily within a country by a company. Business Process Outsourcing (BPO) is the act of transferring some of an organization's repeated non-core and core business processes to an outside provider. Business process outsourcing includes call centres, finance and accounting, human resources, and transaction processing.<sup>4</sup> It has now crossed national boundaries and become global, due to neo-liberal trade agreements.<sup>5</sup> This process is known as international outsourcing or offshoring. Offshoring is not new either but its current scope and scale is. The initial purpose of early offshore investments, mainly in manufacturing, was to reduce transportation costs and later, to overcome tariff barriers and meet local content requirements of different countries. For example, in the 1960s and 1970s American companies began to move labour-intensive processes to offshore locations like Mexico and then China to reduce the costs of goods and services intended for the United States market.<sup>6</sup>

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<sup>3</sup> Indian Economy, Mishra & Puri, 2003.

<sup>4</sup> Bill Gates, Chief Architect of Microsoft said, "As a business manager, you need to take a hard look at your core competencies. Revisit the areas of your company that aren't directly involved in those competencies, and consider whether Web technologies can enable you to spin off those tasks. Let another company take over the management responsibilities for that work, and use modern communication technology to work closely with the people – now partners instead of employees are doing the work. In the Web work style, employees can push the freedom the Web provides to its limits." Time 1999 as quoted at <http://www.ebstrategy.com/outsourcing/basics/definition.htm>

<sup>5</sup> Outsourcing practices has been discussed in connection with corporate re-structuring to make the firm functionally flexible and cost effective. Firms can outsource works to both inside the country and to foreign countries.

<sup>6</sup> *The Wall Street Journal*, “The Art of Outsourcing”, June 8, 2005.

Companies outsource and offshore their operations to

- 1) reduce the cost of operation and gain higher profit margins
- 2) shift and reduce corporate liability towards employees and other social costs
- 3) distance the producer of a commodity or service from the consumer, by introducing a middle layer of an outsourced service provider
- 4) reduce the collective bargaining strength of labour in industry in the country from which outsourcing takes place
- 5) improve the quality of services
- 6) access skilled employees
- 7) access non-unionised workforce
- 8) reduce the time of delivery

To outsource their work to far away destinations, the firms have to face risks in the service-providing countries such as operational barriers, management attitude, socio-political conditions, lack of specific skills, and language barriers. Regulations in labour market, product market and intellectual property rights in service-providing countries can also influence outsourcing.

In offshore outsourcing of information technology (also known as IT Enabled Services or ITES) work, companies open subsidiaries in foreign countries or contract out the work to third party service providers in that foreign country<sup>7</sup>. In both cases of outsourcing, movement of jobs outside the country is inevitable. Outsourcing transforms the employment from standard to non-standard<sup>8</sup> and may degrade work from skilled to de-skilled. Outsourcing or subcontracting of non-value adding service work has grown as an effective means for cost reduction and increased productivity.

Historically, outsourcing and offshoring are a continuation of corporate restructuring started in the 1970s<sup>9</sup>. Today, offshore outsourcing has allowed trade in services to become a significant portion of the volume of international trade and developing countries have emerged as the exporters of business services to developed countries. 'Business Process Outsourcing' or 'BPO,' has become a household term in developing countries.

Offshore outsourcing of service work by developed/Northern capitalist countries created a number of white-collar jobs in developing/Southern countries like Philippines and India. In the information economy, "the sources of productivity lie in the technology, knowledge generation, information processing, and symbol communication"<sup>10</sup> and labour shifts from manual labour (primary in manufacturing) to intellectual labour. In the information economy, economic growth depends on human capital and less on physical capital, which was dominant in the industrial

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<sup>7</sup> Captive firms are direct subsidiaries of MNCs and produce services for the parent MNCs. Here international capital flow is very high. Third party service providers, on the other hand, are independent and have to develop their own infrastructure and standards to match the needs of the clients.

<sup>8</sup> Standard employment is regular or permanent employment with social security while non-standard employment is part time, contract, seasonal and project based employment.

<sup>9</sup> As a result of the crisis in the capitalist countries in the West, especially in the US, large business firms started to experiment with new production models and restructured their organisations based on lean production principles. For a detailed discussion see, Smith, T., Technology and capital in the age of lean production. State University of New York, 2000.

<sup>10</sup>Manuel Castells, 2001. "Labour market deepening in the Indian Information Technology Industry: An Exploratory Analysis", Basant and Rani, *Economic and Political Weekly*, Dec 17, 2004.

economy<sup>11</sup>. The “information economy” is now gradually expanding to include what is being called “knowledge economy”. Initially, outsourced and offshored service work consisted of low-value-added activities, such as back office transactions and call centres, which are customer-care oriented services. Now it has expanded to include software programming, engineering, design, accounting, legal and medical advice etc. These developments are facilitated by computerization, internet access, low cost and speedy data transfer capability, the standardization and automation of a range of business processes, and the rapid growth of telecommunication sector.

If a firm is outsourcing its back office work to offshore destinations, an average of 30%-60% reduction in costs is possible in addition to flexibility in the organization of production and enhancing of best quality services.<sup>12</sup> Beyond the cost incentives, global outsourcing provides several other practical benefits including the ability of multinational companies to efficiently stage 24x7 operations; to customize products and services to meet local needs; and to deploy workers and facilities to succeed in globally dispersed, highly competitive markets.

BPO is now the fastest growing segment within IT enabled services. By 2007, offshore BPO will account for 14% of the total BPO market, compared with only 1% in 2003. According to the International Data Centre, the global market for outsourcing is estimated to grow at an annual rate of 7% to 1.2 trillion dollars by 2007.

International outsourcing of services from developed to developing countries has emerged as a business model only in the last decade. After the formation of the WTO, developing countries increased their role in international trade. Being the home of the majority of the global labour force, these countries emerged as service providers to European and North American firms. These countries have the attractiveness of cost effective labour, non-unionized workforce, favourable labour market conditions and government policies backed by tax incentives. Today, North American and European countries outsource service operations primarily to providers in Asia, in which India is a leading country.

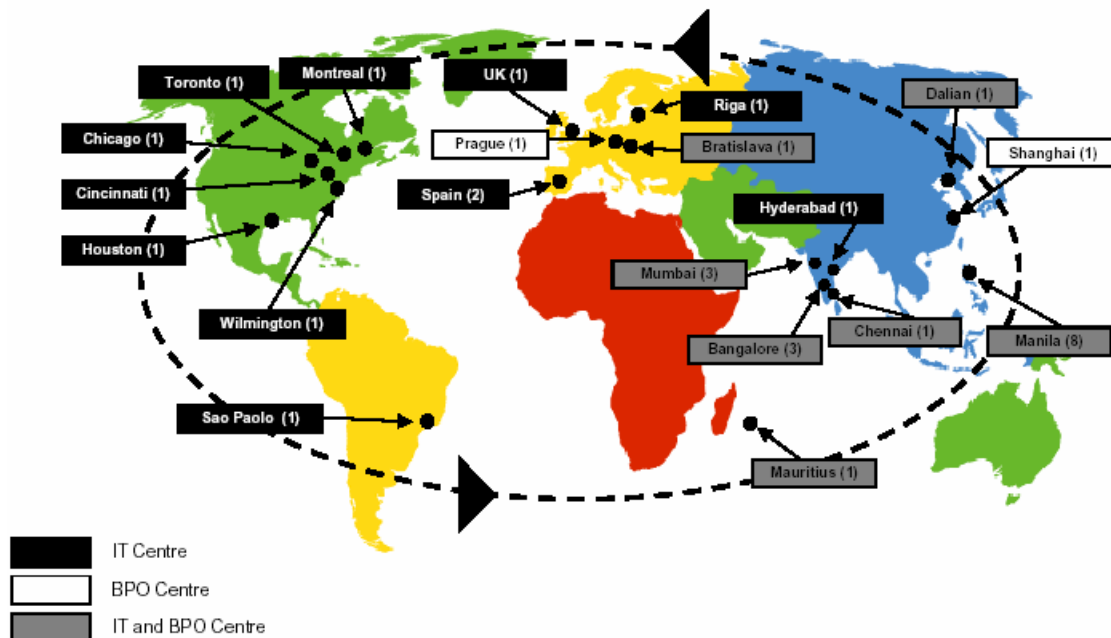
Major offshore destinations that provide cost effective labour, favourable labour market conditions and government policies backed by tax incentives have given new dimensions to the traditional norms of outsourcing. Figure 3.1 illustrates the global delivery of business services.

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<sup>11</sup> Basant and Rani, (2004), “Labour market deepening in the Indian Information Technology Industry: An Exploratory Analysis”-*Economics and political weekly*, Dec 17, 2004.

<sup>12</sup> McKinsey, 2005.

Figure 3.1: Global Delivery of Business services



Source: Global Outsourcing Report, 2005

### *Outsourcing from the United States*

Offshoring has been a feature of the United States economy since the Ford Motor Company began assembling Model T's at a plant in Trafford Park, England in 1911. The initial purpose of such early offshore investments was to reduce transportation costs. Later, the motivation for offshore investment in manufacturing shifted to overcoming tariff barriers and meeting local content requirements in the many countries that instituted them. In the 1960s and 1970s American companies began to move labour-intensive processes to offshore locations to reduce the costs of goods and services intended for the United States market.<sup>13</sup>

In the early 1980s, the computer revolution overtook the manufacturing sector and advanced economies such as the United States became more service-based. US companies such as EDS, IBM, CSC and Accenture built their business on outsourcing of ITES operations. Within the US, Kodak outsourced all IT work to IBM in 1989; Xerox outsourced to EDS in 1994; and the US government has been outsourcing work to CSC from early 1980s.<sup>14</sup> By the time the new millennium arrived, service jobs began to be outsourced to low-cost economies such as India, China, Philippines, Ireland and Singapore. The widening of international markets and increased international competition associated with globalisation opened the new saga of offshore outsourcing, which reduced costs of production and operation to the bare minimum.<sup>15</sup> Global

<sup>13</sup> *The Wall Street Journal*, "The Art of Outsourcing", June 8, 2005.

<sup>14</sup> "Measuring the Offshoring of Service Work and its Impact on the United States" Levy & Sturgeon, A Working Group, March 28, 2005.

<sup>15</sup> The first wave of the US corporate outsourcing occurred in the 1980s and accelerated in the mid-1990s after the launch of the North American Free Trade Agreement (NAFTA) and World Trade Organization (WTO). During this period, hundreds of plants closed across the United States. This first wave primarily affected the manufacturing sector and blue-collar jobs.

outsourcing of ITES work started in the 1980s when companies such as IBM, Motorola, Hewlett Packard, and Texas Instruments discovered Ireland and India as untapped sources of high-tech professionals at substantially lower labour cost.

In the 1990s, the US economy overcame a recession with a jobless recovery. Some economists argue that this recovery and the resultant boom was a result of the information technology boom. Manuel Castells believes that information technology redefined the structure of capitalism and revitalized capitalist economies.<sup>16</sup> A similar opinion is expressed by an Indian economist, who pointed out that the US economy awakened from the slumber only after the firms started practicing various methods to offshore the works in search of cost effectiveness and efficiency in operation,<sup>17</sup> At this time, the IT departments of Fortune 500 companies began offshoring low level IT work such as mainframe maintenance and Y2K readiness.<sup>18</sup>

The outsourcing practices by the US firms further intensified changes in management practices, downsizing of firms, innovation in lines of production, and increase in productivity. Outsourcing gained major momentum among service sector companies seeking lower employment costs and higher profit margins. This job migration began with lower-wage, “back office” operations, such as telemarketing, reservations and data processing. However, service sector offshoring has moved up the skills ladder, so that millions of high-paying, high-skilled jobs in the Global North are now at risk. The newest wave of offshoring is primarily occurring in three industry sectors: financial services, computer products and services, and telecommunications services.<sup>19</sup> Outsourcing is also taking place through multiple tiers of subcontractors. For example, Sprint may subcontract to IBM which then subcontracts to Convergys and so on.<sup>20</sup>

Outsourcing and offshoring has generated extensive controversy in the US on issues like extensive job loss and the degradation of capabilities that could spell the disappearance of entire national industries.

According to the Unemployment Survey report by the Institute of Electrical and Electronics Engineers (IEEE) in 2004, offshoring is the second-highest cause of unemployment among U.S. technical professionals.<sup>21</sup> IEEE-USA cautions on its website, “The offshoring of high wage jobs from the United States to overseas locations is currently contributing to unprecedented levels of unemployment among American electrical, electronics and computer engineers. Offshoring also poses a very serious, long term challenge to the nation’s leadership in technology and innovation, its economic prosperity, and its military and homeland security.”<sup>22</sup> According to CWA, an estimated 400,000 high-tech American jobs have already been sent overseas and by 2015, experts believe, the job losses could number 3.5 million. In 2000, according to one research group, more than \$4 billion in wages was lost to offshore jobs, and the figure is rising rapidly.

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<sup>16</sup> Manuel Castells, 2005

<sup>17</sup> CP Chandrasekhar, 2005.

<sup>18</sup> neoIT, 2005.

<sup>19</sup> Public Citizen 2004

<sup>20</sup> For details see proceedings of “Globalisation of service Activities: Growth Catalyst or the Final Straw for U.S. Workers,” Hart Senate Office Building, April 23, 2004.

<sup>21</sup> The full report is available at <http://www.ieeeusa.org/careers/pdf/EmploymentSurvey2004Report.pdf>.

<sup>22</sup> <http://www.ieeeusa.org/policy/issues/Offshoring/index.html>

On the contrary, many influential economists, including the Chairman (Former) of President Bush's Council of Economic Advisors, Gregory Mankiw and former Federal Reserve Chairman Alan Greenspan, have dismissed these concerns, arguing instead that offshoring, global outsourcing, and rising imports (usually lumped together as "international trade") should be embraced as inevitably beneficial for both the United States and their trading partners. While globalization may cause good jobs to be lost in the short run, the net national product will inevitably increase in the long run. Further, the short-term negative impacts on specific groups of workers, firms, and industries are themselves of value because they force advanced economies to shift out of low-value activities and old industries, freeing up capital and human resources for higher-value activities and the development of newer industries and cutting-edge products.<sup>23</sup>

Dr. Gregory Mankiw said in a press interview: "I think outsourcing is a growing phenomenon, but it's something that we should realize is probably a plus for the economy in the long run. We're very used to goods being produced abroad and being shipped here on ships or planes. What we are not used to is services being produced abroad and being sent here over the Internet or telephone wires. But does it matter from an economic standpoint whether values of items produced abroad come on planes and ships or over fibre-optic cables? Well, no, the economics is basically the same."<sup>24</sup> *Washington Post* business columnist, Steven Pearlstein, is optimistic and thinks that the U.S. economy will quickly generate enough new jobs in higher-paying industries to compensate for the ones lost to trade.

The private market research and consulting firm Forrester Research Inc. published a widely cited report predicting that the United States would lose 3.3 million jobs to services offshoring by 2007.<sup>25</sup> Until 2002, the US was the biggest attractor of foreign direct investment (FDI) and jobs were being outsourced here. But, the US has now been overtaken by China, which attracts around \$60 billion FDI, in contrast to the US, which, in 2004, attracted around \$40 billion.<sup>26</sup>

One of the controversies around outsourcing and offshoring is regarding the loss of jobs and the tax incentives provided to corporations publicised through Greg Le Roy's Job Scam. Call centres are a major source of employment in the United States. Trade associations claim they account for about three million jobs. They are often touted for their job creation in small cities and rural areas. The US federal government has provided tax incentives to BPO firms like call centres to create employment opportunities in the country. Requiring inexpensive equipment that takes little time to set up, call centres can create jobs quickly, especially now that fibre-optic telephone lines are more common. But they can also leave town just as fast. Greg Le Roy explained the situation as follows:

"Firms like Sykes, receive incentives of at least \$2.5 million a year. After some initial years, the company may either close the firms or offshore the works to faraway places. The story extends to topmost call centres in the US".<sup>27</sup>

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<sup>23</sup> The Economist. 2004a. "The New Jobs Migration." February 21, p. 11.

The Economist. 2004b. "The Great Hollowing-out Myth." February 21, pp. 27-29.

<sup>24</sup> "Outsourcing to China from NYS: An Exploratory Study", McHardy Rei, David, Center of International Business, 2004. <http://faculty.concord.edu/chrisz/M-AIB-05/PDFs/04OutsourcingChinaNYS.pdf>

<sup>25</sup> "3.3 Million U.S. Jobs to Go Offshore." Forrester Research Inc. November 2002.

<sup>26</sup> "Outsourcing to China from NYS: An Exploratory Study", McHardy Rei, David, Center of International Business, 2004. <http://faculty.concord.edu/chrisz/M-AIB-05/PDFs/04OutsourcingChinaNYS.pdf>

<sup>27</sup> Jobs Scam, 2005

At the same time, the US government globally promotes the opening up of service sectors through the General Agreement on Trade in Services (GATS) negotiations of the WTO. This will reduce government power to regulate the service sector and thereby offshoring of jobs. Moreover, the US government's commitments to free trade agreements like Central American Free Trade Agreement (CAFTA), Free Trade Areas of Americas (FTAA) and North Atlantic Free Trade Area (NAFTA) continue to promote outsourcing and offshoring.

It is fair to say that there is a lot of mixed debate on offshore outsourcing in the US. A study conducted by University of Michigan Business School concluded that offshoring improved the quality of services provided by US firms and reduced costs to the bare minimum, which enhance further investments and job gain in the future both in IT and non-IT sectors in the economy.<sup>28</sup> The US Chamber of Commerce also shares the same view on offshoring and praised its potential to create employment in the near future. At the same time, *Seattle Times* reported that most of the US investors oppose offshoring of jobs because they perceive it as bad for the US economy.<sup>29</sup> *The Economic Times* reported that Business Process Outsourcing is likely to create more jobs in the US than in India.<sup>30</sup> Though there is the absence of unanimity in the outsourcing debate, a worker who is thrown out of employment is unlikely to get a similar job again. Through outsourcing, his/her job becomes non-standard.

Trade unions in both outsourcing and service providing countries are against exploitative working conditions and violation of basic labour rights at work. The CWA has pointed out that outsourcing result in lower wages and living standards, de-unionising of workplaces, degradation and automation of work and propagation of non-standard employment like contractual, part time and on the call employment.<sup>31</sup> At the same time, Indian trade unions are trying to understand working conditions in call centres in service providing companies. CWA wants to ensure trade unions rights of workers in the receiving countries. Unions also fear that outsourcing create wage disparities within the country and among countries, which ultimately result in low bargaining power for all workers.<sup>32</sup> Researchers in the US have shown that in telecommunications, whereas 98% was unionized in 1984, only 35% were in unions in 2003.<sup>33</sup> Both Indian and US unions share concerns on the weakening of state intervention in the labour market in the form of labour legislations and enforcement, social security and social investments and so on.

The American public's concern about the effects of outsourcing on the American economy is not without foundation. The general belief is that the jobs and dollars are being exported to foreign countries. For instance, the controversy over offshore outsourcing by state governments intensified with the revelation that public welfare services for the unemployed and the poor were being administered with the help of call centres outside the United States. The irony of course

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<sup>28</sup> For more details see: <http://www.webindia123.com/news/showdetails.asp?id=44320&cat=Science>.

<sup>29</sup> Accessed from : <http://seattletimes.nwsourc.com/html/business/technology>.

<sup>30</sup> *The Economic Times*, April 25, 2005, Internet edition.

<sup>31</sup> For details see proceedings of "Globalisation of service Activities: Growth Catalyst or the Final Straw for U.S. Workers," Hart Senate Office Building, April 23, 2004.

<sup>32</sup> An informal discussion with CWA revealed that domestic outsourcing in U.S destroyed a number of middle class jobs. As a result of deregulation, wages of average workers came down while that of top executive increased several times. CWA estimated that in the 1960s, the ratio of chief executive pay to average workers pay was about 70 to 1. Today it is around 700 to 1. They also fear that same thing will happen with India after some years.

<sup>33</sup> "The Call Centre Industry: Comparing Union, Non-union, and Offshore Workplaces," presentation to CWA by Rosemary Batt, Ginny Doellgast, and Hyunji Kwon, Industrial and Labour Relations School, Cornell University, May 12, 2005.

lies in outsourcing of jobs that arise out of providing welfare to the unemployed and the poor. J.P Morgan, e-funds and ACS locate most of their call centres in India.<sup>34</sup> This revelation stirred public indignation; as a result, several legislative efforts began to contain this movement. Several states have taken steps to bring their call centre functions back onshore.

A safety net or coping mechanism should be provided to American workers who have lost their jobs due to outsourcing. According to CWA, the focus should be to design the right public policies to keep America competitive in an increasingly networked world rather than building protectionist wall against outsourcing. And the purpose of public policy need not always be to concentrate on saving jobs but on saving workers from bearing the cost of massive changes triggered by offshoring or by any other form of global competition. CWA says, “Outsourcing will not stop, we understand this, but we can limit the scope and influence its progress.”<sup>35</sup>

A common issue both in the outsourcing and service providing countries is the ‘increasing secrecy’ over outsourcing. The Indian government does not have official statistics on IT enabled services employment and relies on NASSCOM, the Indian industry association, for data on BPO services in India. NASSCOM being an industrial lobby for companies is obviously committed to protecting the interest of its members. In the US, CWA also reports that US companies are not required to report job shifts to either the union or to government agencies. In fact, companies are forcing foreign contractors to sign non-disclosure contracts, penalizing them if they or their employees divulge that they work for the American company. Being custodians of industrial data, the companies can effectively use it in favour of business interests to tap subsidies and reduce wages and working conditions.

The numbers cited of job loss in the US as a result of offshore outsourcing are frequently in the millions. But it is difficult to accurately know this. The U.S Chamber of Commerce says, “More Americans are on the job today than ever before in the history - 138.3 Million. 978,000 more are working than were employed in August 2003 ...759,000 payroll jobs have been created since 2003.” Over the past years, the real national income has grown to 4.9%. According to the Centre for Workforce Preparation, which is a non-profit affiliate of the US Chamber of Commerce, the number of jobs will exceed the number of available workers by 2010, with an estimate of 10 million more jobs.<sup>36</sup>

McKinsey Global Institute estimates that for every dollar the United States moves offshore it brings back a net benefit of \$1.12 to \$1.14 (in addition to the benefit to the country receiving the investment). Projecting the net saving to the American economy of \$390 billion by 2010 due to outsourcing, McKinsey reasons that as low-value jobs go abroad, labour and investment can switch to the jobs that generate more economic value.<sup>37</sup>

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<sup>34</sup> Mattera, Philip, “Our Tax dollars at work...offshore. How foreign outsourcing firms are capturing state government contracts” Corporate Research Project of Good Jobs July 2004.

<sup>35</sup> For details see proceedings of “Globalisation of Service Activities: Growth Catalyst or the Final Straw for U.S. Workers,” Hart Senate Office Building, April 23, 2004.

<sup>36</sup> A Special Report by Chamber of Commerce of United States (2004), “Jobs, Trade, Sourcing and the future of the American Work force”, April 2004.

<sup>37</sup>McKinsey Global Institute, “Offshoring: Is it a win-win game?” August 2003.

According to Dr. Ron Hira, Chair of the Career & Workforce Policy Committee of IEEE-USA, it is difficult to know definitively the net effects of offshoring because

- 1) the government does not actively or accurately collect data on the number of jobs that are being outsourced, and
- 2) there is no way to accurately measure the implications/effect that offshoring will have on future innovation and competition.

During a lecture series at Rochester Institute of Technology he said: “Let me emphasize that there are both positive and negative impacts for all of this, the work moving offshore, both for the US and developing countries. I would argue that the net effects are impossible to determine. We really don’t know how to predict the future. There’s a lot more uncertainty than anybody would want to tell you about these things, especially for people who advocate this is all very good for us.” Until the governments intervene and enforce transparency, we cannot fully understand the phenomenon.

Export of service jobs--“Exporting of America”-- to countries like India has become a lightning rod and a litmus test for US politicians. After much brainstorming on offshoring, the US Federal government passed a bill prohibiting the outsourcing of federal government contracts to India. It was viewed as a political move rather than economic. Indian IT giants responded that it would not affect their present business they are not handling US federal government jobs.<sup>38</sup>

The offshoring issue has generated over a dozen House and Senate bills, mostly with regard to public sector service jobs. The majority of the bills have been referred to various Congressional committees, with no movement out of committee to the floor to date. Many state legislators introduced bills to restrict offshore outsourcing. Thirty states introduced legislation since January 2004 to ban or restrict the use of foreign labour in state government contracts, targeting practices such as contracting call centre operations to private firms that subcontract work to centres in India, Mexico and elsewhere. Examples of such bills are “United States Worker Protection Act”, “Jump Start Our Business Strength”, “The Jobs for America Act”, “Call Centre Consumer’s Right to Know Act”, and so on. “The Jobs for America Act”, introduced by Democratic Party Senators Tom Daschle and Edward Kennedy on February 12, 2004, was referred to the Health, Education, Labour and Pensions Committee. This bill would amend the Worker Adjustment and Retraining Notification (WARN) Act to require companies to disclose and report whenever they lay off 15 or more workers and send those jobs overseas. Companies must inform affected workers, the Labour Department, the state agencies responsible for helping laid off employees, and local government officials. The Act requires companies to give affected workers at least three months advance notice of their termination and the Labour Department to compile statistics of offshored jobs and report them annually to Congress and the public.

Companies trying to get the outsourcing contracts, like Indian companies engaged in offshoring, position themselves to get more state work by becoming qualified/approved vendors, or simply by registering as vendors interested in doing business with the public sectors. There are 18 offshore firms including several billion-dollar companies based in India who have signed up with a total of at least 30 states. One such firm is Tata Group. The US state official may not know that they are dealing with a foreign company because Tata and rest of the 18 companies present themselves as domestic firms, by using the address of their U.S representative office

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<sup>38</sup> See *Frontline* Vol.21, issue 05, 2004 for responses from Indian IT giants on the bill.

when registering as a vendor or signing a contract. Tata alone has more than 50 such offices in North America.<sup>39</sup>

The main concerns in the US among workers are about overall welfare, job availability, the quality of jobs and dislocation. What is perhaps unique about the IT outsourcing debate is that it is largely waged within the country between two very potent constituencies: the world of American business and workers comprising the core of the American middle class.

### ***Outsourcing to India***

India has become the major outsourcing destination for the developed world that needs a wide range of back office and support services for their industries. In India, this new service sector provides support services like customer care, data entry, medical transcription, marketing, sales etc to the developed countries like USA, UK and Australia.<sup>40</sup> This sector has been projected as the provider of ‘new generation jobs’ at international standards to India’s educated English speaking youth.<sup>41</sup>

The ITES sector, that provides services to foreign clients based on contractual arrangements, has created a large number of jobs. MNCs have opened up subsidiaries in India to provide support services by hiring less paid Indian workers or Indian entrepreneurs have set up third party service providing firms through service contracts.

The outsourcing of services to third party service providers is based on business-friendly conditions such as accessibility to low paid skilled workers, presence of efficient and high quality service providers, and favourable government policies in the offshore locations. India emerged as a provider of services ranging from low end work like data entry, customer care and marketing to higher end services like research and development, bio-technology and so on. Among the ITES jobs, customer care call centre operations outnumber other sections of services in terms of jobs creation and value of services exported.

Like the US, the outsourcing debate in India has brought out contradictory arguments ranging from issues of stressful working conditions, absence of uniform work codes and practices, and violation of basic rights at work, to employment generation and future of development.

The government is creating infrastructure for the ITES sector in various parts of the country. Some states have adopted IT-related policies in order to attract such companies into the state. The government has set up Software Technology Parks (STPs), provided tax exemptions and tax

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<sup>39</sup> Mattera, Philip, “Our Tax dollars at work...offshore. How foreign outsourcing firms are capturing state government contracts” Corporate Research Project of Good Jobs July 2004

<sup>40</sup> NASSCOM has reported that among the major segments of BPO, customer care call centre operations are dominant in terms of export and employment. See [www.nasscom.org](http://www.nasscom.org)

<sup>41</sup> The industry put forward the propaganda of “international standard” jobs in India which pay higher than Indian standard remuneration. However, the remuneration is relatively high only because of the exchange rate differences with developed countries that outsource work to India.

holidays<sup>42</sup> to business firms in the sector, relaxed labour laws,<sup>43</sup> allowed export subsidies, and duty free import of hardware to help the Indian IT industry to grow.<sup>44</sup>

A large number of multinational companies opened business tie-ups and subsidiaries in the country due to the 'investment friendly' atmosphere created by government policies and favourable labour market conditions. In addition, the information and communication revolution in the country along with the availability of venture capital intensified the pace of development in the sector. Finally, India's commitments in the WTO General Agreement on Trade in Services including the permission of 100% Foreign Direct Investment (FDI) in ITES sector further opened up this sector.

The emergence of a new genre of entrepreneurs with high technical know-how revolutionized the industry using their close ties in Silicon Valley.<sup>45</sup> Entrepreneurs in India emerged as major service providers to the back office services to MNCs by effectively utilising large reserves of English speaking and highly educated labour force, time differences<sup>46</sup> with client nations, favourable government policies and cheaper telecommunication infrastructure. In addition to India, Central and South American countries, Philippines, Malaysia, and China compete with each other to attract IT enabled services jobs. But India remains at the top. Figure 3.2 describes the competitiveness among major service providing countries. *Global Outsourcing Report-2005* projected that the future competitiveness<sup>47</sup> would bring India down from first to second position.

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<sup>42</sup> The Indian government permitted foreign investment up to 100% in IT and ITES that can be set up under schemes such as Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs), Export Processing Zones (EPZs) and 100% export oriented units. These schemes provide tax holidays and other incentives such as duty free imports, corporate tax holiday up to March 31,2009. The Special Economic Zone scheme provides an additional corporate tax holiday of 15 years.

<sup>43</sup> To promote IT and ITES industry, some of the state governments have amended existing labour laws, especially allowing women to work in night shifts, bringing IT industry under public utility services etc.

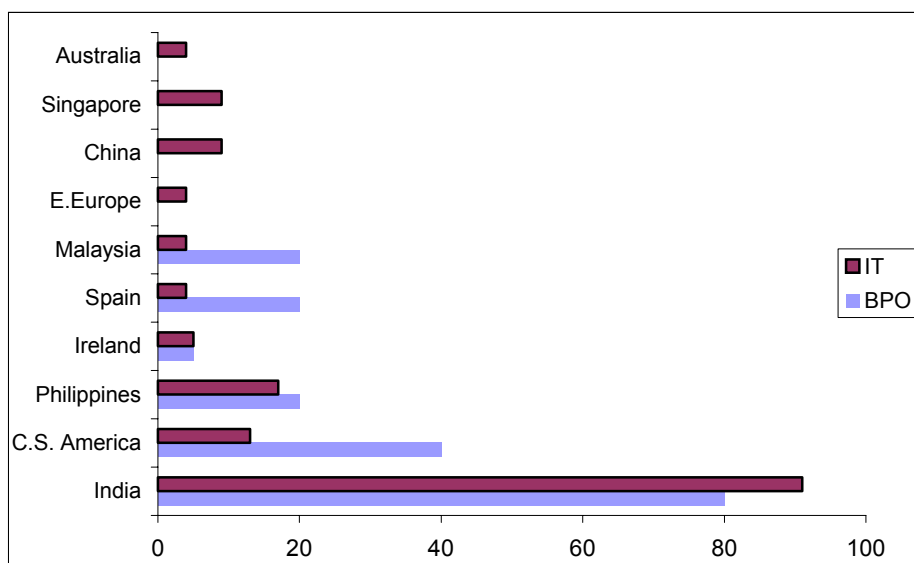
<sup>44</sup> Sajikumar.S, 2005

<sup>45</sup> Upadhy 2004.

<sup>46</sup> North American firms can provide 24 hours customer services, if it outsources back office works to India or any other Asian country because of 12 hours time difference between these regions.

<sup>47</sup> Minevich and Richter (2005) estimated present and competitiveness ranks for important countries in offshoring. Competitiveness has been measured along seven 'risk' dimensions: geopolitical, legal, cultural, economic, IT infrastructure, human capital and IT competency. An added dimension is the cost of outsourcing in the respective countries. Finally, this report measures the Market Opportunity according to market, expert opinion, global competitiveness and third-party sources.

**Figure 3.2**  
**Major insourcing countries and competitiveness**



Source: Global Outsourcing Report, 2005

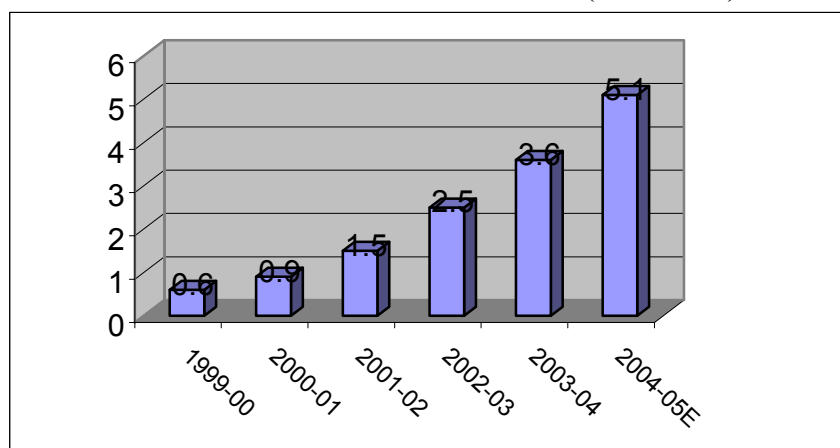
Most of the MNCs use India for offshoring IT services to take advantage of the country's political stability, educated/certified labour pool, English language skills, and strong industry presence. Also, the cost and quality of India's service delivery is unmatched by any other country. India's telecom infrastructure between Chennai, Mumbai along with that of Singapore's, provides the largest bandwidth capacity in the world, with well over 8.5 Terabits (8.5Tbs) per second. With more than 250 universities, 1,500 research institutions and 10,428 higher-education institutes, India produces 200,000 engineering graduates and another 300,000 technically trained graduates every year. Another 2 million graduates qualify annually.<sup>48</sup> Out of India's more than one billion population, about 300 Million can speak English. Moreover, the legal and accounting framework is largely based on the British law and accounting standards.

The export revenue from the Indian BPO sector constitutes more than 20 percent of the export revenue from the ITES industry as a whole, and is the fastest-growing segment in the industry. Export revenue from the ITES-BPO sector grew from US \$2.5 billion in 2002-03 to US \$3.6 billion in 2003-04. In 2003-04, the ITES-BPO exports accounted for over 27 per cent of the total export revenue earned by the Indian ITES industry. The value of ITES-BPO exports from India is expected to exceed US \$5 billion in the year 2004-05.<sup>49</sup> Figure 3.3 illustrates the growth of export since 1999-2000 in Indian ITES-BPO industries.

<sup>48</sup> Joseph, KJ and KN Harilal, 2001.

<sup>49</sup> GOI, 2004.

**Figure 3.3**  
**Growth of Indian ITES-BPO 2000-2005 (US \$ billion)**



Note: The figure for 2004-05 is estimated  
 Source: NASSCOM

The Indian ITES-BPO sector provides a wide range services including customer care, payment services, finance, administration, human resources (HR), content development, etc. to the top-most firms in the world. Among the service lines of ITES, customer care services and financial services contributed more than 50 per cent (US \$2800 million) to the total ITES exports (US \$5095 million). Table 3.1 explains the share of service lines in total ITES services.

**Table 3.1 Export revenue from various service lines in Indian ITES-BPO (US \$ billion)**

| Service lines       | 2002-03     | 2003-04      | 2004-05*     |
|---------------------|-------------|--------------|--------------|
| Customer care       | 830 (33.46) | 1200 (33.05) | 1500 (29.44) |
| Payment services    | 230 (9.27)  | 430 (11.84)  | 620 (12.16)  |
| Finance             | 540 (21.77) | 835 (23.00)  | 1300 (25.51) |
| Administration      | 325 (13.10) | 540 (14.87)  | 840 (16.48)  |
| HR                  | 45 (1.81)   | 75 (2.06)    | 165 (3.23)   |
| Content development | 510 (20.56) | 550 (15.15)  | 670 (13.15)  |
| Total               | 2480 (100)  | 3630 (100)   | 5095 (100)   |

Note: Figures in parenthesis are percentage share of each year; Figure for year 2004-05 is estimated, Source: NASSCOM

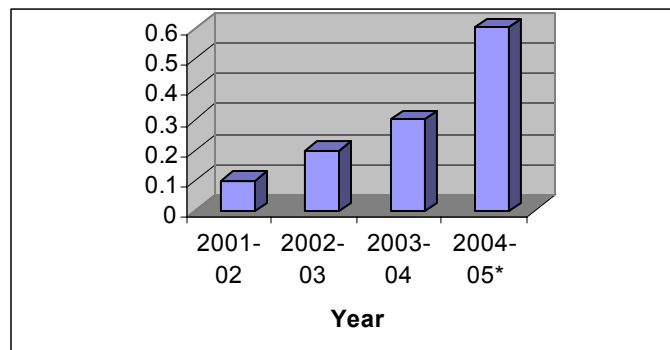
The customer care segment of the Indian ITES hosts a number of back office services like pay roll, telemarketing, ticketing, etc. Most of the work is conducted through the telephone and the internet. In the late nineties, India had very few call centres. But now, there are over 500 call centres.<sup>50</sup> Captive units continue to dominate the segment, accounting for over 65 percent of the value of work off-shored to the country. While the independent /third-party ITES-BPO vendors

<sup>50</sup> This number includes captive units of both foreign and Indian MNCs and third-party services providers. This is a NASSCOM estimate. Since a large number of small third party firms and a few foreign firms are still out from NASSCOM membership, the actual number will be higher.

outnumber the captive units, the scale of work undertaken by each unit in the latter category is significantly higher.<sup>51</sup>

The domestic market for ITES-BPO also witnessed a significant increase in demand with the estimated value of work outsourced by domestic clients rising from US \$100 million in 2000-01 to US \$600 million in 2004-05. During 2003-04, the domestic sector recorded a growth with revenues reaching US \$300 million, a market share of around 8 percent in total industry revenues. Revenue is expected to double by the end of 2005 to reach around US \$600 million with a market share of 10 percent in total industry revenues (see Figure 3.4).

**Figure 3.4**  
**Growth of ITES-BPO domestic market (in US \$ Billion)**



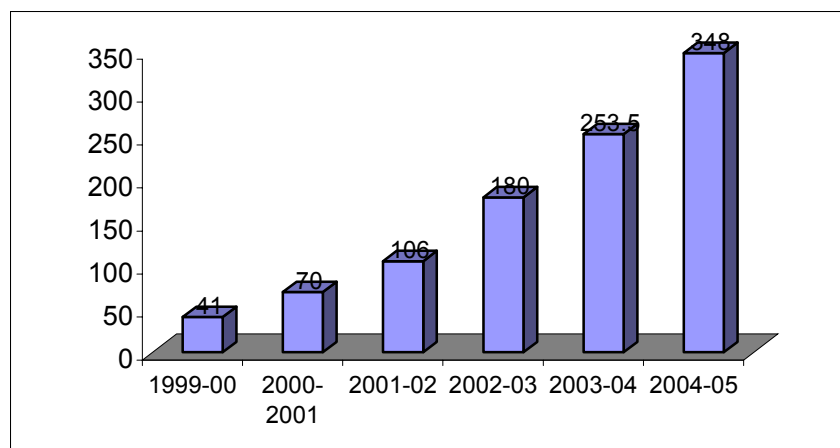
\*Estimated  
Source: NASSCOM

The Indian government gave special status to IT and ITES not only because of its contribution to export revenue but also considering the number of jobs opportunities it created. During the last few years, ITES sectors alone produced more than three hundred thousand jobs. Employment in the sector has grown from 41,000 in 1999-2000 to 3,48,000 in 2004-05 (see figure 3.5). Policy makers believe that employment in this new service sectors eases the pressure of educated and unemployed people in the country.

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<sup>51</sup> Captive firms are direct subsidiaries of MNCs and service their parent MNCs. Here the international capital flow is very high. The third party service providers are companies that receive outsourced contracts and service other MNCs. They need to equip themselves with the infrastructure and standards to match the needs of the clients.

**Figure 3.5**  
**Workforce ITES-BPO 1999-2000 to 2004-05 (in thousands)**



Source: NASSCOM

In the year 2004-05, customer care operations accommodated more than one third (35 per cent) of the total workforce employed in Indian ITES. Finance, administration and content development are the other sectors that created employment in the sector (see table 3.2). In short, Indian ITES is dominated by low end services like customer care and call centre operations as opposed to research, content development, and so on.

**Table 3.2**  
**Workforce in various service lines in Indian ITES-BPO**

| Service lines       | 2002-03              | 2003-04              | 2004-05              |
|---------------------|----------------------|----------------------|----------------------|
| Customer care       | 664,00 (36.88)       | 96,000 (37.86)       | 122,000 (35.05)      |
| Payment services    | 12,000 (6.66)        | 21,000 (8.28)        | 30,000 (8.62)        |
| Finance             | 25,500 (14.16)       | 41,000 (16.17)       | 64,000 (18.39)       |
| Administration      | 26,000 (14.44)       | 40,000 (15.77)       | 57,000 (16.37)       |
| HR                  | 2,100 (1.16)         | 4,500 (1.77)         | 10,000 (2.87)        |
| Content development | 48,000 (26.66)       | 51,000 (20.11)       | 65,000 (18.67)       |
| <b>Total</b>        | <b>180,000 (100)</b> | <b>253,500 (100)</b> | <b>348,000 (100)</b> |

Note: Figures in parenthesis represents percentage share to total

\* The figure for 2004-05 is estimated

Source: NASSCOM

Comparing Tables 3.1 and 3.2, we can see trends in average revenue per workforce for different service lines:

| Service lines       | 2002-03 | 2003-04 | 2004-05 |
|---------------------|---------|---------|---------|
| Customer care       | 12.5*   | 12.5    | 12.3    |
| Payment services    | 19.2    | 20.5    | 20.7    |
| Finance             | 21.2    | 20.4    | 20.3    |
| Administration      | 12.5    | 13.5    | 14.7    |
| HR                  | 21.4    | 16.7    | 16.5    |
| Content development | 10.6    | 10.8    | 10.3    |
| Total               | 13.8    | 14.3    | 14.6    |

\*(figures in million dollars per employee)

It is interesting that for customer care, financial services and content development, the three largest employers, the revenue per employee remained static or decreased slightly over the three year period. It may indicate that the competitiveness of the Indian industry could be slightly on the decline, which would in turn affect labour practices in the call-centre industry.

We have begun to find occasional stories of Indian companies outsourcing jobs to developed countries such the US and UK. For example, one story reports: “In a surprising reverse of job shifts, it is now actually India’s turn to outsource. In light of the uproar over jobs being sucked out from developed countries and into the laps of workers from lower-costing countries, it would come as a refreshing break to hear of jobs generated by India, instead of for it. New Delhi-based HCL Technologies has shown interest in recruiting 600 employees from Belfast and London for back office and helpdesk functions for the banking and retail industries. This is on top of the current 2,350 headcount in the UK. British PM Tony Blair recently flew in for a two-day visit to look over plans put forth by the Indian IT company.”<sup>52</sup>

There is not enough data to comment on this trend but Good Jobs First, a US-based research organization points to the possibility that such outsourcing is a ploy by Indian companies to deflect criticism: “The website of Tata Consultancy Services contains a March 10, 2003 press release with a photograph of New York Senator Hillary Clinton at an event marking the opening of a company facility in Buffalo, NY. Clinton is quoted as saying: “When I learned of Tata Consultancy Services’ intentions to expand its company, I thought immediately of Buffalo and dedicated myself to showing the company all that the region had to offer.” A later press release from Tata indicated that the number of local jobs to be created at the facility was all of 20.”<sup>53</sup>

In any case, one certain fact is that Business Process Outsourcing in general and call centres in particular propagate outsourcing as a business model for all production processes.

<sup>52</sup> “Outsourcing from India instead,” Offshore Outsourcing World Staff, September 7, 2005.

<sup>53</sup> “Your Tax Dollars At Work...Offshore: How Foreign Outsourcing Firms Are Capturing State Government Contracts”, prepared for WashTech by Philip Mattera Corporate Research Project of Good Jobs First, July 2004.

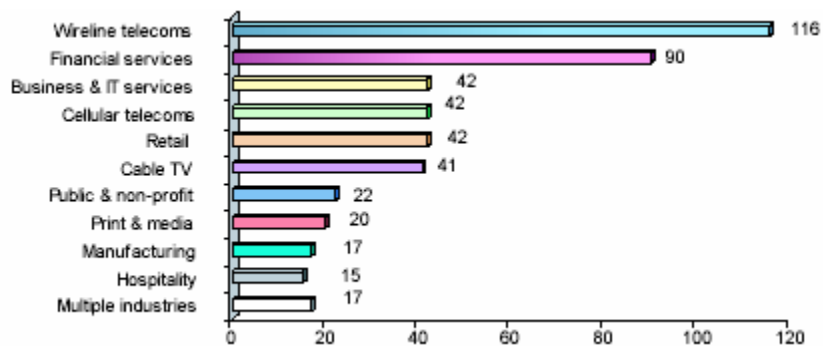
## Chapter 4

### Working Conditions in US Customer Service Industry

Researchers based in the United States have done extensive research on the US call centre industry. A national benchmarking report on the US call centre industry<sup>54</sup> regarding the management strategy, HR practices and performance was conducted in 2004. It is based on a survey of general managers in a nationally representative sample of 470 establishments<sup>55</sup> and covers 470 workplaces with a workforce of 206,725 in call centres. The survey covered a wide range of industries –financial services, telecommunication, retail, IT and technical support services, hospitality, manufacturing, print and media, and public and non-profit sectors. In addition, the study also compares management and employment practices in centres serving different customer segments from those in the mass market to those serving large or small business clients.

The study consists of 86% “in-house”<sup>56</sup> centres and 14 percent subcontractors or “outsourced”<sup>57</sup> centres.

Figure 4.1 Call Centres by industry



As shown in figure 4.1, the industries with the largest representation in the study are wireline telecommunications services and financial services. Financial services include retail banking, insurance, and other financial services (such as financial advising and brokerages). Industries with about 40 centres each (9% of the sample) include business and IT services, cellular telecommunications, retail outlets, and cable TV.

<sup>54</sup> The analysis of entire chapter is based on the study “The US Call Centre Industry 2004:National Benchmarking Report” done by Rosemary Batt, Virginia Doellgast, and Hyunn Kwon.

<sup>55</sup> The analysis of entire chapter is based on the study “The U.S Call Centre Industry 2004:National Benchmarking Report” done by Rosemary Batt, Virginia Doellgast, and Hyunn Kwon.

<sup>56</sup> In-house centres are those who serve the companies’ own customers.

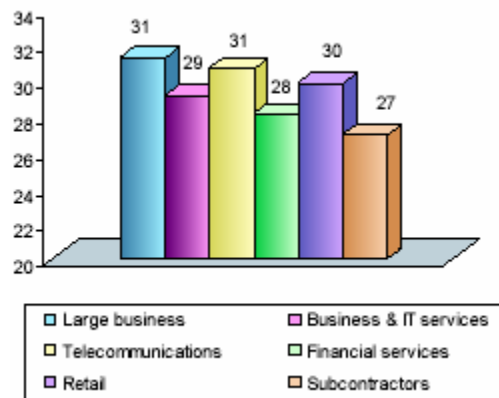
<sup>57</sup> Outsourced centres are those who serve the customers of other companies.

Another 3 to 5% of the sample includes the public and non-profit sector, print and media, manufacturing, and hospitality; yet another 5% includes centres that serve multiple industries.

## Employment Details

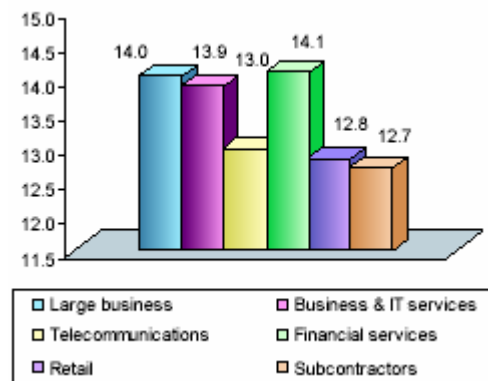
Call centres that focus on simple transactions, such as telemarketing, reservations, or credit card handling, require relatively low skills and are low-paid. Pay is relatively high for collaborative problem solving where high skills and training are required.

*Figure 4.2: Age of the Typical Call Centre Worker*



The average age of the typical worker across all sectors is 30 years of age and the range is from 22 to 50 years of age. Sub-contractors have the youngest workforce, with an average age of 27 years. Centres serving the telecommunications industry and large businesses report an average age of 31 years, while retail centres also report an average age of 30 (see Figure 4.2). Subcontractors and call centres in financial services are relatively new entrants into the industry, while those in retail and telecommunications have much longer tenure. The age distribution of the workforce is consistent with the relative age of the establishments in these sectors, as reported in Figure 4.2.

*Figure 4.3: Years of Education of Typical Call Centre Worker*

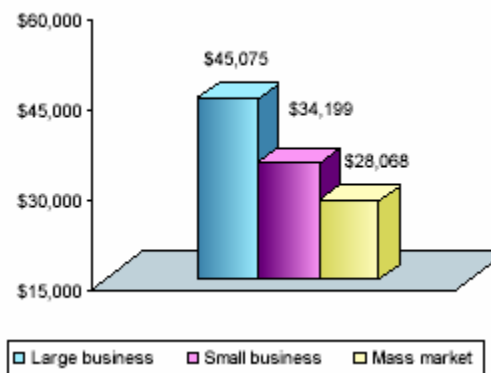


While call centre jobs are often viewed as low skilled or ‘clerical’ jobs, in reality, they require employees to absorb changing product knowledge, manipulate databases, and have good communication skills. The education level of call centre workers is actually higher than is often portrayed in the popular press. In this study, the managers, who were asked to provide the education level of the ‘typical’ call centre employee, defined it as ‘half the workforce has a higher level and half has a lower level’. Managers reported that the typical worker has about one and a-half years of college education beyond a high school degree. The lowest educational profiles are found among outsourced and retail centres, with an average of 12.7 and 12.8 years of education, while the highest levels of education are found in centres serving the financial services industry, business and IT clients, and large business customers with 14 years on average, or two years of college beyond high school.

The researchers also found the following variations in years of education:<sup>58</sup>

|                     |      |
|---------------------|------|
| Union In-house:     | 13   |
| Non-union In-house: | 13.3 |
| Outsourced:         | 12.7 |
| Indian Offshore:    | 14   |

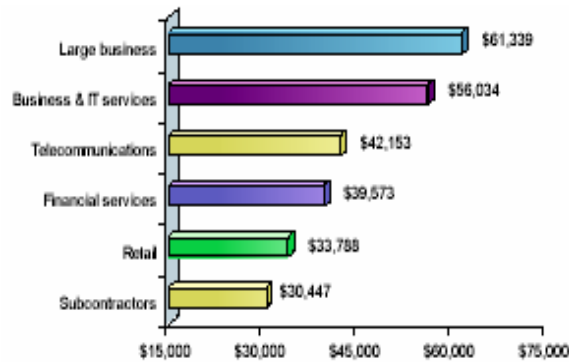
**Figure 4.4: Average Annual Pay, by Customer Segment**



The average annual pay depends on the differences in the nature of work. Employees serving large business customers average \$45,075 in annual pay, almost 60% more than employees serving mass market customers, who receive \$28,068, on average. Small business agents learn \$34,199 annually (see Figure 4.4). When the costs of benefits are included, total yearly compensation averages \$61,400 for agents serving large business customers, \$44,345 for those serving small business customers, and \$35,599 for those serving the mass market.

<sup>58</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

**Figure 4.5: Total Annual Compensation of the Typical Call Centre Employee**



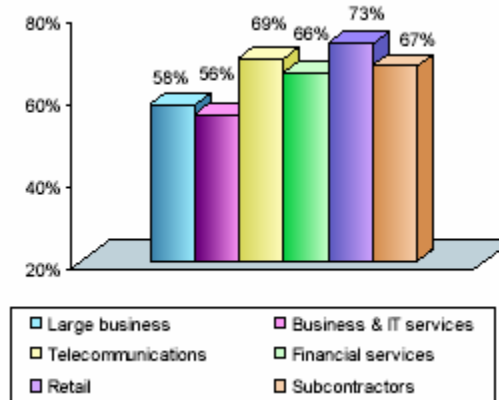
The study also calculated the total compensation for the typical worker by adding median pay, overtime pay, and the cost of benefits. Total compensation averaged \$44,529. At the low end, the typical employee in outsourced centres received total compensation of \$30,447, while the typical employee serving large business received twice that amount -- a total of \$61,399 (Figure 4.5).

The researchers also found the following variations in annual pay:<sup>59</sup>

- Union In-house: \$39,157
- Non-union In-house: \$28,085
- Outsourced: \$24,736
- Indian Offshore: \$2,635

### **Workplace Structure**

**Figure 4.6: Percent of the workforce that is Female**

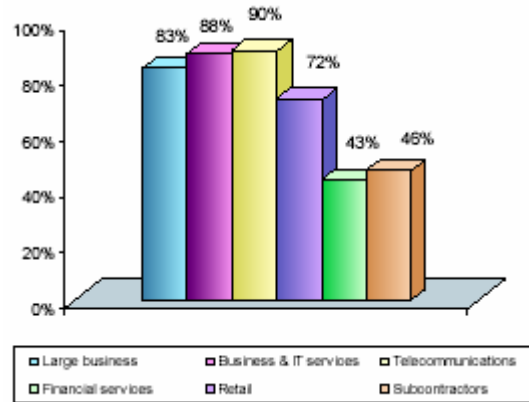


Women constitute 66% of the workforce in the call centres in this study, while men make up 34%. As might be anticipated, the gender composition varies with the type of work performed,

<sup>59</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

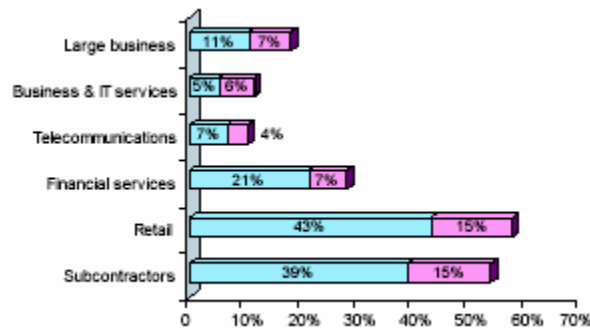
with women making up a lower percentage of workers in centres serving large business and business and IT services (58% and 56% respectively). Thus, men represent over 40% of the workforce in these higher end call centres. By contrast, women make up a disproportionate percentage of workers in the lower-paying jobs in the other industry sectors and in outsourced centres (between 67% and 73% of the workforce). Women constitute the highest proportion of the workforce in retail centres.

*Figure 4.7: Percent of call Centre Workforce that is permanent and full-time*



Another way to view work force structure is to focus on the percent of the workforce that is permanent and full-time. It represents the more traditional approach of work force structure, and provides a stronger indicator to employees that their employment is secure. On average, 77% of call centre workers in the study hold permanent full-time jobs. Figure 4.7 shows that the majority of employees hold permanent, full-time positions, except for those in retail and outsourced centres.

*Figure 4.8: Average use of Part-time and Temporary Workers*



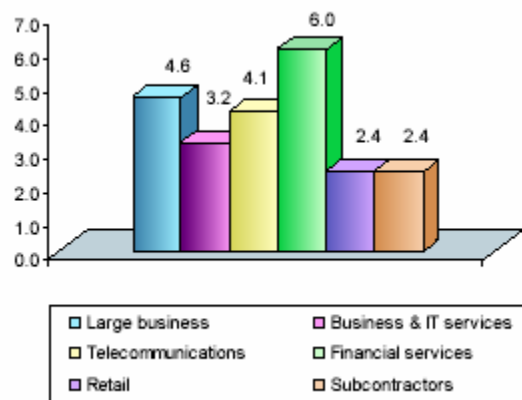
The use of part-time and temporary workers has expanded due to shorter training curve. On average, part-time workers comprise 16 percent of the call centre workforce in the study and temporary workers comprise 7.1%. In-house telecommunications centres and business and IT providers make the least use of part-time and contingent workers (11% in total), while subcontractors and retail centres make the greatest use (54% and 58% of the total respectively).

In large business centres, 23% of the workforce is part-time or temporary, while in financial services centres, 28% is part-time or contingent.

## ***Training***

The majority of call centre workers in the study have at least some college education. Beyond a general education, call centre workers need to develop specific knowledge about the firm’s processes. Therefore, training would be an important part of call centre management practices because the products, technologies, and services that employees handle are often changing at a rapid pace. Advances in information systems require employees to continually learn. New technologies have also reduced product life cycles so that the features, packaging, and marketing of products and services are constantly changing.

***Figure 4.9: Weeks of Initial Training***



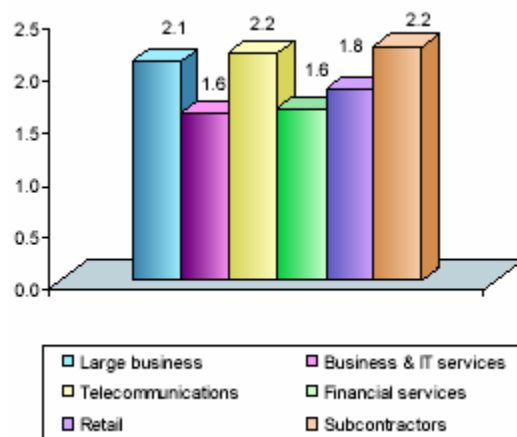
On average, call centres provide 4.2 weeks of initial training to new employees. Financial service organizations make the largest investments in initial training, at six weeks. Insurance, in particular, has very high training rates at 7.5 weeks, while banking is similar in training levels to telecommunications centres at 3.9 weeks. This pattern may be due to the high hurdle of learning different products and legal regulations, particularly insurance plans. At the other end of the spectrum, retail and outsourced centres provide only two and one half weeks of initial training (see Figure 4.9).

The researchers also found the following variations in days of initial training:<sup>60</sup>

Union In-house: 33.5  
 Non-union In-house: 20.5  
 Outsourced: 11  
 Indian Offshore: 23.6

<sup>60</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

**Figure 4.10: Weeks of On-Going Training**



The employees who provide service and sell various products need continuous learning and upgrading of their knowledge and skills. The study survey shows that on-going training is an important part of workplace practices. On average, call centres provide about 2 weeks of on going training each year (Figure 4.10). That represents 3.8% of an employee’s annual work time – a considerable investment. However, it is not clear whether this level of investment is sufficient, given the high demand for new skills and information-processing.

The provision of on-going training does not vary dramatically across the industries and sectors in the study. In contrast to the range of variation in education levels across sectors, the study did not find higher rates of initial or on-going training in centres serving large business or providing IT services. Thus, the study suggests that formal training outside of the workplace is a more important differentiating factor for the “human capital” of employees in these segments than training on the job.

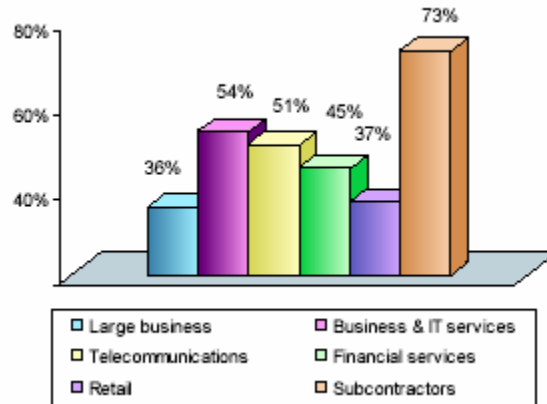
### ***Working Conditions***

In the call centre industry certain issues are likely to be particularly salient because subcontracting and attention to the bottom line are widespread. Contract enforcement typically is ensured through on going monitoring and adherence to performance metrics.<sup>61</sup> Performance management technologies such as electronic monitoring systems provide real-time measures of talk times, adherence to schedules and scripted texts, and sales productivity, allowing clients companies to regularly monitor the employees of subcontractors.<sup>62</sup> Thus, subcontractors are under intense pressure to maintain low costs and meet the efficiency goals.

<sup>61</sup> Kinnie, N. and Parsons, J. (2004)“Managing Client, Employee and Customer Relations: Constrained Strategic Choice in the Management of Human Resource in a Commercial Call Centre, *Call Centres and Human Resource Management*.

<sup>62</sup> In the working paper by Rosemary Batt ,Virginia Doellgast and Hyunji Kwon, (2005), “Service Management and Employment Systems In US and Indian Call Centres”.

**Figure 4.11 Percent of time Electronically Monitored**

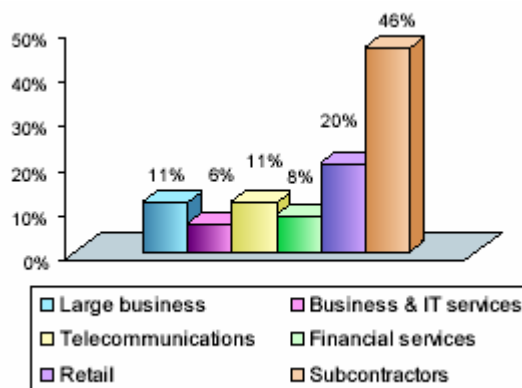


The electronic monitoring of employees at work is a common feature of call centre operations. Used for quality control, it often elicits strong negative reactions from employees because they feel they are not trusted by management. They feel they are continually exposed at work and lack any privacy normally found in work settings. According to the study substantial body of research has shown that continuous electronic monitoring increases job related stress.<sup>63</sup> Use of electronic monitoring varies widely across centres serving distinct customer segments and industries – from a high of 73% of the workday in outsourced centres to a low of 36% in centres serving large business customers (Figure 4.11).

The researchers also found the following variations in percentage of time electronically monitored:<sup>64</sup>

|                     |      |
|---------------------|------|
| Union In-house:     | 62.2 |
| Non-union In-house: | 50.5 |
| Outsourced:         | 73.7 |
| Offshore:           | 91.7 |

**Figure 4.12: Use of Scripted Texts**



<sup>63</sup> Carayon, P., “Effect of Electronic Performance Monitoring on Job Design and Worker Stress”, 1993.

<sup>64</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

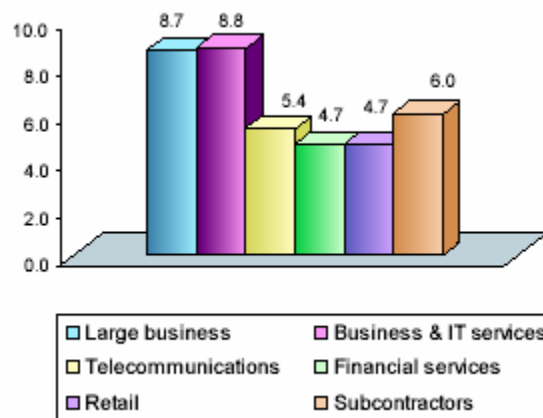
With new technologies such as electronic customer relationship management and web-enablement, employees have greater need for discretion – to utilize the information in databases and to react quickly to customer preferences. However, the survey suggests that most call centres continue to place substantial limits on employees’ ability to use their discretion or solve problems on-the-job.

One indicator of discretion at work is the extent to which employees are required to use scripted texts. Software systems may be designed so that a scripted text appears on the computer screen when the employee is talking to a customer. Some companies rely heavily on scripted texts while others allow employees to use their own words to answer customer inquiries. The decision to use predetermined scripts in call centre operations is based on a number of considerations, including how easy it is to standardize a certain kind of call and the ability to rely on other forms of performance management. In the study, only 15% of call centres made substantial use of scripted texts. However, there were substantial differences across centres, with 20% of retail centres relying on them and 46% of outsourced centres relying heavily on these scripts (Figure 4.12).

The researchers also found the following variations in percentages relying on scripted texts:<sup>65</sup>

Union In-house: 16.7  
 Non-union In-house: 11.8  
 Outsourced: 48.6  
 Offshore: 32.4

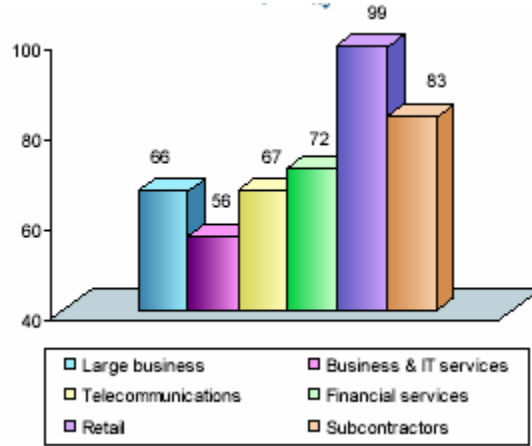
*Figure 4.13 Average Call Handling Time Per Customer*



The study reported that the average call handling time for customers showed a similar pattern. It averaged almost 9 minutes in call centres serving large business or providing IT services. It averaged 4.7 minutes in retail and financial services centres as shown in (Figure 4.13).

<sup>65</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

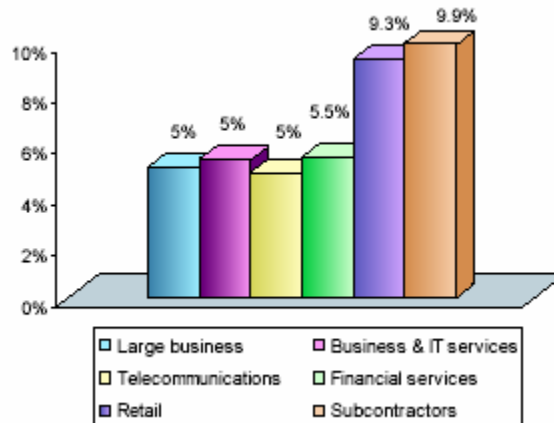
**Figure 4.14: Customers per Employee Per Day**



Work in call centres is typically focused on the individual employee as the unit of analysis. Efficiency is measured by individual call handling time or the number of customers served per employee per day. The common use of these metrics is designed to maximize individual efficiency, and by doing so, revenues per call. The call centres in the study reported serving an average of 75 customers per employee per day. The average call handling time was 6.1 minutes. However, as noted throughout the report, these metrics were quite different across centres serving distinct customers and industries.

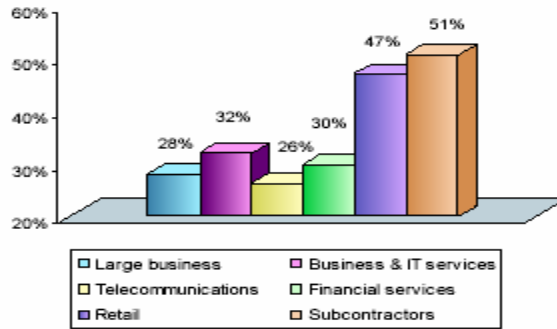
The number of customers per employee per day ranged from 56 in IT service centres and 66 in business centres to 83 in outsourced centres and 99 in retail centres (see Figure 4.14).

**Figure 4.15: Percent of Employees Absent on a Typical Day**



According to the survey study the major indicator of worker dissatisfaction is absenteeism rates. In the survey, managers were asked to report the percent of the workforce absent on a ‘typical work day’. Again, the rates for retail and outsourced call centres were twice as high as those for in-house centres serving the other segments and industries in the study. Retail and outsourced centres reported a daily absence rate of over 9%, while centres in the other sectors averaged 5% or less.

**Figure 4.16: Total Annual Turnover**



Total turnover, as measured in the study, includes employees that quit, left for better jobs in other parts of the company, were dismissed, laid-off, or retired. Total turnover in the study averaged 31%, with a low of 26% in the telecommunications industry and highs of 47% in retail centres and 51% among outsourced centres (see Figure 4.16). Retail and outsourced centres have been replacing about 50% of their workforce every year.

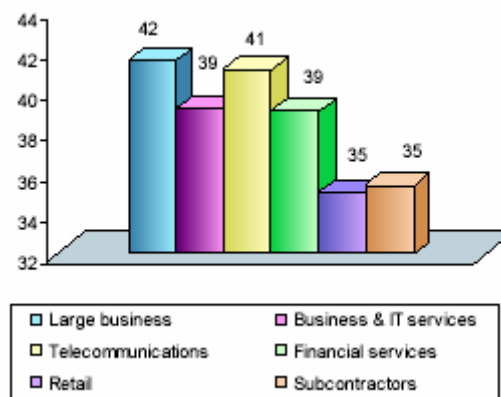
The researchers also found the following variations in percentage of annual turnover:<sup>66</sup>

- Union In-house: 7.6
- Non-union In-house: 21
- Outsourced: 35.3
- Indian Offshore: 29.1

### ***Schedule of Work***

Length and level of work schedule plays a pivotal role in determining the quality of work.

**Figure 4.17: Average Weekly Work Hours of Typical Full-Time Employees**

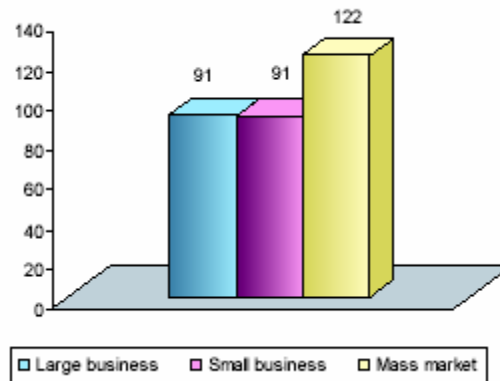


The work schedules according to the study, of call centre employees also vary in different sectors. On average, call centre employees work 40 hours per week, with a range of 35 hours per week in retail and outsourced centres and over 40 hours in large business and IT service centres.

<sup>66</sup> “The Call Centre Industry: Comparing Union, Non-union and Offshore Workplaces,” presentation to CWA by Rosemary Batt, Ginny Doellgast, Hyunji Kwon, Cornell University, May 12, 2005.

In-house centres in telecommunications and financial services average 39 hours per week (see Figure 4.17).

**Figure 4.18: Customers Per Employee Per Day, by Customer Segment**



The study suggests that work pressure would be different and depends on the various processes. As shown in Figure 4.18, employees serving the mass market handle an average of 120 calls per day, over 30% more than those serving large and small business customers. Nonetheless, service representatives serving business markets average 91 customers per day – a sizeable workload given that business customers demand high levels of customization.

Union in-house jobs are the best trained and have the highest retention. They provide the best customer satisfaction and provide business with the most stability. Outsourced and offshore jobs focus more on low-cost and high productivity at the cost of customer satisfaction and retention of workers, and have the most stressful working conditions.

## **Chapter 5**

### **Profiles of Three Companies**

This study has focused on three companies: two are US multinational, Convergys and Accenture, and one is the top Indian company, Wipro.

Call centres owned by foreign MNCs and Indian firms follow different strategies for recruitment, training, human resource management, remuneration, work place arrangements etc. But there are also striking similarities especially in the nature of work organisation, control mechanisms and employment.

The three firms studied for this report are the service providers of European, North American and Australian firms that specialise in financial services, telecommunication and internet, business and IT services, airlines, railways and other services (see table 1). Based on location of clients and nature of outsourcing companies, the call centre operations are divided into separate tasks and given to specialised teams to execute.

All the three call centres specialise in two kinds of processes: voice based and email based. Since the voice-based processes forms a major share of call centre operations, we excluded e-mail based call centre operations from the study.

The three call centres that we have studied are relatively large and employ people ranging from 1000 to 6000 (see Table 3). All of them have more than six years of experience in call centre service provision and have expanded the employee strength continuously over this period.

**Table 5. 1**

**Particulars of firms studied**

| Firms                            | Total employees* | Areas of Specialisation  | Service providers of  | Location of clients | Years of experience in BPO | Presence of union |
|----------------------------------|------------------|--|---|---------------------|----------------------------|-------------------|
| Wipro (Delhi NCR)                | 6500             | Customer Services, Telemarketing Services, Technical Support Services, IT Help Desk Services, Insurance Processing, Mortgage processing, HR Processing Services, Finance & Accounting Solutions, Procurement Solutions | Financial, Telecommunications and Internet                                | International       | More than six              | No                |
| Accenture (Mumbai)               | 1000             | Call Centres, Customer Billing, Customer Information Systems, Meter Reading, Credit and Collections, Fieldwork Services and Scheduling, Operations Support Services  | Telecommunications, Financial, Business and IT, Airline/Railways, Travels | International       | More than six              | No                |
| Convergys (Delhi NCR and Mumbai) | 4200             | Billing, Customer care and HR services   | Telecommunications, Financial, Business and IT, Airline/Railways, Travels | International       | More than six              | No                |

\* Approximate figures based on employee's responses.

## **Wipro Technologies**

Wipro was founded in the small town of Amalner in Maharashtra in 1945. Primarily an oil factory, the chief products were the cooking oil, Sunflower Vanaspati, and 787 laundry soap. The company was called Western India Vegetable Products Limited, with a modest presence in Maharashtra and Madhya Pradesh.<sup>67</sup>

In the 1970s, Wipro embarked on an ambitious phase of expansion and diversification and in the early 1980s it made its foray into the IT arena. An energetic, committed team of professional R&D and marketing managers came together in Bangalore and began the Wipro Infotech story. In a small lab at the Indian Institute of Science, the team developed the first Indian 8086 chip.

In 1995, it received ISO 9001 quality certification. In 1997, Wipro received CMM level 3 certification from the Software Engineering Institute. In 1998, Wipro Technologies became the world's first CMMI level 5 certified software services company. Continuing this trend, in 2001, Wipro became the world's first PCMMI level 5 certified. In the same year, *Business Today* rated it as India's most valuable company. In June 2001, *Business Week* ranked it among the top 100

<sup>67</sup> Wikipedia

best performing technology companies globally. In November 2002, *Business Week* ranked it among the top 10 software services companies in the world.

Wipro Technologies, the Global IT Services division of Wipro Limited was established in 1980. It has 30 offices worldwide, 50,100 employees and over 300 customers across USA, Europe and Japan including 50 of the Fortune 500 companies. Some of its customers are Boeing, Cisco, Ericsson, IBM, Microsoft, Prudential, Seagate, Sony, and Toshiba. It is listed on the New York Stock Exchange and is part of the TMT (technology-media-telecom) index of it.

Wipro holds a prominent position in the world market for information technology services. It offers software solutions, IT services, IT consulting, BPO and research and development in hardware and software design. The company operates through three divisions: Wipro Technologies, Wipro Infotech and Wipro Consumer Care and Lighting. The company owns eight facilities in India and has overseas office in US, UK, Japan etc. During 2004-05 Wipro's net sales surged by 41% and net profits rose by 63%. The domestic market gives 16% of its revenues.

The case study is based on Wipro BPO, which provides a broad range of services from customer relationship management; back office transaction processing to industry specific solutions. The Wipro website describes the company's features as

“The key element of services delivery is an integrated approach towards providing increasing value over the entire course of our client relationships. This involves a phased approach towards process standardization, process optimization and process re-engineering. For example, by outsourcing finance & accounts to us, we helped a leader in mobile data communications consolidate the finance and accounting process, standardize policies and procedures and improve turnaround time for activities.”

The company has produced one of the richest Indians in the world and has both domestic and foreign clients who receive a wide range of BPO services. Moreover the company is expanding globally and has started several ventures in other developing countries. *Globalconnect*, a marketing and research agency's report on Wipro is given in Box 1.

### **Box 1**

#### **Wipro to invest USD 250 mn In Romania Facility**

Wipro has decided to invest up to US\$ 250 million for setting up a near shoring facility in Romania. The company also has plans to expand to the Asia-Pacific (APAC) region, which would be undertaken through its APAC IT arm, Wipro Infotech. It is setting up a 250-seat call centre at Bucharest, Romania, and intends to offer technical engineering, accounting and financial services. The centre will start by the end of first quarter and will also act as a gateway to Europe, mainly eastern European nations. The centre will be set up by Wipro BPO, which was formed after the acquisition of Spectramind.

Source: <http://www.globalconnect.com>

Wipro Technologies has been an active player in the wave of mergers and acquisitions in the IT industry. It acquired US based mPower Inc in an all cash deal worth \$28 million. It also acquired New Logic, a system-on-chip design firm in Austria, for Rs. 240 crore (US \$56 million) in an all cash deal. The company set up its second offshore development centre in Bangalore for Toshiba Mobile Communications Company.

The Andhra Pradesh government and Wipro have entered into a memorandum of understanding on land allotment. The government has allotted 100 acres of land to the company in Hyderabad, and another seven acres in Vishakhapatnam to expand its software development operations in India.

Wipro has no publicly stated corporate social responsibility position.

## ***Accenture***

Accenture originated in the United States as the consulting division of Arthur Andersen. Its origin goes back to 1952, when General Electric (GE) contacted Arthur Andersen to do a feasibility study about payroll processing and manufacturing automation using computers. Joseph Glickauf was the Arthur Andersen's project leader for the GE engagement and was responsible for the payroll processing automation, launching the era of data processing.. Joseph Glickauf, considered the father of computer consulting, headed Arthur Andersen's administrative services division for twelve years.

Arthur Andersen is also well-remembered for allowing Enron to “cook their books” and destroyed their documents when Enron collapsed. In 1989, that division split from Arthur Andersen and began using the name Andersen Consulting. Through the 1990s there was increasing tension between Andersen Consulting and Arthur Andersen. This dispute came to a head in 1998 and in 2000, Andersen Consulting broke all contractual ties with Arthur Andersen.

On January 1, 2001, Andersen Consulting adopted its current name, Accenture derived from ‘Accent on the future.’ About 17% of the company revenue began to come from outsourcing

business. By the year 2004, Accenture grew its outsourcing business to 37% of the total revenue. On July 19, 2001, Accenture offered an initial public offering (IPO) at the price of \$15.10 per share in the New York Stock Exchange (NYSE). Goldman Sachs and Morgan Stanley served as its lead underwriters. Accenture stock closed the day at \$17.15. In the first week of IPO, Accenture raised 1.7 billion dollars, 70% more than its original estimate.

Accenture is a multinational consulting company with its headquarters in Bermuda, a popular tax haven for corporations.<sup>68</sup> It operates regional offices throughout the world and has embarked on an aggressive campaign to win government contracts for computer systems and customer services. Its organizational structure includes divisions based on client industry types and employee workforces. Industry divisions, referred to as Operating Groups, include products (e.g. consumer packaged goods or industrial equipment), communications and high technology, financial services (e.g. banking, insurance), resources (e.g. utilities, chemicals, energy), and government. Employee workforce divisions are consulting, services, enterprise, and solutions. Accenture has more than 75,000 employees based in more than 110 offices in 47 countries delivering a wide range of consulting, technology and outsourcing services.

**Box 2**  
**We are not Subject to Tax!**

"We are not subject to tax in Bermuda on our income or capital gains." "It may not be possible to enforce court judgements obtained in the United States against us in Bermuda or in other countries other than the United States where we have assets." "Shareholders of Bermuda companies do not generally have rights to take action against directors or officers of the company."

(Source: "Accenture: My holiday home in Bermuda." Philippe Rose, Le Monde Informatique. ITworld.com. November 23, 2001 and Accenture SEC filings:"<http://biz.yahoo.com/e/1/a/can.html>)

One of Accenture's area of business is "Social Services outsourcing" for State and provincial governments. It actively promotes the privatization of government services (such as in water, power, education, etc.) and published a study, "Outsourcing Government Services to the Private Sector". In fact, Accenture's fastest growing business is through government outsourcing contracts. It has a history of obtaining these lucrative contracts through unfair means in countries across the globe. For example, without a public tendering process, Accenture obtained a \$500,000 (CND) contract with the Province of Ontario's Workplace Safety and Insurance Board (WSIB) to review its operations. It obtained a \$200 million business BPO agreement with the Telecom Italia Group and a \$39 million contract with the State of Colorado Department of Labour and Employment to "reengineer" the state's unemployment insurance system. According to research done by the Polaris Institute, "Up to 1998, the former welfare director of Ohio, Arnold Tompkins, awarded nearly \$26 million in unbid contracts to Accenture and later, after he

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<sup>68</sup> This narrative is based on Lexis Nexis information. The original article has been seen in "Accenture and Monday employ three tax havens." Glen Simpson, Wall Street Journal, July 3, 2002.

left public office, was given a \$10,000 a month job from Accenture. The largest of the contracts he signed with Accenture (\$16.1 million) was approved less than a month before he left office and was done over the objections of his whole contractual review committee, which said the contract was too expensive and had not been competitively bid.”

Accenture contribution to political processes also ensures it support from governments, local and federal. During the elections cycle 2000-2002, the company gave \$220,947 (43% to Democrats, 57% to Republicans) to Political Action Committees (PACs) and “soft money” (\$20,500 to the Democrats and \$65,987 to the Republicans). During the US Presidential election in 2004, Accenture spent about \$509,041. It is a member of powerful coalitions and committees like the US Coalition of Service Industries (USCSI), European Services Forum (ESF), Business Steering Committee of the Global Business Dialogue on eCommerce and US Trade Promotion Authority. Thus, it has stronger influence in the government.<sup>69</sup>

It has no publicly stated policy on corporate social responsibility.

## **Convergys**

The company grew from Cincinnati Bell Information Systems and MATRIX, both subsidiaries of Cincinnati Bell, and AT&T Solutions Customer Care, which was sold to Cincinnati Bell in 1998. It became a fully independent company in 1998 and since then, Convergys has acquired numerous companies and expanded its business.

Headquartered in Cincinnati, Ohio, USA, Convergys employs over 66,000 people serving customers in 60 countries (United States, Europe, Asia Pacific, Canada, Latin America and Middle East), operating in 30 languages. It is a member of S&P 500, NYSE, Fortune 1000, and Forbes 2000. Convergys provides billing, customer care, employee care, and transaction management software. Most of its clients are companies in the communications, financial services, technology, and employee-care market.<sup>70</sup>

Convergys recently entered into a contract with Sprint PCS, Telepark Networks, and AT&T among others. Convergys outsources in human resource services, customer care, and telecom billing.<sup>71</sup> It streamlined its own operations and reduced labour costs by \$3.5 million annually, reduced operating costs by more than 30 percent each year, improved employee case closure time by 50 percent, and sustained 97 percent employee satisfaction scores. Its total revenue was \$ 2,582 million in 2005.

Convergys moved to India in October 2001. It has seven call centres in India. It developed competencies unique to India (accent and culture modules, hiring and recruiting, infrastructure, transportation, perks and meals service, etc.). It researched local HR and infrastructural issues and obtained the necessary governmental and regulatory permissions. It attracts employees by

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<sup>69</sup> [www.polarisinstitute.org](http://www.polarisinstitute.org) See the Company Profile of Accenture.

<sup>70</sup> <http://www.ftc.gov/os/comments/dncpapercomments/04/convergyscorporation.pdf>

<sup>71</sup> [http://www.convergys.com/pdf/factsheets/offshore\\_india\\_fact.pdf](http://www.convergys.com/pdf/factsheets/offshore_india_fact.pdf)

higher salaries and its customer care agents in India get higher perks which includes attendance incentives, performance linked bonus, night shift allowance etc.

The Convergys Community Action Team supports the volunteer efforts of the employees by coordinating a countless number of community projects around the world each year. Utilizing the resources of this internal team, employees at over 41 Convergys locations collaboratively work to uphold one of the corporation's core values, corporate citizenship.

### **Box 3**

#### **Laid off workers challenge offshoring in court**

In an unprecedented challenge to offshoring, two laid-off workers filed a lawsuit against Convergys corporation in Lucas County Common Pleas Court, Ohio. They alleged that the corporation outsourced their jobs, thus violating a grant agreement with the state.

According to the lawsuit, in 2000, Convergys received a \$200,000 dollar job-training grant from the state of Ohio funded by taxpayer revenue. In return for the grant money, the suit claims, Convergys pledged to create 1,000 jobs at their call centre facility and use the funds for worker training. Convergys also promised that the average salary of workers would be nearly ten dollars per hour.

However, Convergys failed to live up to these promises, creating only half of the agreed upon number of jobs, paying the workers less than ten dollars per hour, and failing to provide substantive job training. Thus, they are seeking repayment of a \$200,000 grant with interest by Convergys of the taxpayers for alleged breach of agreement with the Ohio state.

*Sources:* Mozumder, Suman Guha India abroad (New York Edition) Aug 26,2005 Vol XXXV, Iss 48,p. A1

<http://proquest.umi.com/pqdweb?did=903975151&fmt=3&clientid=23440&RQT=309&Vname=PQD>

## **Chapter 6**

### **Working Conditions in Indian Call Centres and Bi-national Comparisons**

Call centres form a crucial part of the Indian BPO industry. They provide back office support services to European, North American and Australian companies. Like their counterparts in developed countries, call centres in India are not homogenous in terms of size, number of employees and areas of specialisation. However, there are striking similarities in the work organisation, control mechanisms and employment. The primary data collected from the present study of three call centres provide us with micro level information on call centres in India.

The three firms studied for this report are service providers of European, North American and Australian companies that specialise in financial services, telecommunication and internet, business and IT services, airlines, railways and other services.

Call centres largely specialise in two kinds of processes: voice-based and email-based. The voice-based processes form a major share of the three call centres in this study. We excluded email based call centre operations from the study. The three call centres that we have studied are comparatively large and employ 1000 to 6000 employees. The three companies have more than six years of experience in call centre service provision.

The survey covered the employees in the lower end of call centre jobs - mostly call centre agents, and a few team leaders and managers. The total sample size is 249 and the distribution of the sample is as follows: 85 from Firm I (two cities), 31 from Firm II, and 49 from Firm III. Besides these, we have another set of 85 interviews from an assorted set of Firms (which we call Others).

Based on the field data, this chapter provides an analysis of the age, marital status and educational profile of call centre employees; and the basic employment details including the nature of contract, duration of service in the firms, wage, promotion and career prospects of employees. This chapter also analyses the structure of the workplace based on the selection and recruitment practices and training the working conditions of call centre employees, their work schedule, including hours of work, shift are also analysed. It further explores how call centre work is controlled and intensified by looking at factors such as daily work targets, call duration per customer, the number of customers per day and the use of technology and management system practiced in the call centres. The call centre employees' perception of 'associations' and the status of unionization is another aspect looked at. The gender and health related issue of call centre employees are also analysed.

#### ***Profile of the Workers***

##### **Age Profile**

Call centre employees are young and fresh job seekers. An overwhelming majority of the workers - 81.5% (203 out of the 249 surveyed) - are between 20-25 years of age (Table 6.1).

Only 1.25% of the workers are above 35 years of age. The mean age of call centre employees is 24 years.

The age profile of call centre employees in India differs from that of workers in the US. The age of US call centre employees range between 22-50 years. The mean age of call centre employees in the US is 30 years.<sup>72</sup>

**Table 6.1 Age Profile of the Call Centre Employees**

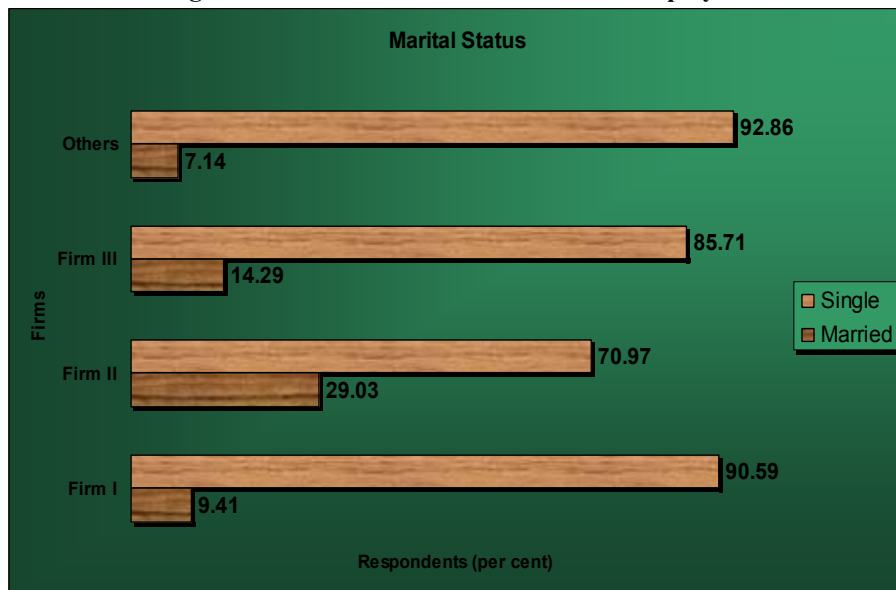
| Age | Below 20 | 9 (3.61)       |
|-----|----------|----------------|
|     | 20-25    | 203<br>(81.52) |
|     | 30-35    | 27 (10.84)     |
|     | 25-30    | 7 (2.81)       |
|     | Above 35 | 3 (1.20)       |
|     | Total    | 249 (100)      |

Source: Field survey

### **Marital Status**

Most of the respondents (87.95%) are unmarried. Dis-aggregation based on gender shows that 85.97% of the male and 91.76% of total female (78 of 85) respondents are unmarried.

**Figure 6.1 Marital Status of Call Centre Employees**



Source: Field survey

<sup>72</sup> Batt et al (2004)

## **Social Background**

The religious background of the call centre employees approximately follows India's population pattern with Hindus forming the majority (80.72 %). Muslims, Jains, Sikhs, Parsis and Christians are also represented in the sample showing that the industry may not practice any discrimination on the basis of religion. The Muslim representation falls somewhat short of their proportion in the population and Christians are over represented. As per the 2001 census, Muslims constitute 13.43 per cent of the population and Christians 2.34 per cent,<sup>73</sup> but are 4.01% and 8.43% respectively of call centre employees. Similarly, though the study was done in two metropolitan cities of India, among the respondents were workers from 21 states of India including states like Jammu and Kashmir, Manipur, Uttaranchal and Orissa.

However, a deep division is visible in terms of the caste composition of the BPO workers. An overwhelming majority (94.4%) is from the 'general' category<sup>74</sup> (Table 6.2). The term 'general category' is used here to denote those who have not reported as 'schedule castes', 'schedule tribes', and 'other backward castes', which are the three segments at the bottom of the hierarchical Indian caste system.

**Table 6.2 Social Background of the Call Centre Employees**

|          |                |                |
|----------|----------------|----------------|
|          |                | Total          |
| Caste    | General        | 235<br>(94.37) |
|          | Backward caste | 8 (3.21)       |
|          | SC/ST          | 6 (2.40)       |
|          | Total          | 249 (100)      |
| Religion | Christian      | 21 (8.43)      |
|          | Hindu          | 201<br>(80.72) |
|          | Islam          | 10 (4.01)      |
|          | Jainism        | 1 (0.40)       |
|          | Parsee         | 1 (0.40)       |
|          | Sikh           | 15 (6.02)      |
|          | Total          | 249 (100)      |

Note: Figures in parenthesis are percentage of corresponding total  
Source: Field survey

<sup>73</sup> Census of India 2001, Government of India.

<sup>74</sup> Note: Caste based questions, particularly for urban respondents, may not elicit very correct replies. There is a danger of over-reporting in the "general" category.

## **Educational Profile**

On an average an employee has a minimum of five years of college education. A highly significant 92% of the workers consists of graduates and out of this, 18.1% are post graduates. Among the respondents, more than 80% studied in private English medium schools (Table 6.3).

In the developed countries, call centre jobs are carried out by those who have less education but possess good communication skills. A typical call centre employee in the US has one and a half years of college education.<sup>75</sup> One comparative study of Indian and UK medical transcription industry found that the work executed by high school educated and under graduate workers in the UK is carried out by postgraduates in Bangalore, India.<sup>76</sup>

**Table 6.3 Nature of Last School Attended**

| <b>School</b>                                    | <b>No. of Respondents</b> | <b>Percent</b> |
|--|---------------------------|----------------|
| Government School                                | 38                        | 15.3           |
| Urban Based Non Government English Medium School | 203                       | 81.5           |
| Others   | 8                         | 3.2            |
| Total  | 249                       | 100.0          |

Source: Field survey

The study has brought out a few other points that establish the non urban blue collar background of the call centre employees. 35.7% of the employees surveyed said their families own business, 34.9% are from a service background<sup>77</sup> and 18.1% are government employees<sup>78</sup>. Only 1.2% is from an agricultural background.

About one third (34.54%) of the employees said that they were pursuing studies while working as BPO employees. The courses that they pursue include graduation, post graduation, professional courses such as Masters in Business Administration (MBA), journalism and value-added computer programmes. Interestingly this trend is more visible in Indian companies than in multinational companies.

## **Basic Employment Details**

### **Nature of Contract**

Call centres offer 'long term' employment. But in our conversations with the workers, they said that they can be thrown out of employment at any time. In the field survey, more than 75% said that the nature of their contract with the company is 'permanent' (Figure 6.2). But their

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<sup>75</sup> Batt et al (2004).

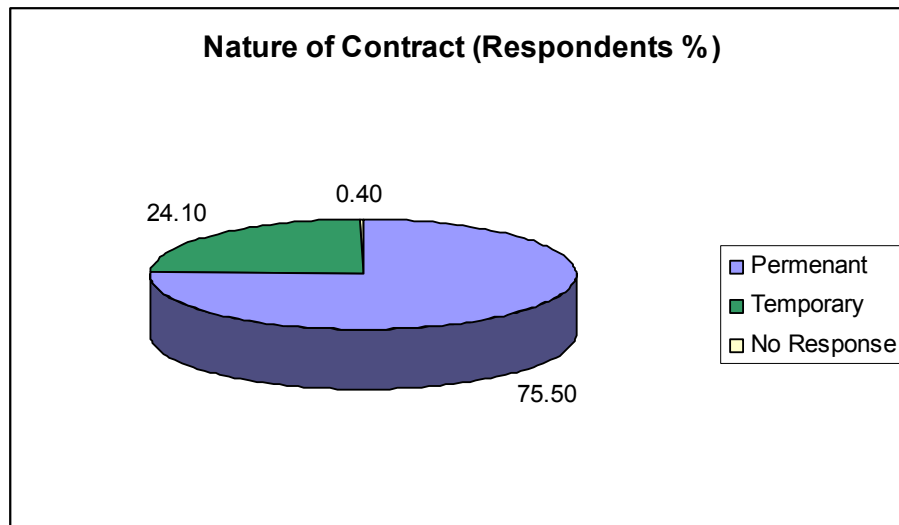
<sup>76</sup> Panitch and Leys, 2001.

<sup>77</sup> A service background implies that the parents were doing regular office work.

<sup>78</sup> Government job is usually a regular and protected job. To get a government job, there has to be a minimum level of qualification.

appointment letters clearly indicates the companies' unchallenged authority to terminate any worker from employment with out prior notice.

**Figure 6.2 Nature of Contract of Call Centre Employees**



Source: Field survey

The nature of employment depends on the duration of the outsourcing contract that call centres receive from their clients. When the contract with a particular client is over, the group of workers that performed the operations have to quit or get reemployed in other processes. To get employed in other processes, the employees have to undergo further training or quit. In short, the client has an invisible discretion in determining the nature of employment in the Indian call centre industry. This makes the call centre employment precarious. Moreover, presence of contracted employees is very high (24%) in the Indian call centres compared to call centres in the developed countries.<sup>79</sup>

### **Duration of service in the Firm**

The Indian BPO industry constantly attracts young boys and girls by its attractive and state of the art workplaces, bright ambiance, modern technology, in-house cafeteria, gymnasium, recreational centres, relatively attractive salary structure and flashy designations. Besides expansion of work, the constant recruitment is a necessity due to the high labour turnover in the call centres as shown by various studies in India and abroad. The present study confirms this trend.

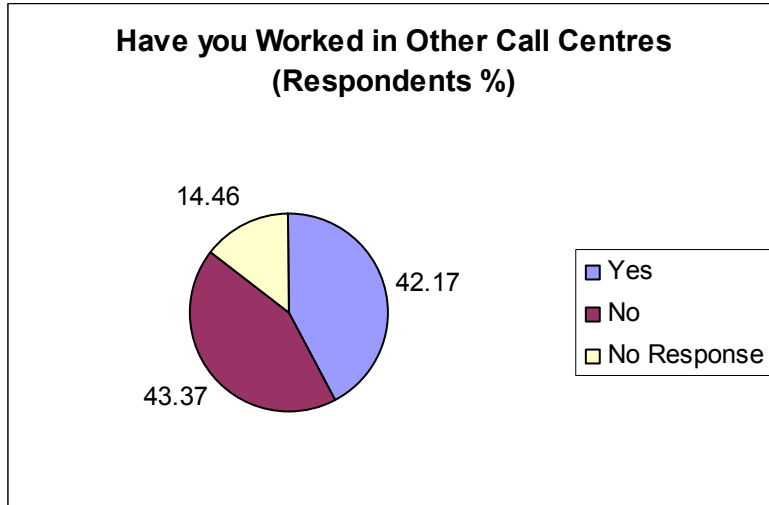
In an interview, the former human resources manager of one of the companies said that the main reason for the turnover is the continuous night shift which is unlikely to change because the clients in the US, UK and even Australia can only work with such shifts. The other reason is the limited growth opportunity and scope for self-development.

More than 88% of the workers said that they were in service with the present firm for less than two years, out of which 70% were with the firm for less than one year. About 43% of the respondents had previous work experience. Firm II retained more workers beyond one year, and

<sup>79</sup> Batt, et.al (2004) found only 7% of the workers have short term contracts in the US call centre industry.

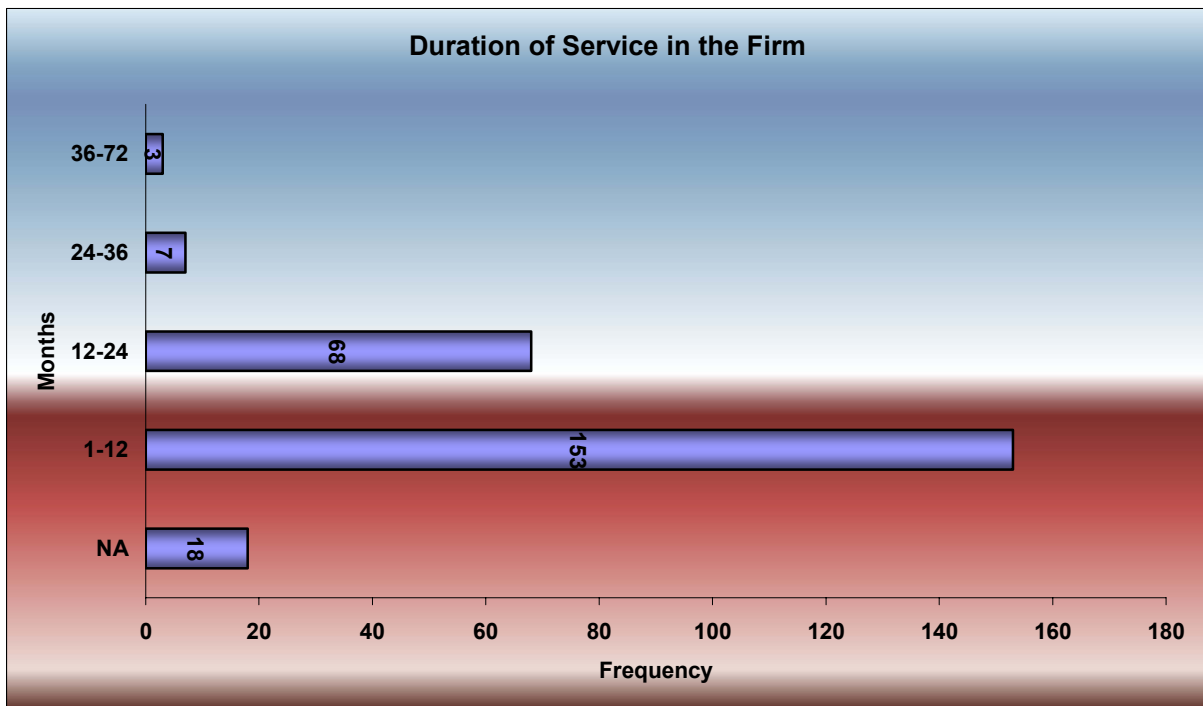
up to two years. A steep decline in the number of employees serving a firm for more than two years was noticed. This could either be because of high labour turnover or because of large scale expansion of operations by the firms during the last two years.

**Figure 6.3 Previous Work Experience of Call Centre Employees**



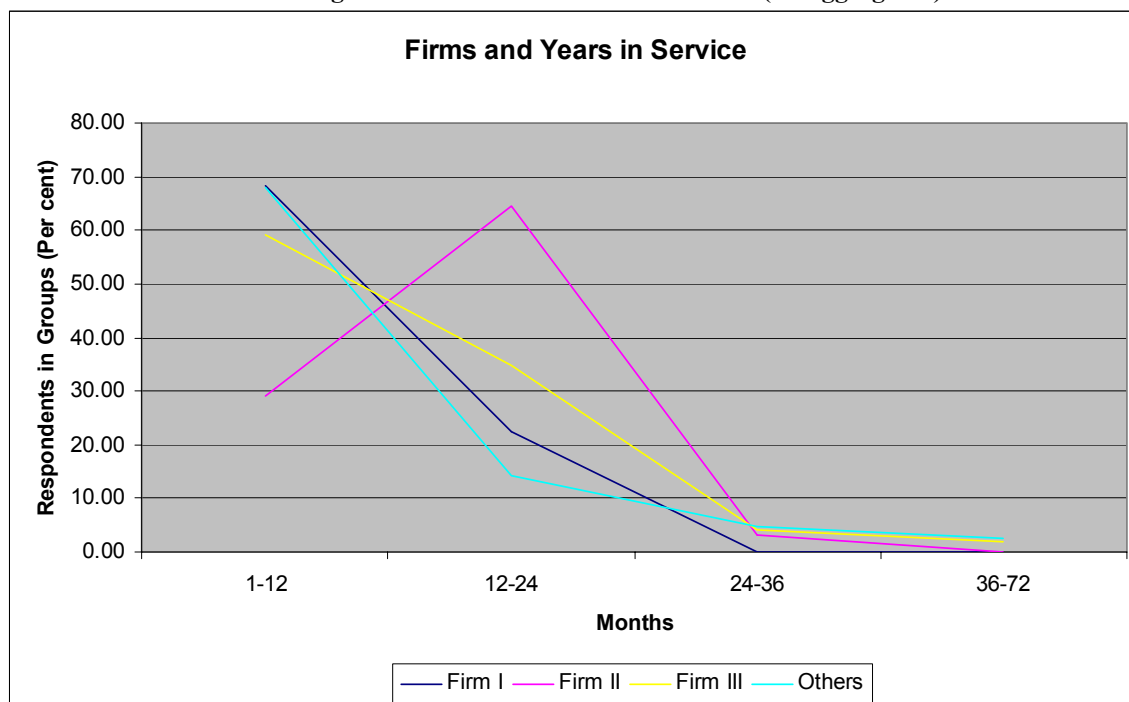
Source: Field survey

**Figure 6.4 Duration of Service in the Firm of Call Centre Employees**



Source: Field survey

**Figure 6.5 Duration of Service in Firms (Disaggregated)**



Source: Field survey

### Wages

The pay structure of the call centres studied is not standardized and is entirely based on management discretion and employee performance. Each employee gets an offer letter indicating the basic pay and other benefits including house rent allowance and medical claims. In some cases a well performing call centre employee may get better pay than his immediate superior. An employee with a basic salary of Rs.4,000 can earn more than Rs.10,000 per month if he/she performs well, according to the standards set by the Firm. In one call centre, outstanding performers are paid Rs.4,500 as performance incentive and Rs.1,800 for zero absence in a month. In addition, double pay is given to employees who work on national holidays. Two of the call centres studied follow a monthly performance assessment and grading system while the third follows an annual assessment system. In addition to salary and performance incentives, employees will be provided with gifts and perks. Employees are encouraged not to discuss salaries with each other and to think of salary figures as a purely personal issue. Such an individualised wage determination practice exacerbates competition among workers and discourages collectivisation.

More than 85% of the respondents receive monthly salaries above Rs.10,000. About half of the respondents receive salaries between Rs.10,000 and Rs.15,000 (Table 6.4).

**Table 6.4 Current Salary of Call Centre Employees**

| Current Salary of Call Centre Employees |                    |         |
|---|--------------------|---------|
|   | Salary Group (Rs.) | Percent |
| 1                                       | 5,000-10,000       | 13.25   |
| 2                                       | 10,000-15,000      | 48.59   |
| 3                                       | 15,000-20,000      | 23.29   |
| 4                                       | 20,000-25,000      | 8.03    |
| 5                                       | Above 25,000       | 6.83    |
|   | Total              | 100.00  |

The reported minimum current salary per month was Rs.6,000 and the maximum Rs.40,000. The simple average of the salaries per month is Rs.14,370.54 and the median Rs.14,000.00.

The reported minimum starting salary was Rs.4,500 and the maximum Rs.30,000 giving a mean of Rs.10,966.94 and a median of Rs.10,000.

**Figure 6.6 Starting Salary of Call Centre Employees**

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Source: Field survey

Call centre employees are given catchy designations such as Customer Care Agent, Customer Support Agent, Customer Support Officer, Customer Support Executive etc.

This may be one of the factors that attracts the young generation to these jobs, though it is stressful and monotonous. One of the call centre employee responded: “Even though I am a fresh graduate and with less than one year experience, I earn somewhat equal salary to my father who is working in the government sector for the last 25 years.”

However the ‘big’ Indian salary is significantly lower than the standard wages in the US for call centre employees - a difference of more than US\$ 25,000 per employee - clearly pointing to lower labour cost as a driving force for offshoring of work. An Indian call centre employee on an average gets an annual payment of US \$3,745.<sup>80</sup> Batt, et.al (2004) reported that average annual pay of a call centre employee in the US \$30,000.

It is interesting, however, to compare the salaries in the two countries using the Purchasing Power Parity (PPP) principle. As per World Bank data, the PPP for the Indian Rupee works out at Rs.8.2 to US\$1. That is, \$1 in the US can buy a comparable set of goods and commodities as Rs.8.2 in India. In this light, although the Indian call centre employee is paid a lower wage than the employee in the US in monetary terms, the Indian wage is nevertheless a comparable wage in terms of purchasing power parity (PPP). An annual wage of \$5,000 in India at a monetary exchange rate of Rs.45 to \$1 works out to Rs.225,000 per annum. So an employee in the call centre in India earning Rs.225,000 per annum is roughly at the same level of standard of living as an employee in the US earning \$27,500 per annum. Therefore, while the outsourcing of work

<sup>80</sup> Estimated from field survey based on an exchange rate of Indian Rs.46.07 to one US Dollar.

from US to India makes extremely good financial sense to the US companies, it may not be discriminating against the Indian worker in terms of the living standard in India.

To understand the wage dynamics, we examined the starting salary and the correlation of the wage with age and previous experience.

A cross comparison of the age with salary reveals that 105 of the total 249 respondents aged between 20-25 years are earning between Rs.10,000-15,000 (see Table 6.5). This salary is in complete contrast with the salary of workers in traditional employments in India, both in the public and the private sector.

**Table 6.5 Age of the Call Centre Employees and their Current Salary**

| Age      | Current Salary |               |               |               |              | Total |
|----------|----------------|---------------|---------------|---------------|--------------|-------|
|          | 5,000-10,000   | 10,000-15,000 | 15,000-20,000 | 20,000-25,000 | Above 25,000 |       |
| Below 20 | 2              | 5             | 1             | 0             | 1            | 9     |
| 20-25    | 28             | 105           | 43            | 15            | 12           | 203   |
| 25-30    | 0              | 4             | 0             | 1             | 2            | 7     |
| 30-35    | 3              | 6             | 13            | 3             | 2            | 27    |
| Above 35 | 0              | 1             | 1             | 1             | 0            | 3     |
| Total    | 33             | 121           | 58            | 20            | 17           | 249   |

Source: Field survey

It is observed that those who join a firm with previous experience are likely to be absorbed at a higher salary level (Figure 6.7). About 80% of those who started with a monthly salary below Rs.8,000 were without previous experience in call centre work; and 100% of those who started with a monthly salary of Rs.20,000 were with previous experience.

**Figure 6.7 Starting Salary and Previous Work Experience of Call Centre Employees**

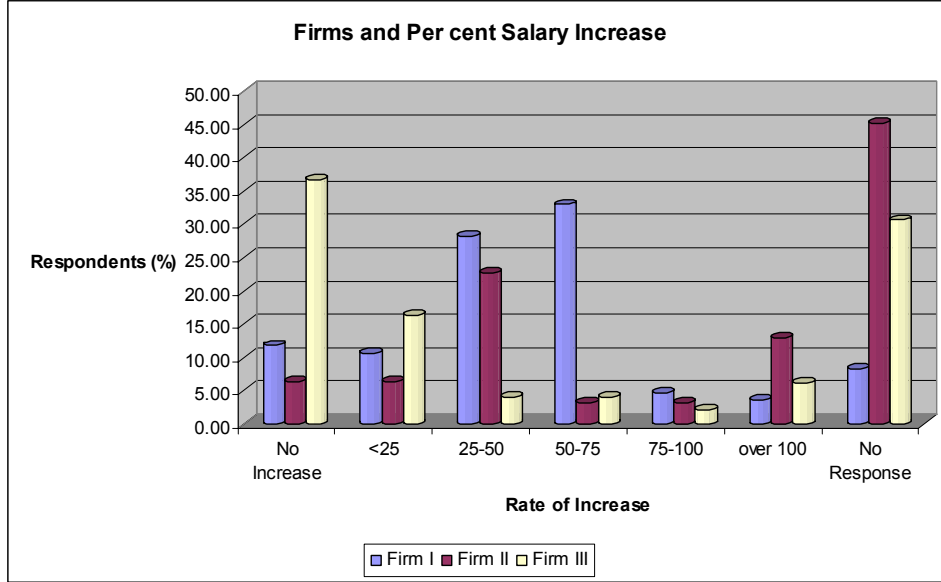
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Source: Field survey

In this study, respondents reported salary increase ranging from 25% to 100%. Interestingly, for almost all, the increase happened within a period of two years of service, including for those who reported doubling of the salary. At the disaggregated level, 14.7%, 2.9% and 36.7% in Firm I and Firm II and Firm III respectively reported no increase in salary.

No increases are primarily for those in the 1-12 months employment category. At the same time, data also reveals that about 68% of those in the 1-12 months employment category reported increase in salary. This indicates that the salary and increment structure in the firms are heterogeneous and there is no standardization of salaries even within a firm. These findings confirm an earlier (Remesh B.P. 2004) observation that two employees who perform the same job in the same call centre may get different salaries due to the differences in their performance.

**Figure 6.8 Salary Increase of Call Centre Employees Percent (Disaggregated Firmwise)**

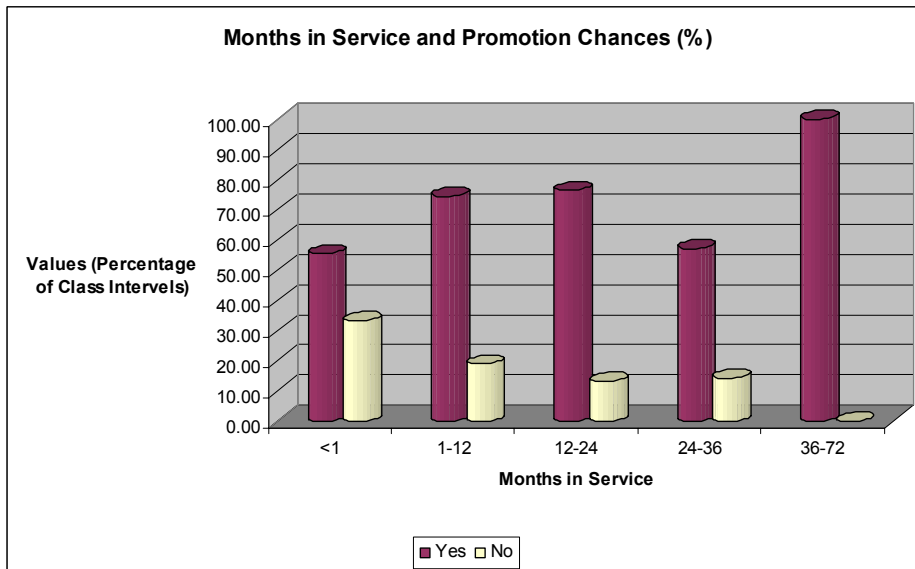


Source: Field survey

**Promotion Chance**

The study explored the perception of the call centre employees about their chances of promotion. A majority (73.5%), across age groups and regardless of years of service, believe they have chances of promotion. 55.6% of those who just joined, 74.5% of those with one year in service and 76.5% of those with up to two years of service, 57% of those with up to three years in service and 100% of those with more than three years in service said that their jobs provide them with chances of promotion (Figure 6.9).

**Figure 6.9 Months in Service in the Firm and Promotion Chance of Call Centre Employees**



Source: Field survey

A few employees said that in addition to education and experience, good relations with management is crucial for promotion.

### **Career Prospects**

Some of the employees in international call centres had previous experience in domestic call centres and quit the earlier job for better pay and better working conditions. But attrition due to working conditions is reported high in all three call centres. Call centre companies also poach employees from each other by offering better pay and perks. These conditions result in a mobile workforce. The study shows that 42% of the employees had worked in other call centres (Figure 6.3) and had quit the job due to several reasons. Table 6.6 illustrates the main reasons for high labour turn over. More than 60% of the workers quit the job due to ‘pull factors’ and the remaining due to ‘push factors.’

**Table 6.6 Reasons for Mobility of Call Centre Employees**

| <b>Table: Reasons for Mobility</b>           |  | <b>Percent</b> |
|--|--|----------------|
| <b>Pull Factors</b>                          |  |                |
| 1. Better job prospects                      |  | 29.63          |
| 2. Brand name                                |  | 9.26           |
| 3. Better salary                             |  | 20.37          |
| 4. Better working environment                |  | 2.78           |
| 5. To gain diversified knowledge of industry |  | 1.85           |
| 6. For higher education                      |  | 0.93           |
| <b>Push Factors</b>                          |  |                |
| 1. Distance/commuting time                   |  | 0.93           |
| 2. Odd working hours                         |  | 0.93           |
| 3. Dissatisfaction in job                    |  | 4.63           |
| 4. Unhealthy relation with management        |  | 0.93           |
| 5. Problems in handling work and studies     |  | 0.93           |
| 6. Family problems/personal reasons          |  | 11.11          |
| 7. Frustration and loneliness                |  | 1.85           |
| 8. Work place harassment                     |  | 0.93           |
| 9. Health problem                            |  | 3.70           |
| 10. Lack of support form management          |  | 1.85           |
| 11. Not conductive work environment          |  | 0.93           |
| 12. Process moved out                        |  | 2.78           |
| 13. Relocation of work                       |  | 1.85           |
| 14. Extra working hours                      |  | 0.93           |
| 15. Did not get leave                        |  | 0.93           |
| <b>Total</b>                                 |  | <b>100.00</b>  |

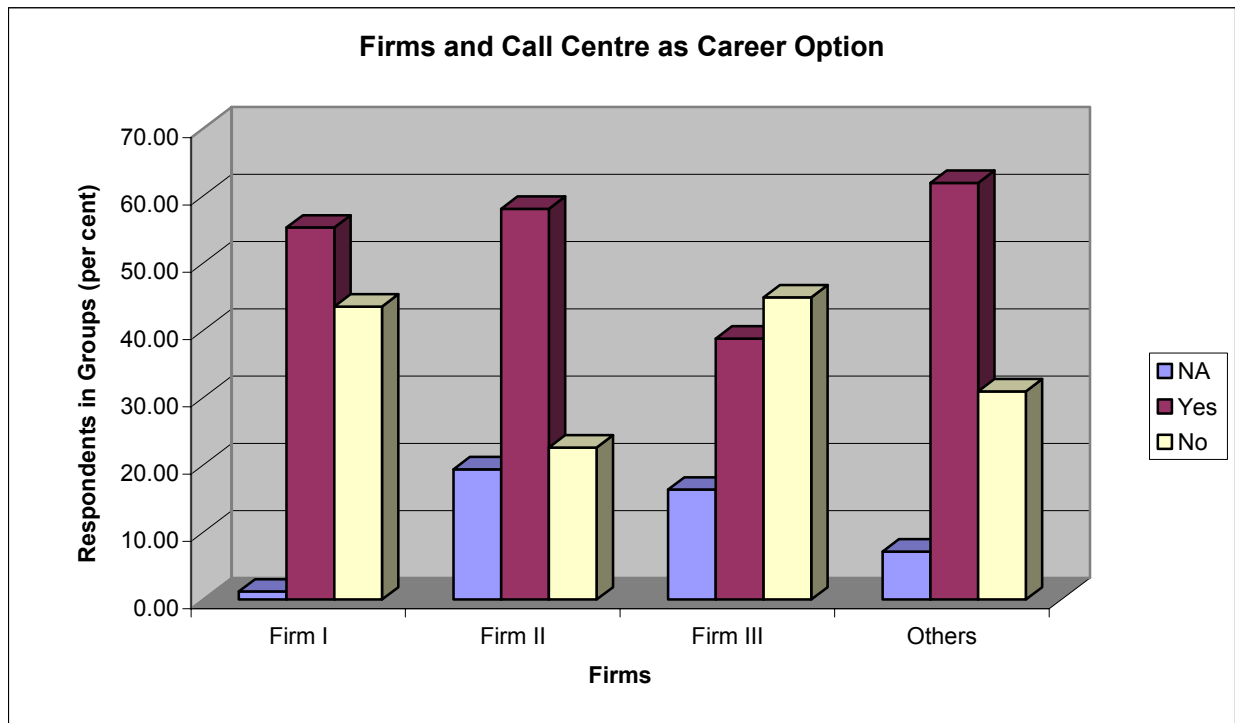
Source: Field survey

Nearly 60% of the respondents consider call centre work as a career option. This is in variance with the common stereotype of the call centre employee viewing her/his job as a stop-gap arrangement before moving on to other career options.

It is of interest that the ‘pull’ factors were considerably more important than ‘push’ factors in employees deciding to change jobs. Here again, it is the economic factors of ‘better job prospects’ and ‘better salary’ that were reported as factors that motivated job change. The ‘brand name’ was a considerably less important factor. It is also of interest that among the ‘push’ factors, the only one that got a positive response from more than 10% of the respondents was ‘family problems/personal reasons.’ Company related problems did not figure significantly in a decision to change.

80.2% of those pursuing further education said that they are succeeding in establishing a balance between job and studies. At the same time, some respondents admitted that due to the nature of their work and working hours they are not able to complete their studies. One of the respondents worked at the call centre to save money for higher education, but now he has lost confidence in his ability to manage study and work. Being trapped into call centres jobs, workers are often in an impasse, caught between education and work.

**Figure 6.10 Call Centre as a Career Option**



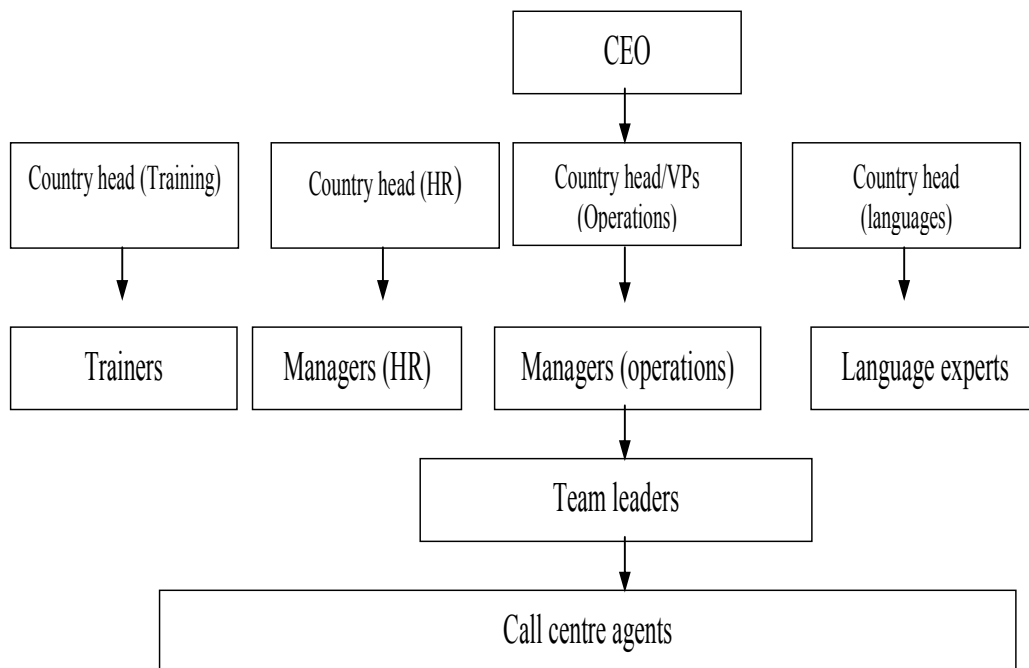
Source: Field survey

## Workplace Structure

Workers perception about the boundaries of the workplaces appears to be limited to the team space. A majority of the workers were not able to correctly estimate the total number of workers in the call centre. Workers from the same firm reported figures ranging from 2,000-7,000 as the total number of workers in the firm that they were working.

There is a hierarchical structure in the management of call centre firms similar to that of traditional manufacturing industries (Figure 6.11). The following figure delineates the structure of a typical call centre based on the information collected during the field survey.

**Figure 6.11 Organisational Structure of a call centre**



Source: Field survey

In a typical call centre management, the Chief Executive Officer is the highest authority and is assisted by Country Heads or Vice Presidents who are in charge of special areas like Operations, Human Resources, Languages, and Training, etc. Under each Country Head are managers with clearly defined duties. Customer care operations come under managers of operations. Each manager monitors and assesses the performance of teams and team leaders. Each team leader leads and monitors a team of 15-20 call centre executives. For all work related issues, call centre employees can contact his/her immediate superior, the team leader. In the call centre structure, those responsible for training, human resources, and languages remain invisible as they are supporting the call centre operations. The real work-- that is, call centre operations -- is operated through call centre agents, team leaders, managers of operations, Country Head/VPs and the CEO.

There is a clear demarcation of core and peripheral labour in the job hierarchies of call centre work. Experienced core employees, who are very few in number, control and monitor the less experienced, larger group of employees. Technical and managerial education becomes a prerequisite for moving up the organisational structure of call centres.

## **Selection and Recruitment Practices**

Call centres need well trained workers as they deal with sensitive data on personal information of customers. Therefore careful selection and staffing is considered to be vital in call centre management. The Human Resource Management wing of the call centres and the Manager of recruitment carry out the multilevel selection processes.

Language and soft skills form the core of call centre work requirements rather than educational qualifications. After selection, call centre trainings fine-tune the technical abilities and soft skills of employees to undertake the responsibility of a customer care agent. Companies publish attractively designed advertisements in newspapers and on the internet seeking fresh English speaking graduates from any discipline. Advertisements, recruitment agents and friends are the prime sources through which employees get to know about jobs in call centres.

In the primary survey, 20.1% of the workers said that they got to know about the job exclusively through advertisements, 21% indicated friends and 10.8% found out through recruitment agencies. The rest of the respondents said that they got to know about the job by more than one means.

Recruitment to call centres is a multi-layered process testing various technical, communication and social skills. The following extract from our field diary describes the selection/recruitment process for a call centre in 2005:<sup>81</sup>

‘The call centre interview was scheduled at a posh star hotel. When we enter the lawn of that hotel we could see the ‘Walk-in-interview for Customer Care Executives’ board. There were two rooms exclusively for interview and one small waiting room for candidates. Surprisingly there was only one person who interviewed more than hundred candidates. The beginning of the interview was a brief self-introduction by the candidates, which may test their accent and language. It was followed by a written test containing vocabulary and comprehension questions. After each stage, some candidates failed and were led out. The final stage was a telephonic interview with a senior employee in the call centre. The interview was a whole day process from 9.AM to 6.30.PM. As per official announcement, the selected candidates would be intimated soon by either telephone or letter or by both.’

In the field survey, most of the workers described multiple interview methods including walk in interview, telephonic interview, written test, group discussion, self introduction and accent test. 89.2% of the respondents said that they had not got any coaching for their recruitment process.

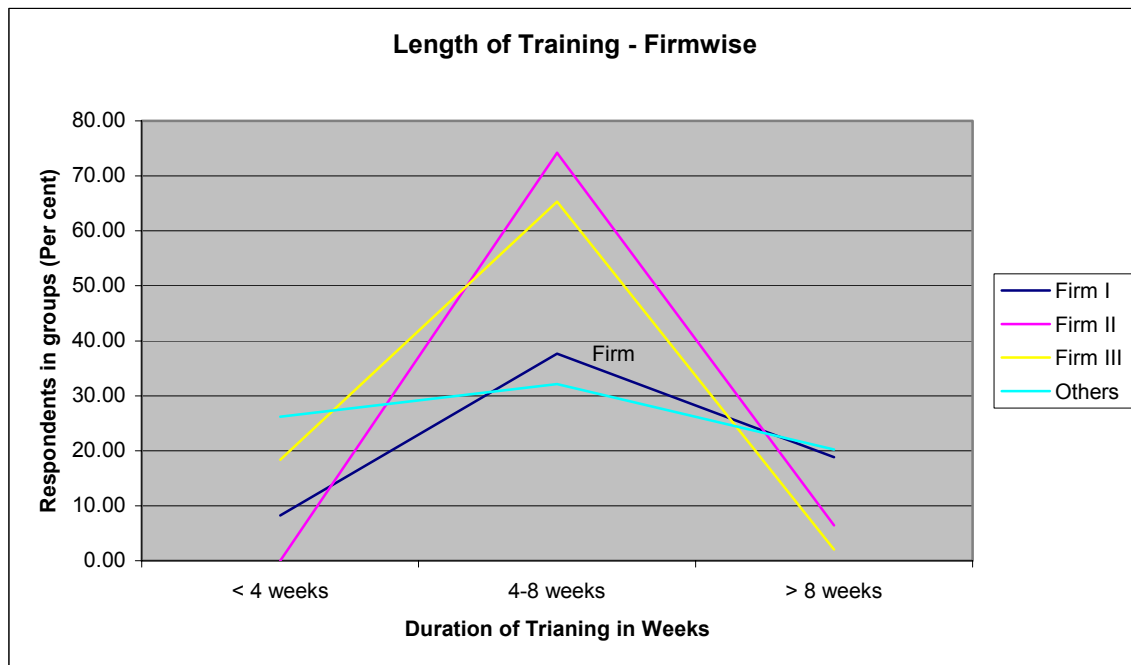
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<sup>81</sup> The interview was at Thiruvananthapuram, Keralam, one of the upcoming BPO/call centre hubs in South India on May 20, 2005.

## Training

Most of the respondents (82.3%) said that their absorption into the job starts with a six month period of probation. 95.2% of the respondents said that upon selection, they go through intense training programmes. The duration of this training varied between four to eight weeks (45.78%) or more (14.5%). There was no significant variation among the different firms. All of them reported four to eight weeks of intensive training (Figure 6.12). The US call centres give on an average 4.2 weeks of training.<sup>82</sup>

Figure 6.12 Length of Training for Call Centre Employees

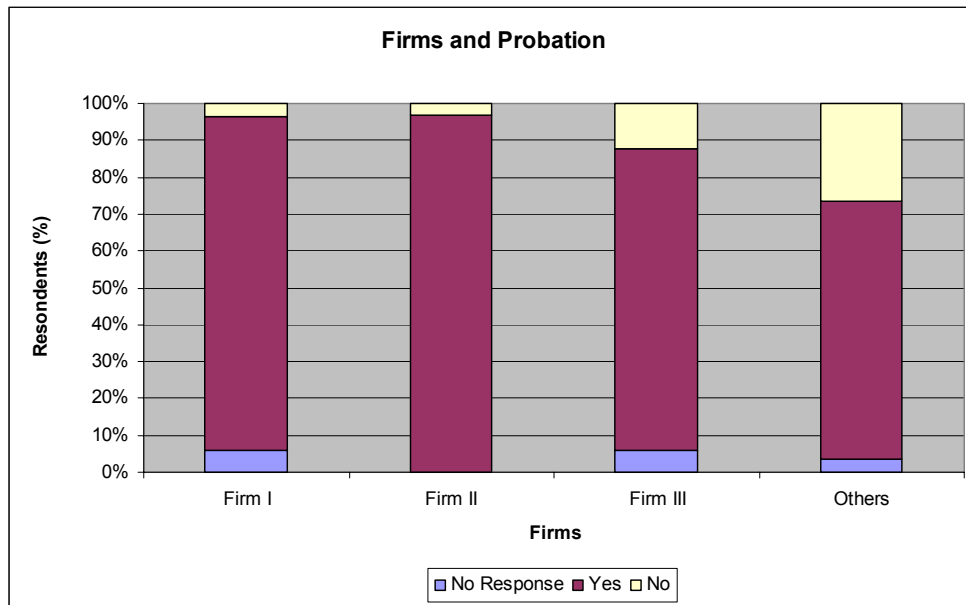


Source: Field survey

Training programmes are conducted both in-house and externally. They are carried out either by training manuals or by job tasks or both. Contents of a typical training programme include voice, accent, and soft skills like customer orientation and hospitality, understanding of clients' culture and etiquettes, psychological skills to handle irate customers and technical skills to operate computers and headsets. There are no significant differences in the content of the training by different firms.

<sup>82</sup> Batt, et.al, 2005.

**Figure 6.13 Probation of Call Centre Employees - Firm wise**

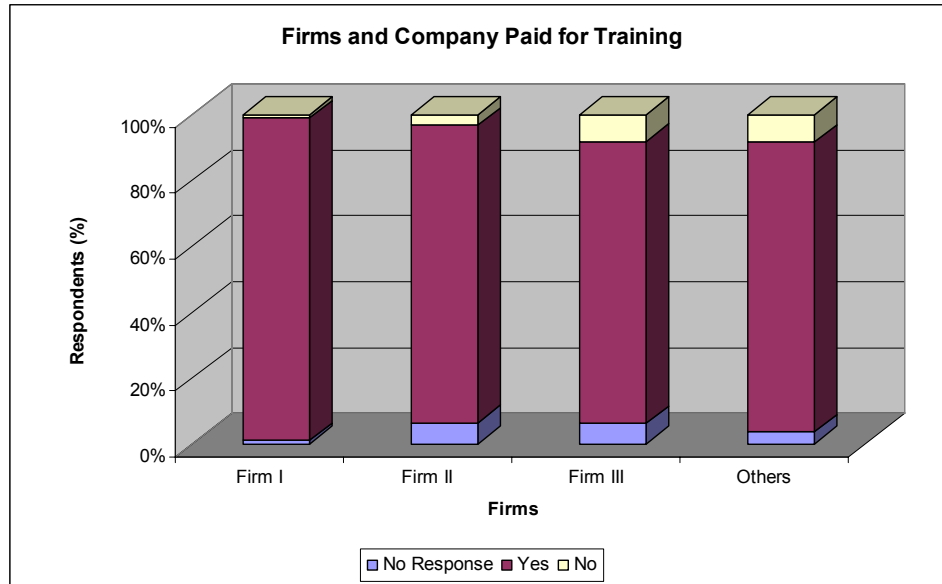


Source: Field survey

During the training period, the employees get their basic salary as per the offer letter (Figure 6.14). Those who complete training successfully will be appointed for six months probationary period; after completion of which, the employees' jobs get confirmed (Figure 6.13). About 73% of all respondents said training is an ongoing process. Training is also given in concurrence with process shifts.

In our conversation, one employee of Firm I clarified, "when a contract with a particular client is over, the group of workers that performed the operations are shifted to other processes. At this stage, the employees have to undergo further training. For example, if the process shift is from UK to US or vice versa, then we have to undergo voice and accent (V&A) and process trainings. But if the shift is within a country, only a process training is required. The duration of this training can range from 1-3 months."

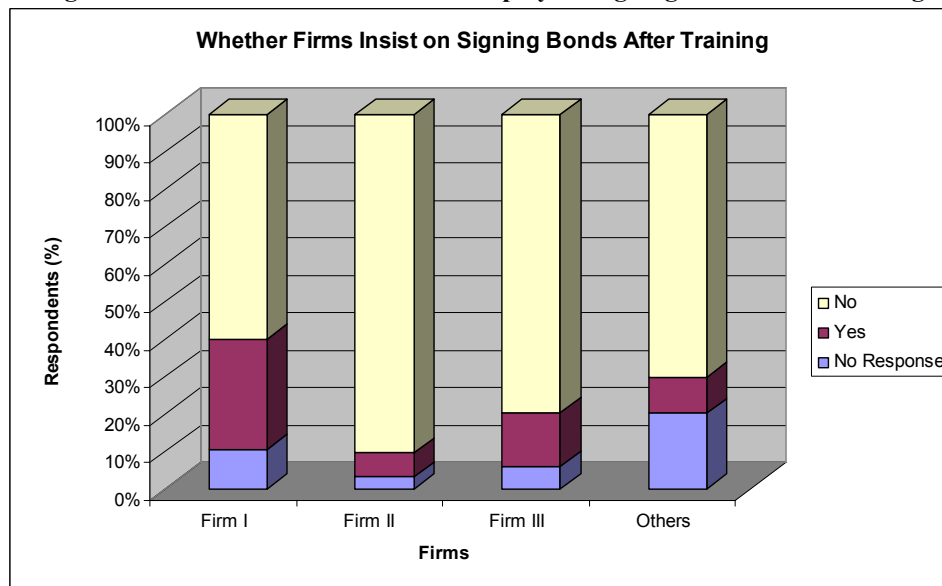
**Figure 6.14 Are Call Centre Employees Paid during Training Period - Firm wise**



Source: Field survey

According to the primary survey, 16.9% of the respondents said that they have to sign a bond after training. Among the firms 29.4% from Firm I, 6.5% from Firm II and 14.3% from Firm III said that they are obliged to sign bonds after training (Figure 6.15).

**Figure 6.15 Whether Firms Insist on Employees Signing Bonds after Training**



Source: Field survey

90.6% from Firm I, 96.8% from Firm II and 81.6% from Firm III said that they have to go through a period of probation.

## Working Conditions

### Use of Script

Call centre agents have to deal with a wide range of support services like customer support, preparing pay rolls, sales and marketing and so on. These jobs are low skilled and repetitive in nature. Computers and mechanisms like Automatic Call Distributor (ACD) and Predictive Dialling control the entire call centre operation.<sup>83</sup> As the workers have to deal with routine queries, they are provided with screen menus and scripts to help speed up their work.

**Figure 6.16 Whether Work is scripted in Firms**

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Source: Field survey

The use of script with some flexibility was reported as a common practice in all call centres (80.3%) from where the respondents were interviewed. No differences were noticed between domestic and international call centres or among the Firms (Figure 6.16). The employees are directed to transfer difficult calls to their supervisor, but this may bring down their performance matrix. The standardisation of work tasks are decided by the clients rather than call centres in India, especially those that serve international clients.<sup>84</sup> Workers are attached to one particular job (81.5%) making the job monotonous and uninteresting.

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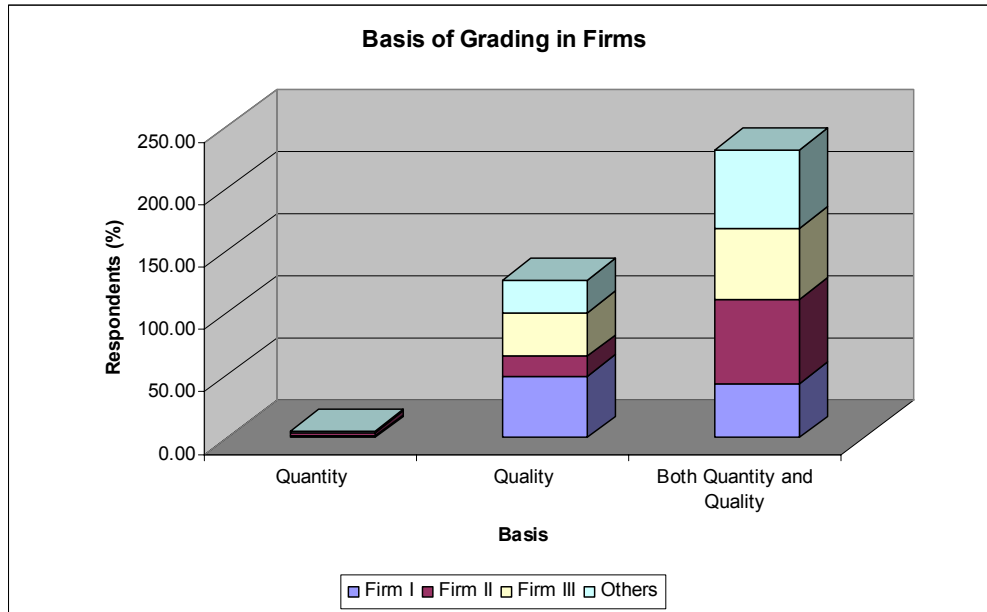
<sup>83</sup> Bibbey 2000, Taylor and Bain 1999, Remesh, BP, 2004.

<sup>84</sup> This observation came out from a former country head of Human Resources in one of the call centres studied.

## Grading

Call centre employees are graded according to quality and quantity of work. While 55.8% feel that they are graded according to both quantity and quality, 34.5% expressed that quality was never the basis of this gradation (Figure 6.17). Majority of the workers said that their grading process is linked to bonus, annual salary raise and promotion. Only 7% of workers from Firm I, 9.7% from Firm II and 12.24% from Firm III said that grading was not linked.

**Figure 6.17 Basis of Grading in Firms**

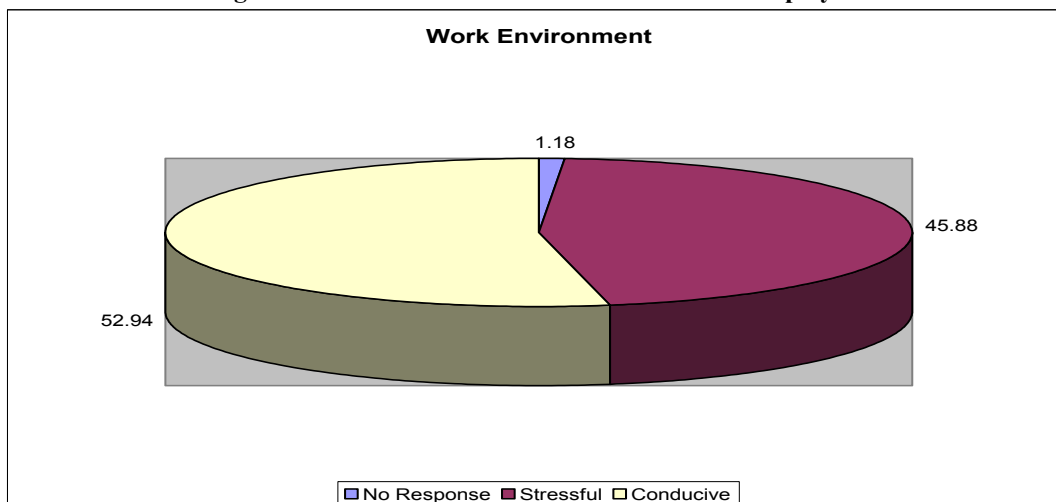


Source: Field survey

## Stress at Work

Absence of discretion at work makes the monotonous work stressful and tiring. About half (45.88%) of the workers said that their work environment was stressful (Figure 6.18).

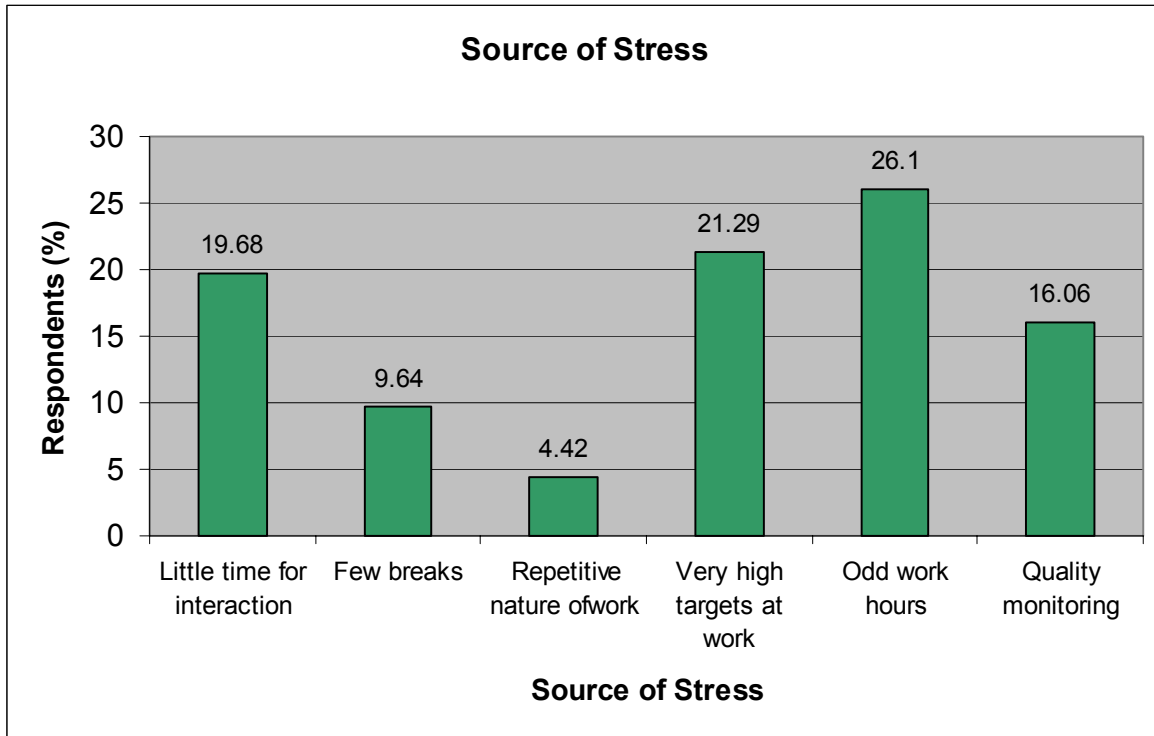
**Figure 6.18 Work Environment of Call Centre Employees**



Source: Field survey

Little time for interaction, harassment through calls, sexual harassment, few breaks, repetitive nature of work, speed of work, very high targets at work, odd work hours, too much monitoring, repeated warning and counselling and quality monitoring were listed as the reasons for stress at work (Figure 6.19).

**Figure 6.19 Causes of Stress of Call Centre Employees**

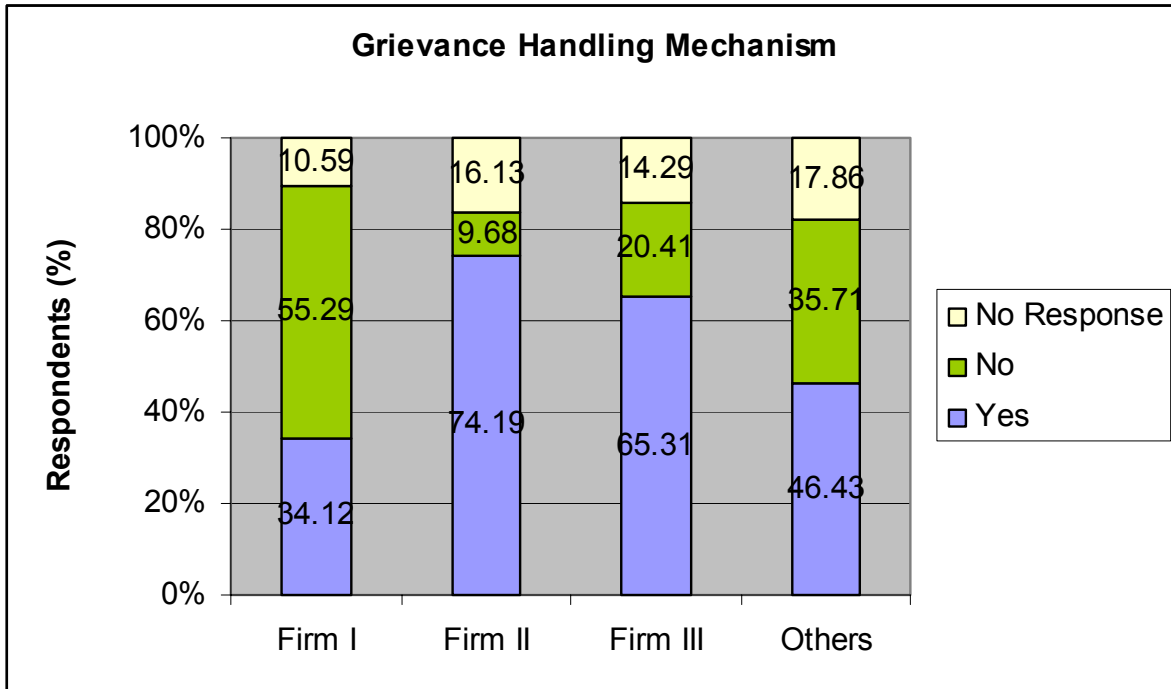


Source: Field survey

### **Grievance Handling Mechanism**

It is surprising on a conspicuous institutional arrangement like ‘grievance redressal mechanism,’ workers had not expressed a uniform opinion. While half of the respondents (49.4%) said that there exists grievance handling mechanism in the Firm, the other half (36.1%) denied the existence or expressed ignorance. This indicates that there is no stable grievance handling mechanism anywhere. However 74.2% workers from Firm II and 65.3% from Firm III vouched for the existence of a grievance redressal mechanism. Only 34.1% from Firm I could do so (Figure 6.20).

Figure 6.20 Grievance Handling Mechanism in Call Centres



Source: Field survey

## Schedule of Work

### Shift System

All call centres studied follow shift systems in order to maintain twenty-four hours service delivery. At the same time, the call centres under investigation do not follow uniform working hours within shift systems. Two call centres follow four shifts and the third one follows three shifts a day.

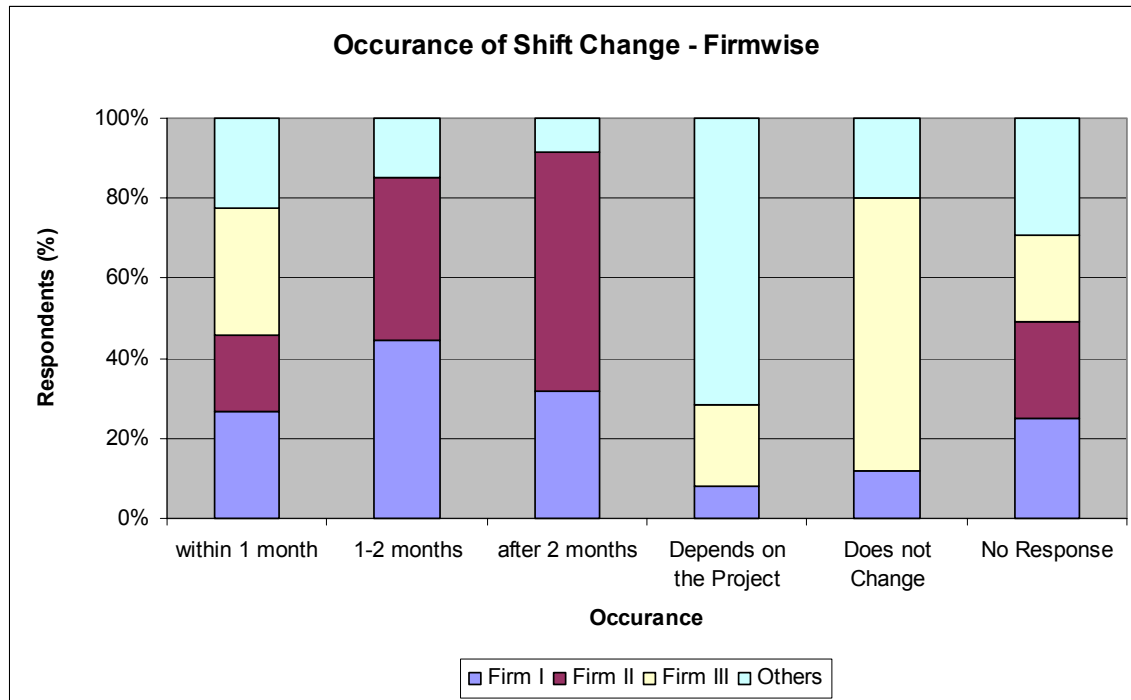
Table 6.7 Shift Change Pattern in Call Centres

| Change in Shift              | Respondents (%) |
|------------------------------|-----------------|
| Within 1 month               | 42.6            |
| 1-2 months                   | 2               |
| Bi monthly or after 2 months | 14.9            |
| Depends on the Project       | 9.2             |
| Does not Change              | 7.2             |
| No Response                  | 24.1            |
| Total                        | 100             |

Source: Field survey

59.5% of the respondents noted that their shift changed once or more than once every two months (Table 6.7). This should be read in conjunction with the fact that workers are assigned specific tasks.

**Figure 6.21 Occurrence of Shift Change - Firm wise**



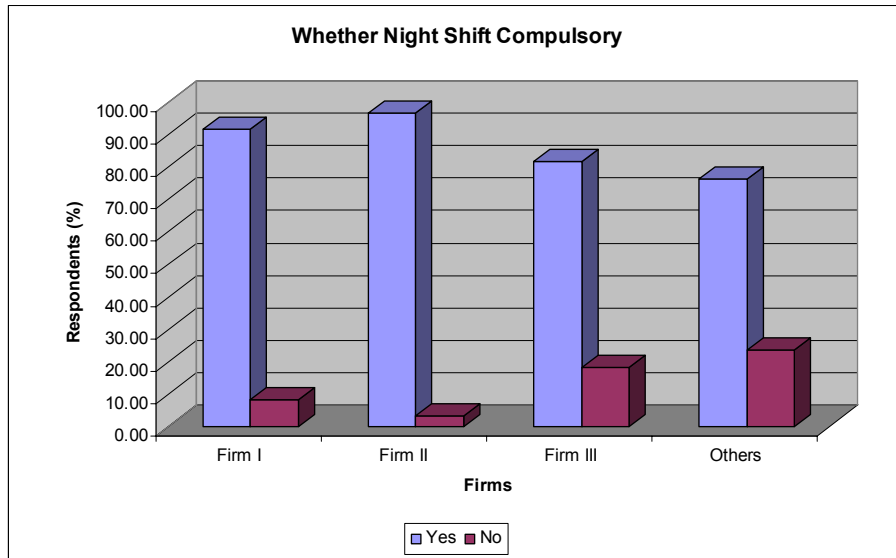
Source: Field survey

However disaggregated data shows significant difference among firms, in particular, among national and international firms. While 70.6% reported change in shift every two months, in Firm I, 77.4% reported change in Firm II and only 53.1% reported in Firm III (Figure 6.21). Only 45.3% of those from non identified firms reported a change in shift every two months. The data further shows that a probability of bimonthly change in shift is higher than a monthly shift.

### **Night Shifts**

In call centres in India, night shifts are common to cater to customers who are awake in the other part of the globe. Field surveys confirm that it is mandatory (85.1%). However, it is interesting to observe that while 53.0% reported night shifts, 46.6% did not report a night shift. Firm level variations in night shifts were also significant. While 44.7% from Firm I and 32.2% from Firm II reported night shift, 81.6% reported night shift from Firm III (Figure 6.22). It points to the possibility that international firms have succeeded in capturing sizable local business, while Indian firms cater to more international customers.

**Figure 6.22 Whether Night Shifts are Compulsory in Call Centres**



Source: Field survey

Women workers have to also do compulsory night shifts. Though women's work at night shift is controlled and prohibited in industries, government has given special sanction<sup>85</sup> to call centres to employ women even in the night shift, internally referred to as the 'graveyard shift' by employees.

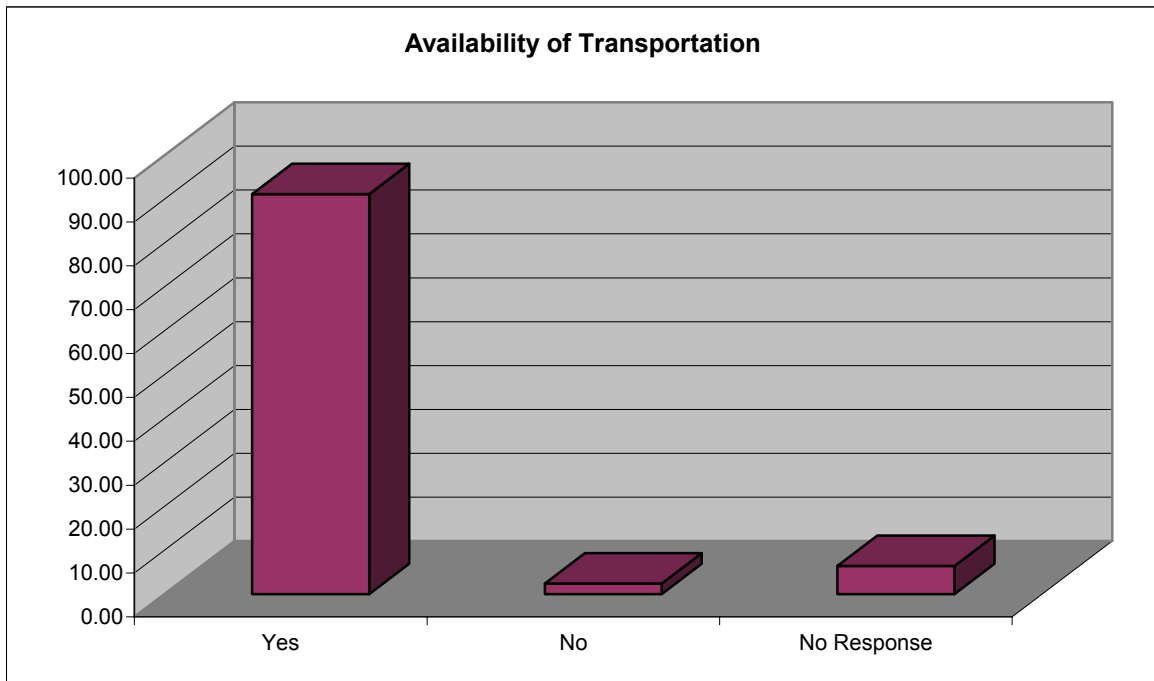
### **Transportation**

All three call centres provide transportation facilities to employees in all shifts (Figure 6.23). Call centre transportation observes strict time schedule at pick up points to keep the employees punctual. All three call centres outsource their transportation services to travel agencies who in turn provide transportation under service level agreements. Normally, call centre management does not have any direct control over the drivers and cabs that facilitate the transport. The transport department of call centres prepare rosters to manage the daily pick up and drop off schedules.<sup>86</sup>

<sup>85</sup> Some state governments like Maharashtra amended labour laws so as to make it possible for women to work night shifts. Moreover, call centre work is now under public utility services as per IT policy of the government.

<sup>86</sup> The 'roster' is a list that has names, cell numbers and pick up and dropping points of employees along with the cab number and the driver's name. There is a pre-determined route and time for cabs designed by call centre transportation department.

**Figure 6.23 Transportation Facility for Call Centre Employees**



Source: Field survey

Though transportation system in call centres exist for the safety of workers, one fourth of the employees (28.4% of men and 28.2% of women) consider the transportation in call centres is not safe and is unfriendly to women.<sup>87</sup>

## **Control and Intensification of Work**

### **Working Hours**

Working hours in the call centres under study are not uniform. Two thirds of the respondents work more than eight hours a day (See Table 6.8). There is a wide disparity among domestic third party call centres and international call centres in terms of working hours. Our study found that working hours are longer in third party call centres. But international call centres practice longer hours than those in the sourcing countries.

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<sup>87</sup> In December 2005, the rape and murder of a woman call centre employee by a call centre driver was reported in Bangalore.

**Table 6.8 Normal Working Hours in Daily Shifts for Call Centre Employees**

| <b>Hours of Work</b> | <b>Respondents (%)</b> |
|----------------------|------------------------|
| Up to 8 hours        | 35.3                   |
| 8-9 hours            | 33.3                   |
| >9 hours             | 29.3                   |
| No Response          | 2.0                    |
| Total                | 100.0                  |

Source: Field survey

**Figure 6.24 Normal Working Hours in Daily Shifts for Call Centre Employees – Firmwise**

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Source: Field survey

Firmwise disaggregated data show firm-to-firm differentiations in daily working hours (Figure 6.24). While 68.2% of Firm I reported a normal daily work schedule of up to eight hours; 74.2% of Firm II reported eight to nine hours; and 81.63% from Firm III reported more than nine hours.

### **Overtime**

Most of the workers (110 out of 249 interviewed) said that they work overtime. More workers from the international firms reported more overtime work compared to the national firm. Among them, 80.9% said that they work overtime one to three days a week and 10% work overtime four to six days a week. Relatively, more from Firm II (15.4%) said that they work overtime four to six days a week. Among those who work overtime, 93.8% from firm I said they are paid for the overtime work, 69.2% from firm II and 63.2% from firm III said that they are not paid for the overtime work (Figure 6.25).

The former country head of one of the multinational firms studied said that employees actually work one hour overtime without getting paid – it is considered a grace period. They have to arrive half an hour early and leave half an hour after the shifts as the shifts are exactly timed and they have to start right on the dot. So, although it is specified as a nine-hour day, it is actually a ten-hour day. Human Resources started a practice called “Stretch a mile incentive” which could be like Rs 100 per hour for extra time. This way, they avoided getting into formal overtime counting and pay.

**Figure 6.25 Frequency of Overtime for Call Centre Employees in a Week**

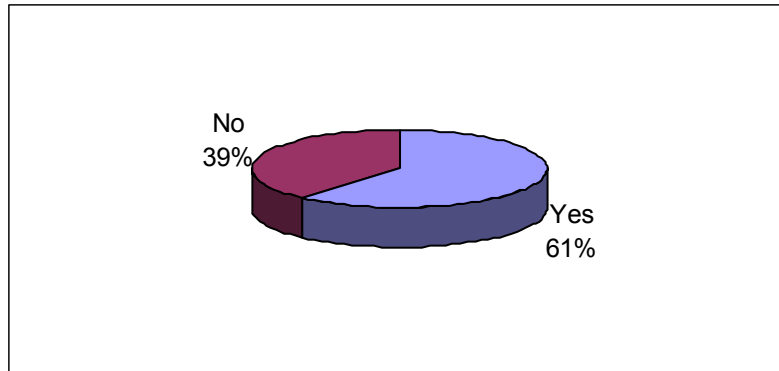
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Source: Field survey

### Daily Work Targets

Employees have to keep the call handling time at bare minimum and must ensure high quality of services delivered. Moreover, they are given daily targets to meet that would determine performance grade. These mutually complementary objectives of quality and quantity keep the workers under stressful conditions. More than 60% of the respondents reported that they have to meet daily work targets (Figure 6.26).

**Figure 6.26 Percentage of Call Centre Employees having Daily Work Targets**

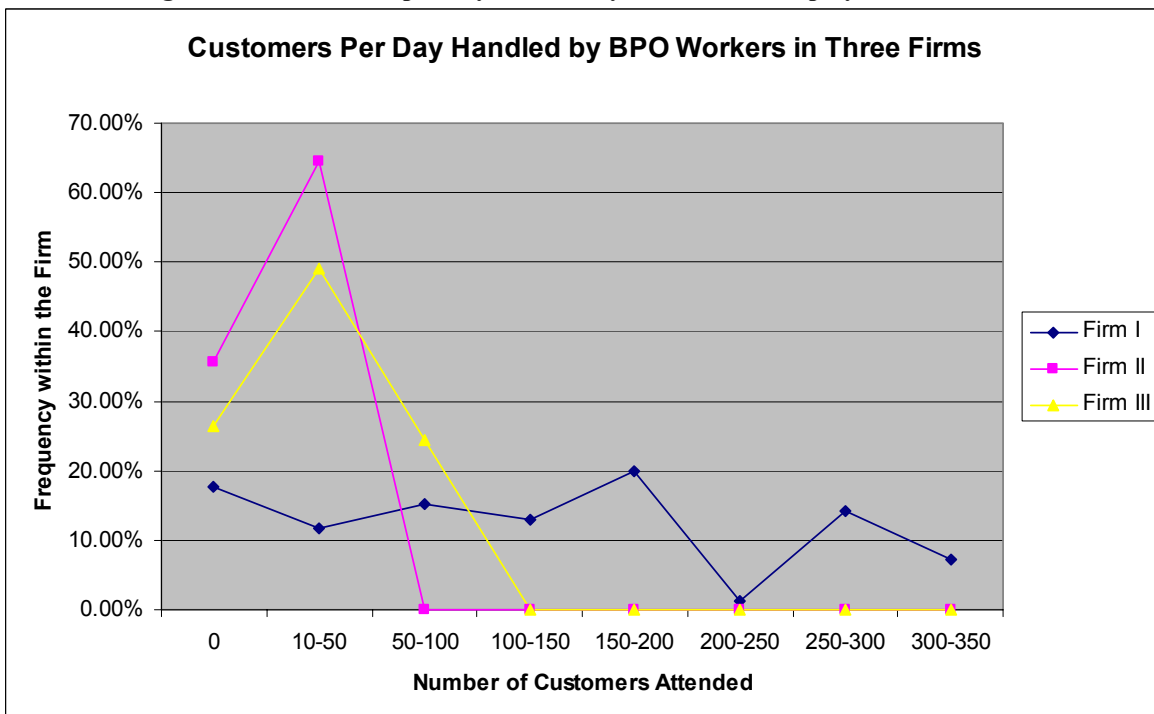


Source: Field survey

### Number of Customers Handled

The number of customers handled by call centre employees per day varied from 10-350 in the sample. Those who handled more than 150 customers per day were about 28% of the respondents.

**Figure 6.27 Customers per day handled by Call Centre Employees – Firm wise**

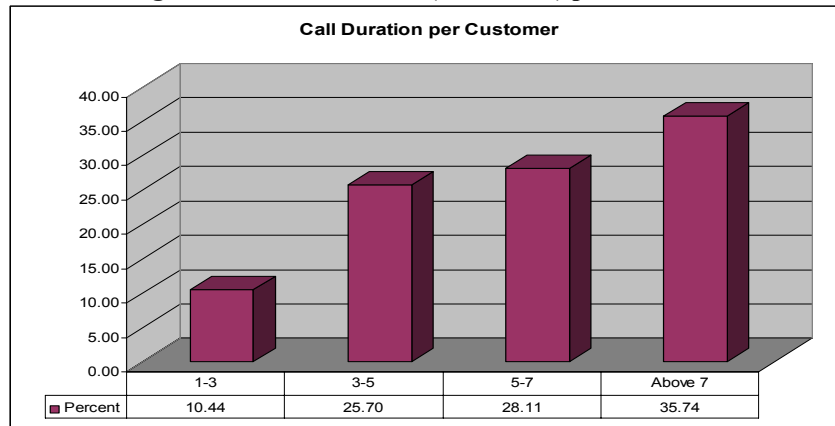


Source: Field survey

## Call Duration per Customer

The call handling time ranges from one to three minutes to above seven minutes depending on the nature of task they have to execute (Figure 6.28). It shows that at the aggregate level, more call centre employees seem to spend more time per customer. While 35.74% of all the respondents said they spend above seven minutes per customer, 10.44% said that they spend less than three minutes per customer.

**Figure 6.28 Call Duration (in minutes) per Customer**



Source: Field survey

**Figure 6.29 Call duration (in minutes) per Customer - Firmwise**

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Source: Field survey

Disaggregated data (Figure 6.29) shows that each firm has a unique concentration of call duration per customer either at three to five minutes or at above seven minutes, probably indicating a marked preference for a particular type of business process. Nevertheless, all the firms also show a spread of call duration per customer from three to seven minutes or more than seven minutes.

To explore whether intensification of work occurs at this level, we tried to understand the relationship between call duration per customer and the number of customers attended to by a call centre worker per day. We avoided those cases who had not given an answer for either of the questions, reducing the sample size to 177. While those who have reported below three minutes per customer mostly handle about 50-150 customers per day, those who have reported above seven minutes per customer mostly handle 10-100 customers per day. However, there were some among those who reported call duration per customer above seven minutes, handling more than 250 customers per day pointing to the possibilities of intensification of work. Moreover, those who reported call duration per customer between three to five minutes and five to seven minutes handle customers ranging from 50 to 350, showing again intensification of work.

Disaggregated data repeats the trends of probable intensification of work at the firm level. Usually in Firm II and Firm III employees attend up to 100 calls per day and spend above seven minutes on them. In Firm I, 55.3% of the employees said that they attend more than 100 calls per day and 21.2% attended more than 250 customers per day. Consequently, employees from Firm I spent time ranging from one minute to seven minutes per call; 43.5% clocking three to five

minutes duration and 17.6% clocking above seven minutes duration per call. Respondents from Firm I showed unusual peaks at 150-200 customers at the rate of three to five minutes per customer and 250-300 customers at the rate of five to seven minutes per customer. This may not be humanly possible, but it reflects the sense of intensification of work, the employees feel at Firm I.

### **Work intensity index**

The study attempted to get a measure of intensity of work for employees in the call centre industry. It used two measures for work intensity – the reported absolute time spent on taking calls by an employee in a day; and the number of calls taken. The following were the results of the analysis.

**Table 6.9 Index of Absolute Time**

|        | <b>Sample Size</b> | <b>Average minutes/day</b> | <b>Work intensity index</b> |
|--------|--------------------|----------------------------|-----------------------------|
| Firm 1 | 70                 | 422.4                      | 94%                         |
| Firm 2 | 20                 | 147.4                      | 33%                         |
| Firm 3 | 36                 | 255.4                      | 57%                         |
| Others | 50                 | 365.9                      | 81%                         |
| Total  | 176                | 341.0                      | 76%                         |

The index for absolute time spent on taking calls per day was arrived at by multiplying the number of calls per day by the average call duration. The average call duration was assumed as the midpoint of the call duration range in each instance. The sample excluded those responses that did not specify the number of calls made during the day.

In some instances the absolute time calculated as above worked out to much more than 500 minutes per day. An upper cap of 500 minutes was assumed, and all those responses of more than 500 minutes were taken as equal to 500 minutes. About 30% of the sample said that they worked on an average more than nine hours per day. This works out to 510 minutes per day of available time, after accounting for half an hour break. Therefore an upper bound of 500 minutes per day was taken as a reasonable assumption.

The work intensity was based on an eight-hour norm for work in the industry. That is 450 minutes of available time after allowing for a half hour break. It would be reasonable, given the nature of work and the level of concentration required, that a work intensity of 50% is reasonable, where the employee is taking calls for half the available time each day. We see that for both Firm I and the category of ‘Others’ the actual work intensity at 94% and 81% respectively are way above this level. In effect, an employee in Firm I is on the call, dealing with customers for nearly every minute that she is at her workstation. This is an impossible level of work intensity to sustain on a continuous basis.

**Table 6.10 No. of Calls Attended per Day**

| <b>Sample size</b> | <b>Average calls/day</b> | <b>No. &gt;= 75 calls/day</b> | <b>% of sample &gt;=</b> |
|--------------------|--------------------------|-------------------------------|--------------------------|
|--------------------|--------------------------|-------------------------------|--------------------------|

|          |     |     |    | <b>75calls/day</b> |
|----------|-----|-----|----|--------------------|
| Firm I   | 70  | 156 | 55 | 79%                |
| Firm II  | 20  | 22  | 0  | 0%                 |
| Firm III | 36  | 42  | 1  | 3%                 |
| Others   | 50  | 133 | 30 | 60%                |
| Total    | 176 | 111 | 86 | 49%                |

The other measure for work intensity was the number of calls attended by an employee per day. This is an important measure, as the employee would have to make an effort each time to switch from one client to another, and from one type of problem to another. The norm for number of calls per day was taken as 75, which was the reported average for call centre employees in a study in the US.<sup>88</sup>

It was interesting that in case of both Firm II and Firm III, the figure for average calls per day was significantly less than the reported average for USA. At the same time, significantly, in the case of Firm I, a US multinational, 79% of the employees took more than 75 calls per day.

What is evident is that the general average work intensity in the call centre industry in India (category of others) is very high. It is significantly higher than the average for USA. However, it is significant that there is wide variation in the reported work intensity. Firm II (a US multinational) and Firm III (a large Indian corporate) both had reasonable levels of work intensity. It is also significant that in the case of another US multinational (Firm I) the work intensity level was even higher than the average for the industry.

The present study shows that on an average Indian call centre employees reported to be serving 180 customers per day. This contrasts in great measure with the US experience as reported in the study,<sup>89</sup> in which US call centre employees reported attending to an average of 75 customers per employee per day. This in fact indicates the intensification of work when it is offshored.

### **Technology, Management and Work Intensification**

Call centre work is infused with two contradicting objectives: the need to be efficient and the desire to be customer oriented.<sup>90</sup> To maintain these two objectives, call centre management introduces technology as well as scientific management. Garson<sup>91</sup> explains it as "...Work in call centres is a combination of 20<sup>th</sup> century technologies and 19<sup>th</sup> century scientific management, which in turn change the office into a factory of the past."

Technology and scientific management implemented by various methods, control the work at the call centres.

Respondents reported that call centres use extreme forms of work controlling mechanisms like Automatic Call Distribution (ACD) and Predictive Dialling (Figure 6.30). These technologies at the workplace reduce the time between calls and also monitor the duration of calls. The call centres fine-tune the technologies according to the requirements of the clients. One of the

<sup>88</sup> (Batt, et.al., 2005).

<sup>89</sup> Batt.et.al 2005.

<sup>90</sup> Korzcynsky, 2002.

<sup>91</sup> Garson, 1988.

country heads, Human Resource Practices remarked,<sup>92</sup> “the number of minutes on a call (call duration) is not decided by the HR but by the client of the company. The client decides how many employees should be hired, and volume of work they should handle. The HR has to plan according to their needs”.

In addition to this technological control there are ‘invisible controls’ like cultivating the values of good customer service in their staff. Moreover, electronic monitoring and manual supervision make the call centres ‘panopticons’<sup>93</sup> of the late centuries.<sup>94</sup> In call centre labour process, client determines the pace and quantity of the service delivered, while employee and customer determines the quality of the service as well as customer satisfaction.<sup>95</sup> In the words of Sprigg:<sup>96</sup> “Call centre work often involves the intensive use of modern office equipment (e.g., display screen equipment and telephone headsets), which can conspire to keep employees ‘tied to their desks.’

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<sup>92</sup> This observation came from the country head, HR practices, in one of the companies studied. Interview was held on 02-02-2006.

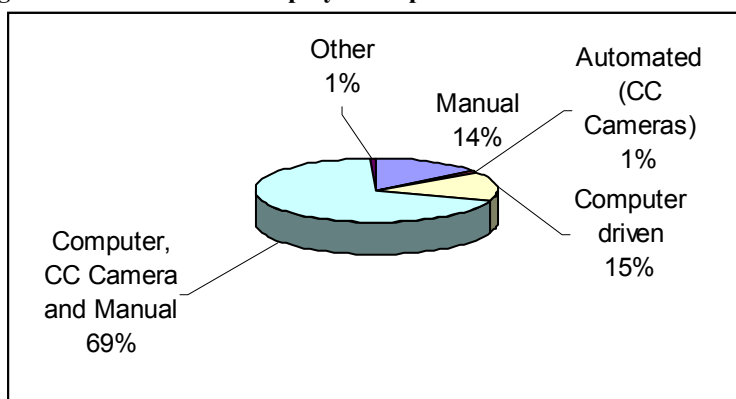
<sup>93</sup> Fernie and Mecalf, 1998.

<sup>94</sup> This surveillance nature gave call centres the names like “electronic Sweatshops”, “Panopticons”, “Service factories”, Roman Slave ships” and “Satanic Mills”.

<sup>95</sup> Deery and Kinnie (2004) rightly observed that work in the call centres come out from a complex labour process including clients, employee and customer trio.

<sup>96</sup> University of Sheffield, UK investigated health and psychological risks of call centre work among 1140 samples across the country. The study found high stress at work and long working hours, intense managerial monitoring creates psychological problems and neck pain among the workers. (See Sprigg, CA et.al, 2003, Call centre work: Psychological risk factors and neck pain, University of Sheffield, UK.

**.Figure 6.30 Call Centre Employee Responses on Methods of Monitoring**



Source: Field survey

### **Gender related issues**

ILO in its World Employment Report 2001 pointed out that the information and communication technology revolution has created a number of new female occupations like call centres and data processing in developing countries, while male jobs are secured at the higher end. Earlier studies on teleworking in India portrayed call centre work as women friendly.<sup>97</sup> Studies in the US reported 66% of call centre employees are female and employed in the lower end of job<sup>98</sup>

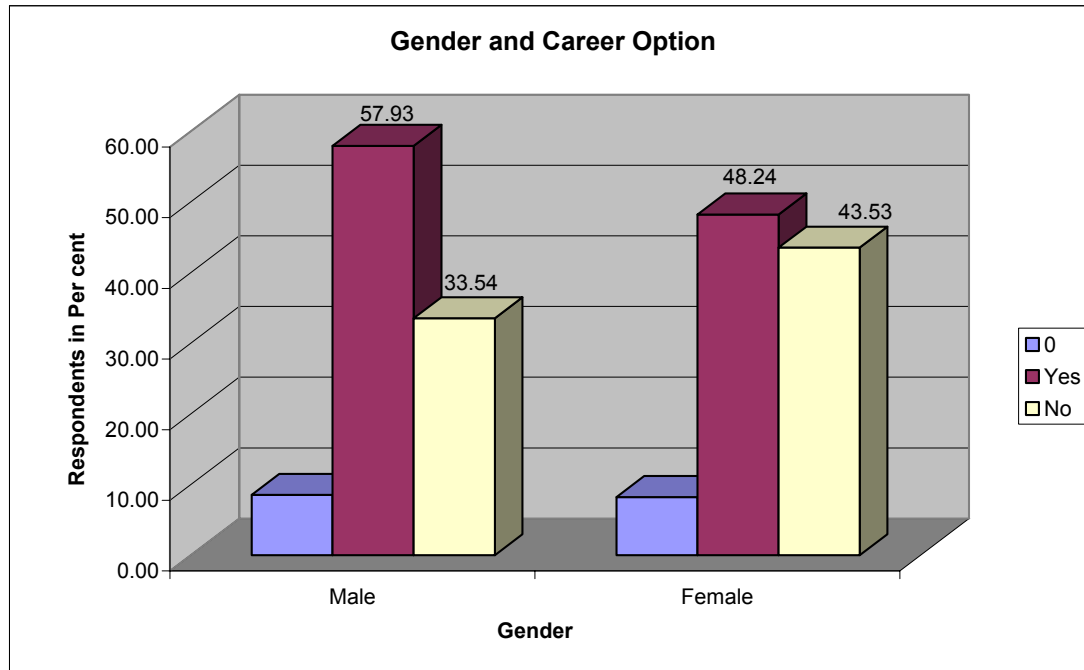
The primary survey did not reveal any gender discrimination by Firms at the workplace, with respect to salary, salary increase and night shifts. But it is interesting to note that more women than men said they work over nine hours (43.5% of women as opposed to 33.5% of men). The intensification of work along with the social constraints of the Indian society could be among the factors that make lesser number of women, compared to men, not considering call centre employment as a career option (Figure 6.31).

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<sup>97</sup> Mitter, 2000.

<sup>98</sup> Batt 2005.

Figure 6.31 Gender and Career Option



Source: Field survey

Out of the total 30 married employees interviewed, only seven were women. One of the women respondents said; "I will quit the job after marriage because the special working hours (night shifts) would not let me keep personal and family duties."

In an employment where women work in significant numbers, workers do not have clear and uniform opinion on the existence of a mechanism to address sexual harassment. More than 26% of the total respondents reported that no mechanism exists at their workplace to address sexual harassment. This was more pronounced in the case of Firm I, in which 34.1% respondents pointed out to the absence of such a mechanism. It is important to note that out of 249 respondents, 41.36% said that their appointment letter mentioned a clause on sexual harassment. Moreover, nine percent of the employees responded that there were reported cases of sexual harassment at their call centres. In one reported harassment case, both the victim and harasser were thrown out of employment.

## Health and Employee Well-Being

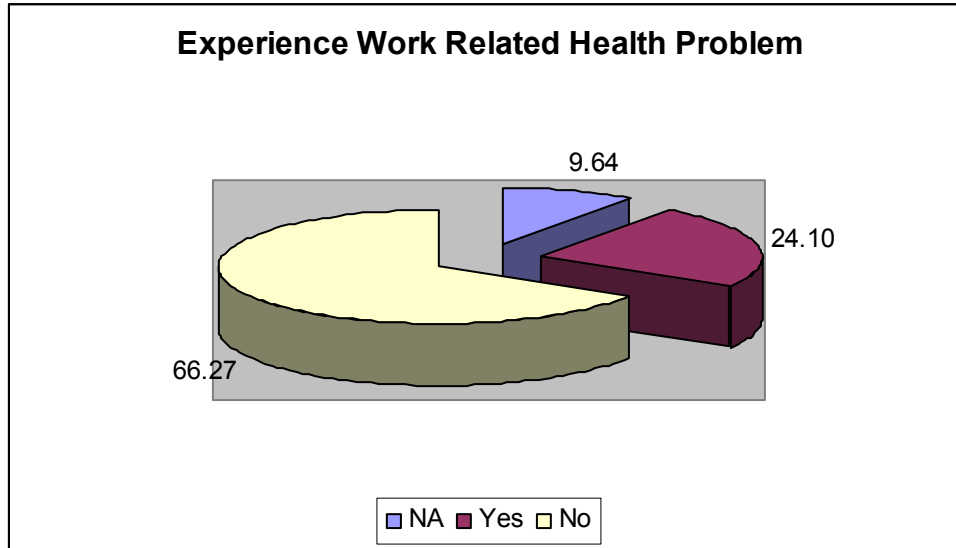
### Occupational Health

As call centre work is intensive, repetitive, physically constrained and involving role conflict and ambiguity, there are inherent tensions within call centre jobs. Employees are expected to deliver quality response to a customer within a restrictive and managerially predefined time. To reach mutually contradicting objectives of quality and quantity, workers have to undergo emotional exhaustion.

Our survey found that stress at work and in personal life has a severe impact on employees. Moreover health related absences are common in call centre work. Out of the total respondents, 21% said that they have taken leave on health grounds. .

More than 24% of the total sample said they experience work related health problems. (Figure 6.32)

**Figure 6.32 Whether Call Centre Employees Experience Work Related Health Problems**

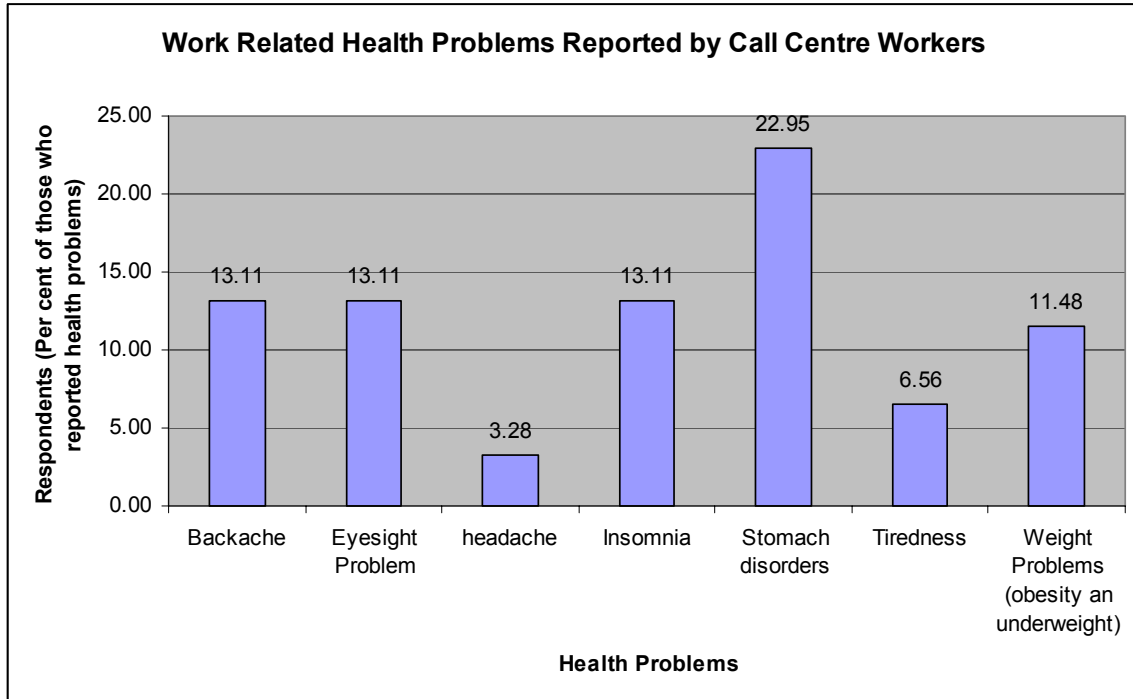


Source: Field survey

Constipation, back pain, ear and eye infection, indigestion, obesity, insomnia etc. were among the specific problems reported by the call centre employees. Among those who reported work related health problems, 22.95% said they experience stomach disorders. (Figure 6.33) More than 13% reported backache, eyesight problems and insomnia. Though the workers have less than three years of experience in call centres, the impact of work on employee's health and personal and social life is significant.<sup>99</sup>

<sup>99</sup> Singh and Deshpande, 2005, found that while there is a distinct adverse effect of night shift employment on women's health.

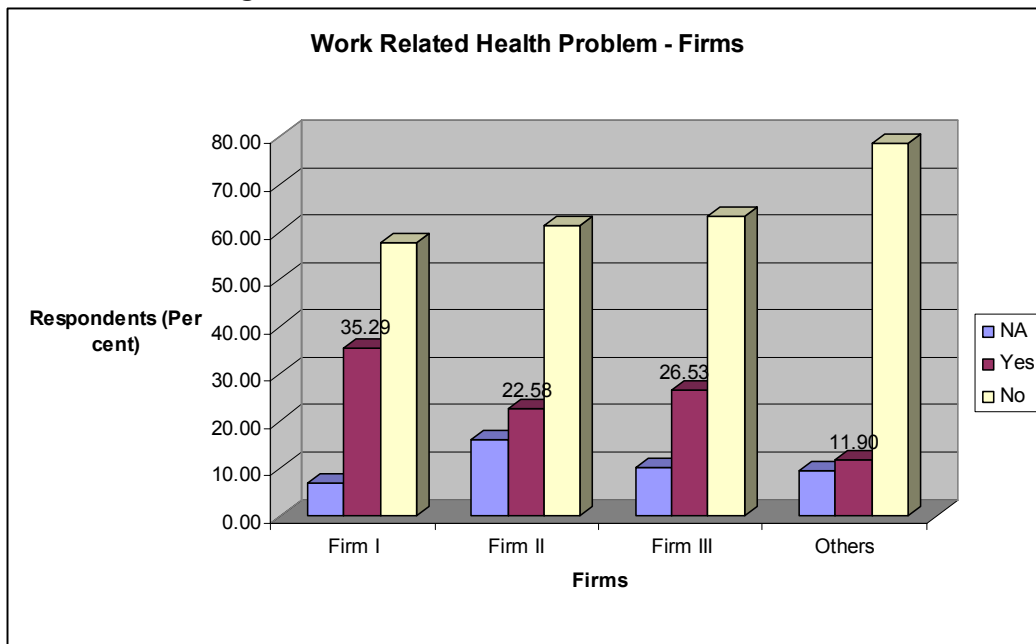
**Figure 6.33 Work Related Health Problems Reported by Call Centre Employees**



Source: Field survey

A disaggregated picture (Figure 6.34) shows that 35.29% of respondents from Firm I reported health problems, much higher than the average of the total sample. Firm I employees also reported higher intensity of work compared to other firms in terms of call duration and number of customers per day.

**Figure 6.34 Work Related Health Problems –Firmwise**



Source: Field survey

In addition, the work culture in call centres leads to excessive use of tobacco and alcohol to release stress. During fieldwork, we encountered a large number young male and female call

centre employees who are addicted to smoking and Ghutkas.<sup>100</sup> Some employees revealed that the company itself promotes drinking parties and discos in order to re-energize the ‘young chaps’.<sup>101</sup>

### **Emotional Disturbances**

Irate customers and abusive callers frustrated with the poor quality of service offered by the clients, usually scold the call centre agents. In addition, the compulsion to meet the high quality and quantity targets result in the employees’ burn out. Sometimes employees voluntarily reduce the rest time to meet the ambitious targets. Out of 249 respondents, 45.88% responded that call centre work increased stress in their life. Among the reasons reported are odd and long working hours, job insecurity and health problems.

Some of the respondents revealed that they have to use another name, usually western, at work while introducing themselves before customers. For example, Aishwarya may become Alice and Parthasarathy may become Paul and so on. Changed names and identities of workers to suit clients’ need, tightly controlled work and intense monitoring at workplace and irate customers make the workers more vulnerable to physical and psychological disorders.<sup>102</sup>

### **Trade Unions and Associations**

Call centres are often called the electronic assembly lines of the 21st century because of the technology-induced efficiency and increase in productivity it has brought into the service sector and also because of the extremely controlled and monitored work environment that it has created. As discussed earlier, automated call distribution, computer-telephony integration, the use of standard scripts by staff, predictive dialling etc are used to reduce call duration and time between calls to the minimum. Besides these control mechanisms, workflow is controlled by the use of sophisticated human resource management strategies.

The enterprises who seek this technology-induced efficiency also seek submission to a highly controlled work regime by the human agents. Call centres demand a new work culture manifested in the employer-employee relationships and mediated through applications of technological innovations. There are those who argue that the employee surveillance within call centres are not one-sided processes, but rather are situated within the power relations of employees and their employers.<sup>103</sup> Organisational and representational efforts or achievements of the call centre employees are to be seen in the context of the existing power relations at these workplaces.

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<sup>100</sup> Call centre employees in Delhi consider the coffee break of 10-15 minutes as *Chutta Break* or cigarette break.

<sup>101</sup> One call centre manager remarked that ‘we provide all to these young chaps what they miss in this age.’

<sup>102</sup> A study conducted by the University of Sheffield UK (2003) concluded that the stress levels in call centre work eventually destroy the health of workers and cause psychological problems like depression, as a result of which behavioural changes are not uncommon.

<sup>103</sup> Diane van den Broek, “Surveillance, Privacy and Work Intensification within Call Centres”, School of Business, Work and Organisational Studies, University of Sydney (<http://www.econ.usyd.edu.au/wos/worksites/surveillance.html>)

A recent study of call centre employees in Bangalore has pointed out that the corporate houses use simultaneously 'exclusivist and inclusivist strategies to control employees and to make them surrender to a corporate culturalism'.<sup>104</sup> Ernesto Norohna and Premilla D'Cruz argue that exclusivist strategies include firms casualising and outsourcing staff and the outright refusal to negotiate with unions, while inclusivist strategies involve the use of employee involvement schemes and human resource initiatives. The message may either be inclusivist, that is telling particular employees that they are an integral part of the organisation; or exclusivist, that is, indicating that particular forms of behaviour or unions are not welcome. They say that programmes of corporate culturalism, human resource management and total quality management have sought to promote a corporate ethos that demands loyalty from employees and it excludes, silences or punishes those who question its creed. When corporate culturalism is entwined with the identity of the employees, it becomes a potent force by which management controls employees. They argue that chronic absenteeism and high turnover are modes of resistance of workers to this intensified, silencing monitored work atmosphere. For the most part, call centre employees succumb to these manoeuvres and merge their identities with that of the establishment making the power relations almost one sided.

The present study substantiates these observations. As we have already seen, call centre employees are in a technology induced, highly controlled and monitored work regime geared towards hundred percent efficiency. Call centre employees largely accept or are resigned to this working atmosphere. This mind set is promoted by careful induction of call centre employees to the corporate culture, a work arrangement that encourages competitiveness and individualism and by meting out inducements and punishments to keep them within the boundaries of the culture. All these factors contribute to the prevailing employer-employee relations in the call centres.

None of the call centres studied is unionised. In all the three call centres, wage fixation and dispute settlement are individual based. In cases of grievances and disputes, an employee is directed to discuss individually with management. In some cases, the workers who resisted management policies are victimised and harassed at the workplace and eventually forced to quit. If an employee resists the one-sided management practices the particular worker would be isolated in the workplace and kept away from work. One newspaper reported that when an employee resigned from job due to a better offer from another call centre, he was manhandled and victimised on charge of data theft and poaching employees.<sup>105</sup>

Employees responded that the call centre management discourages any kind of formal organisation by employees. Forming associations at work and discussing employment related matters with colleagues are offences that result in termination of employment. Employees are encouraged to compete with each other in scoring higher grades in work performance, which eventually result in limited interaction among workers.

At the same time, management encourages structured gatherings for socialisation of call centre employees. These human resource strategies act as shock absorbers and reduce the employee resistance. To discourage a collective organizing from emerging, the management resorts to

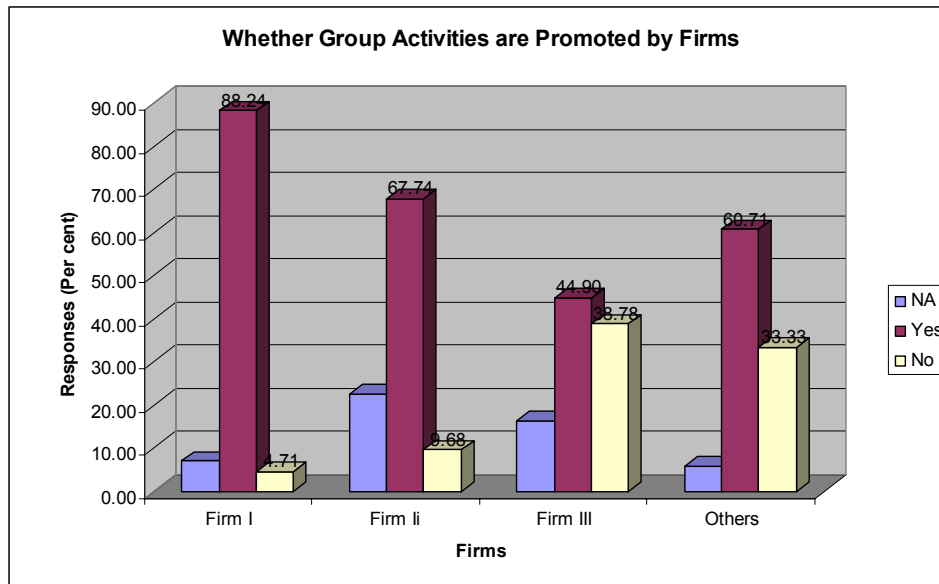
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<sup>104</sup> Ernesto Norohna, Premilla D'Cruz, "Organising Call Centre Agents: Emerging Issues," *Economic and Political Weekly*, May 27, 2006, pp2115-2121.

<sup>105</sup> See *Mid-Day*, January 16<sup>th</sup>, 2006, Mumbai Edition.

sponsored socialisation. Management encourages birthday celebrations, festivals, dinners, parties and so on. More than 67% said that management promotes group activities at the workplace; and more than 70% said that they socialise at workplace.

**Figure 6.35 Whether Call Centre Firms Promote Group Activities**



Source: Field survey

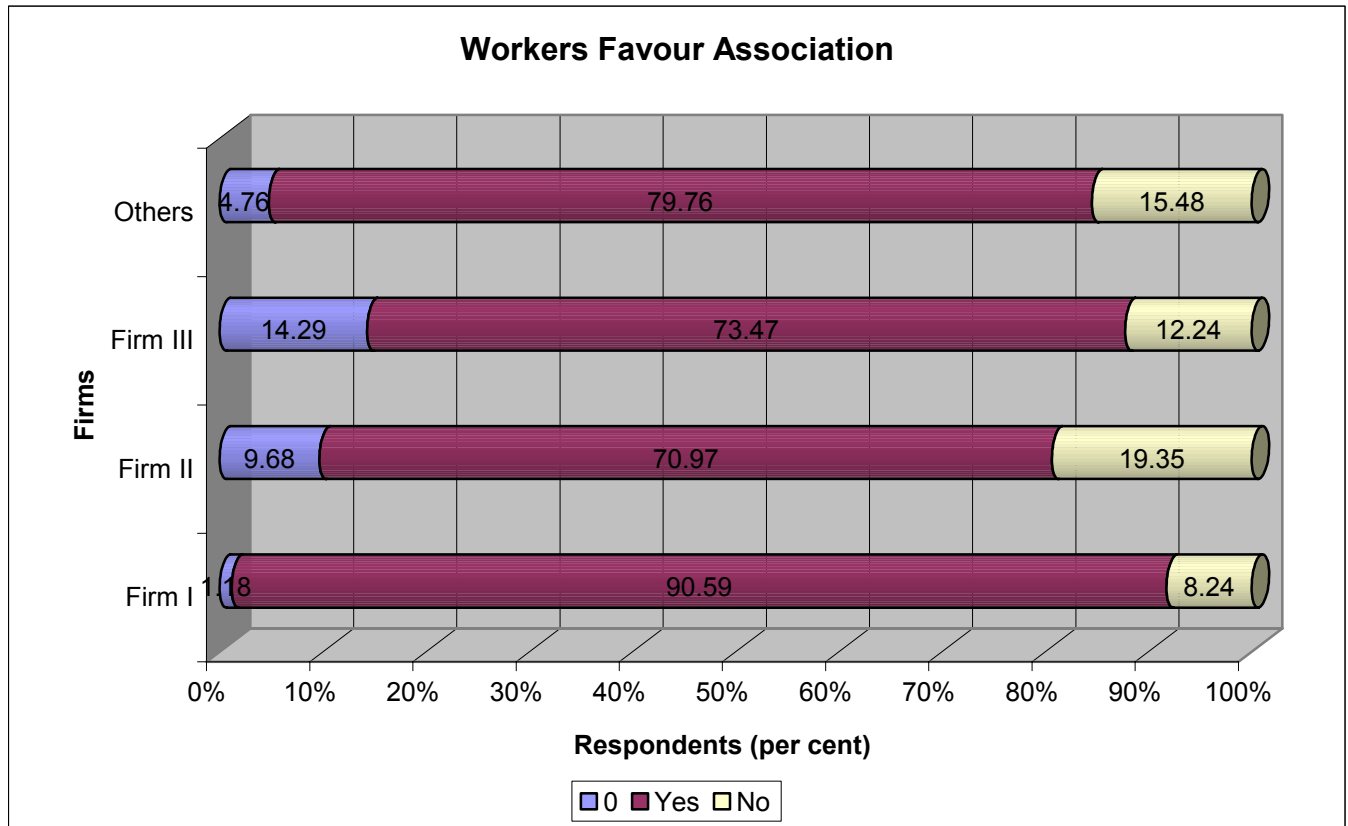
### **List of Most Promoted Group Activities as Reported by Call Centre Employees**

- Group Activities
- Birthday Celebrations
- Festival Celebration
- Dinners and Parties
- DISCO - Weekend parties
- Fashion Shows
- Cultural Event
- Games and Sports Meets
- Movie screening
- Team Picnics
- Various Competitions
- Communities -like cricket community, nature communication
- Other fun filled activities

Interestingly, Firm I, where work intensification is highest in terms of number of customers attended to per day by a call centre worker and in terms of longer call duration per customer, a higher proportion of the respondents (88.24%) reported various group activities. Only 44.9 % of workers from Firm III reported management sponsored group activities (Figure 6.35).

The present study tried to understand how the corporate culture affected the perception of workers with regard to processes of collectivisation. More than 80% of the workers said they favoured an employee association at the call centres (Figure 6.36). This opinion was almost uniform across all firms.

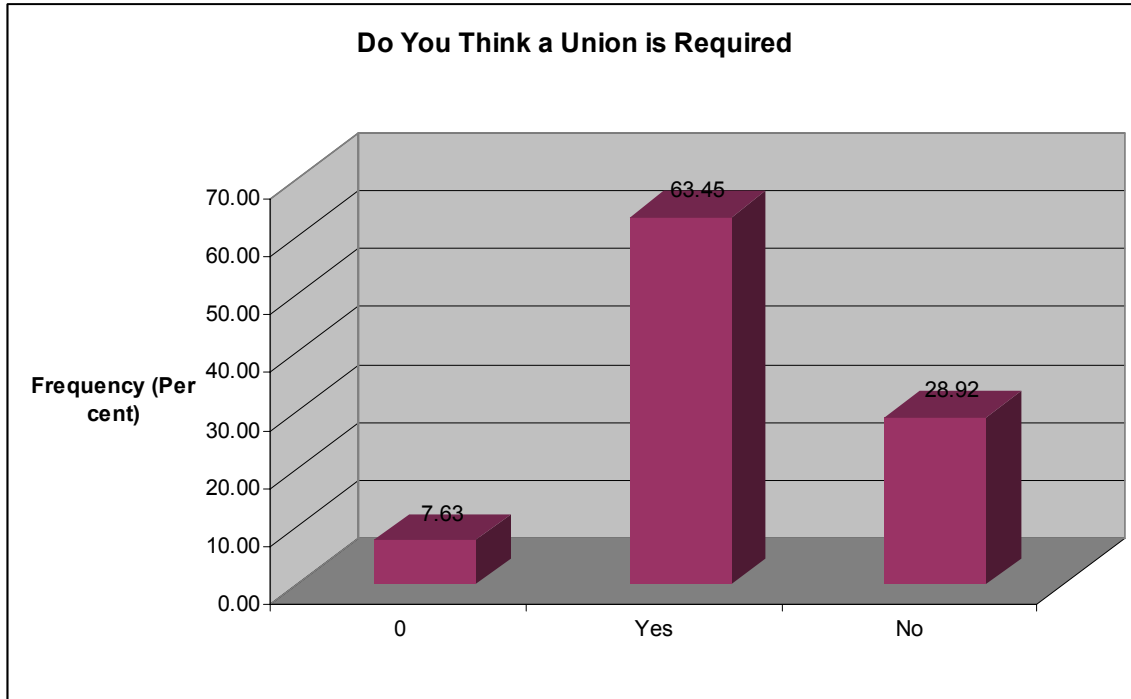
Figure 6.36 Whether Call Centre Employees Favour Association



Source: Field survey

However, to pursue this issue further, the respondents were asked two additional questions: whether a union is required at the workplace and what kind of association appeals to them most. About two thirds (64.45%) of the total respondents said that a union is required at their workplace (Figure 6.37). This contradicts all available information on the attitude of call centre employees to unionisation. This is encouraging for trade unions who want to organize call centre employees. More respondents from Delhi (68.62%) said a union is required compared to Mumbai (47.54%).

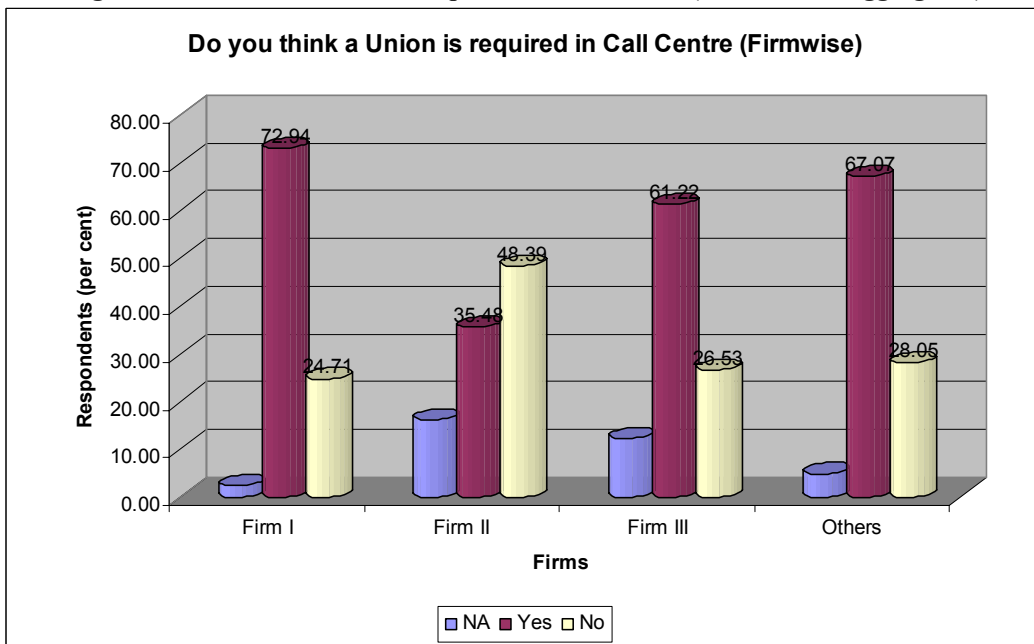
**Figure 6.37 Whether a Union is required at Workplace**



Source: Field survey

At the disaggregated level (Figure 6.38), more workers from the Firm I - the Firm reported to have the most intensified work - said that a union is required at their workplace. In Firm II and Firm III, more than 60% of workers said that they need a union at the workplace.

**Figure 6.38 Whether Union is Required in BPO Firms (Firmwise Disaggregated)**



Source: Field survey

On the second follow-up question, namely, what kind of association appeals to them most, workers were given multiple choices.

**Table 6.61 Kind of Association Appeals Most to Call Centre Employees**

|                               | No. of Respondents | Percent |
|-------------------------------|--------------------|---------|
| Trade Union                   | 95                 | 38.15   |
| Social activities group       | 98                 | 39.36   |
| Professional betterment group | 121                | 48.59   |
| Hobby clubs                   | 82                 | 32.93   |
| Mutual assistance group       | 99                 | 39.76   |
| Others                        | 2                  | 0.80    |

Source: Field survey

Interestingly, a very significant number (38.15%) said that a ‘trade union’ appealed to them (Table 6.11). While eliciting further information on this issue, many employees were unclear whether they want trade unions like those that exist in the manufacturing sector. Moreover, ‘social activities group’, ‘professional betterment group’, ‘mutual assistance groups’ and ‘hobby clubs’ also received significant endorsements from the respondents. There could be several reasons behind this perception. First, management propagates attractive images of job that serves multinational clients from India and enjoying world-class infrastructure and facilities at workplace. Secondly, the unique profile of the employees itself may force them to think beyond the traditional kinds of unions based on conflicting industrial relations. Thirdly, the call centre is considered by a good number of employees as a temporary or part time employment.

They also fear that a formal trade union membership may negatively affect their employment. The former country head of human resources of one of the multinationals studies concurs. He said that HR, from top to bottom, discourages group formation and even would not allow two people walking in to HR to complain. Those who try to form a group are terminated. An ideal association for these young professionals, with the highest endorsement, was ‘professional betterment group’ that provides legal advise, counselling, social activities etc. Some expressed the desire to join unions to interact with other call centre employees. Employees preferred such collective activities to be conducted outside the workplace and were happier to be contacted by e-mail and telephone. One employee remarked, “Unionisation would happen, but it will take some time as the industry is still growing.”

Recently, Indian trade unions have started expressing their intention to organise BPO workers. The rape and murder of a young woman employee, Prathibha, working in the BPO firm HP in Bangalore on the night of December 13, 2005 has generated a lot debate in India on issues of labour rights, security and representation of BPO workers. NTUI, CITU and AITUC have made public their intention to organize call centre employees.

The NASSCOM and industry leaders have dismissed the idea of unionisation of call centre employees. The statement of Sujoy Chohan, vice-president and research director, Offshore BPO, is illustrative. Responding to the statements by Indian trade unions on their intention to organize call centre employees, he had this to say: “Unlike factory workers, trade unions will have to deal with an educated set who have made the choice of working at call centres. Moreover, they are working in an exceptionally good environment with good salaries and I don't see any reason why they should form trade unions. Another thing which goes against these trade unions is that they

are seen as a negative force in the country. History shows that unions have never worked to the advantage of employees in India.”

Call centre management claims that unionization may kill this ‘shining’ industry. But empirical studies on the US call centre industry nullifies this argument. Batt, et al, (2005) found that unionization in call centres reduced labour turnover, increases labour productivity and can save the cost of recruitment and training. The study also found that overall labour turnover is twice as high in non-unionised call centres compared to unionised call centres. Moreover, labour absenteeism is also significantly less in unionised call centres than in non-unionised call centres.<sup>106</sup>

Global corporations and their Indian counterparts have so far managed to keep call centres out of the reach of the trade unions and collective bargaining agreements. Individualism concealed under team work, directed socialisation processes, technology induced surveillance methods and various other human resource management techniques have kept the collective identity of call centre employees from reaching a critical threshold that would facilitate politicization. The present study gives indications that this situation may not continue forever. Call centre employees have started expressing the need for associating as trade unions and there have been heightened interest from trade unions to organize call centre employees. However, for tripartism to develop in this sector, employers need to recognize the inalienable right of call centre employees to manage autonomous organizations and represent collectively. Similarly, the state should remove impediments from the recognition of the citizenship rights of the call centre employees, which include humane and just working conditions.

## ***Conclusions to the Indian Field Research***

### **Wages**

Nearly 40% of the sample in the study reported a wage of Rs.15,000 per month or more. This is a high wage in the present day Indian employment situation. This is particularly so given that the workforce is very young and has comparatively few years of experience. Over 80% of the employees are in the age group of 20-25 years. For over 50% of the employees this was the first employment. 70% of the employees had been in the present employment for a year or less.

A comparison with wages in the industry in the USA would be of significance. Field study in the USA indicates the average wage of employees in the industry is around \$30,000 per annum.<sup>107</sup> We would assume that given the fact that the industry is older in the USA, the workforce would be comparatively older and more experienced. It would be a reasonable assumption that a comparable wage for employees in the upper end call centres in India would be Rs.15000 plus. The average wage reported in the study was Rs.14370 per month. In dollar terms this works out to around \$4000 per annum. Therefore the economic rationale for shifting call centre work from the USA to India is amply brought in that the wage cost is a factor of over six times lower.

However, if we are to make a comparison on living standards of call centre workers in the US and in India, we have to base the comparisons on purchasing power parity (PPP) data. An annual

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<sup>106</sup> Batt, et.al, 2005.

<sup>107</sup> Batt, et.al, 2005.

wage of \$4,000 in India at a monetary exchange rate of Rs.45 to \$1 works out to Rs.180,000 per annum. As per World Bank data the PPP for the Indian Rupee works out to Rs.8.2 to \$1. That is, \$1 in the USA can buy a comparable set of goods and commodities as Rs.8.2 in India. Therefore, an employee in the call centre in India earning Rs.180,000 per annum is roughly at the same level of standard of living as an employee in the USA earning \$22,500 per annum. This is only about 25% lower than the average wage level for the industry in the USA.

It would be useful to make a more rigorous wage comparison, based on type of work done, age and years of work experience and education levels between call centre workers in the US and India. We should reiterate here that the present study covers mainly call centre employees from the top layer of employment. However, at a first level of analysis, it would be reasonable to claim that the industry affords wages in PPP terms to employees in India that are not very much lower than in the US.

It is interesting here to make a comparison between work in the call centre industry, and work in the ready-made garment industry for export to developed countries. Both are forms of outsourced work from the developed to the less developed countries. However, while we see that in the call-centre industry, on a PPP basis the employee is not paid very much less than her/his counterpart in the US, in the garment sector, even on a PPP basis an employee in India gets paid only around one fourth of the federal statutory minimum wage in the US, and about one fifth of the wage of a garment worker. We see two very different forms of outsourcing.

### **Intensity of work**

The work intensity level for employees in the call centre industry in India is very high. This has been reported in many studies on the industry. The present study also bears out this conclusion.

A measure of work intensity, with a norm of 450 minutes continuous work in a day as 100%, yielded an average work intensity index of 76% for the sample as a whole. The index was the highest (94%) for Firm I (a US multinational). It was 81% for the companies excluding the three main companies chosen in the sample. We also find a wide variation in work intensity index within the sample, with the lowest figure being 33% for the other US multinational in the study; and 57% for the large Indian corporate.

Given the nature of work in the call centre industry, it would be reasonable to assume that a work intensity index of around 50% should be an acceptable norm. This refers to a work load on taking calls for 225 minutes for the day. We should take into account here that the nature of work is very intense, with the employee on a typical day having to relate to different callers from different locations across the world, with a wide variety of queries; that the allowable margin for any error of information or attitude is extremely low; and that in many instances the employee is working on shifts that are not the normal working hours.

The number of calls handled per day was taken as the other measure of intensity of work. The data in this respect was closer to the norm for US. About 49% of the sample reported handling calls of 75 or more per day. The norm for number of calls for the US is 75 calls per day.<sup>108</sup>

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<sup>108</sup> Batt, et.al, 2005.

110 out of the sample of 249 respondents said that they did overtime work. Of those who did overtime work, 80.9% said that they did overtime work one to three days a week and 10% did overtime work four to six days a week. Except in Firm I, a large proportion of overtime workers in the sample said that they were not paid for the extra work. This again adds to the work intensity.

One other aspect might be of significance. In Firm I around 50% of the employees reported work situations with single call duration of one to three minutes or three to five minutes; while for both Firm II and Firm III over 80% of respondents reported average call durations of five to seven minutes or more. It would be useful to determine if there is a direct correlation between short call duration and increased work intensity in the industry.

It would be useful to get comparable data for work intensity index from firms in the call centre industry in the US. We would have to factor in three important aspects to make the norms strictly comparable. First, the fact of responding to customers from outside the country, in a foreign accent and with foreign syntax, who in many instances could be hostile to “outsiders” handling the calls, would in itself make the work more intense and difficult for an Indian employee. Second, more employees in India would have to work on a pattern of changing shifts, given that they are handling business in a different time zone. Third, the norm for call centre employees in the US is a five day week, while in the Indian call centre industry it is six days a week. This by itself contributes a 20% increase of work intensity on a weekly basis for the Indian employee.

### **Career option**

The data from the study indicates that more than 50% of call centre employees viewed work in the industry as a career option. The only exception was Firm III (the Indian corporate) with around 37% respondents stating that they viewed the job as a career option, and 42% answering in the negative. This is a significant study finding, as the common stereotype is that the industry is a parking lot for youth from privileged backgrounds, who viewed the employment as a stop-gap arrangement while preparing for other career options.

We should qualify here that the number of positive responses was highest at 60% for the category of “others”, which included a mix of high and middle end firms in the industry. Therefore the positive response of viewing the job as a career option was not restricted to respondents from high-end multinational employment.

The finding has significance for any decision about long term engagement with employees in this sector. Given that most of the employees are in the 20-25 years age category, and at the start of their careers, it would be reasonable to assume that over the years many of them would see the merit of association and collective bargaining.

This again is an aspect where data from industry in the US would be useful. Are there distinct sections of American employees in the call centre industry who see their present employment as a career option; and others who do not have the same view? Is the response of these sections towards a working class identity, and towards forming associations very different?

### **Reasons for job change**

Around 46% of the respondents in the sample had changed jobs. About 70% of these respondents changed jobs because of “pull” or positive factors like better job prospects, or better salaries. Only 30% shifted because of “push” factors like odd working hours, harassment, health problems, etc. It is of interest that the two major “pull” factors of “better job prospects” and “better salary” scored high with 29% and 20% response in favour. In contrast, the only significant “push” factor of “family/personal reasons” scored just 11%. There was no significant “push” factor related to the job or company itself.

We would have to qualify this response with the fact that the workforce in the sample was young, with less years of work experience. They would not have spent enough number of years at work to accumulate negative experiences and make working conditions intolerable. Despite this, the response appears to have some significance. It seems to strengthen the earlier point of a majority of employees viewing their work as a career option. They would tend to carry on with their present jobs unless a better option in the industry presented itself. Given the stage of the industry, with large annual expansion, opportunities for growth have been significant. These would start getting limited with the industry stabilising. That would be the stage when the positive “pull” factors would also become more limited, and employees would have to deal with the negatives in their employment without the easy option of job shift.

It is of interest that the “pull” factor of “brand name” scored only 9%. The employees in the industry do not seem to be enamoured very much by the name of the company they work for. This again calls to question the stereotype of the call-centre employee being the status and brand conscious youth looking at a stop-gap arrangement. The employee on the contrary seems to be a reasonably hard-nosed worker, aware of the need to climb the financial ladder in employment.

### **Bargaining strength**

Over 80% of respondents said that they were not required to sign any form of a bond of length of employment. This is significant in an industry with a high labour turnover. It is also significant that despite a fairly high (four to eight weeks) period of training, which represents a significant investment on each employee, the companies did not insist on any form of contractual obligation of service from the employees. We would infer that this is because the industry is currently in a phase where employees have relatively better bargaining capacity. The employers therefore are not in a position to enforce any restrictive contractual obligations.

### **Health issues**

About 24% of the sample reported health related problems. This is significant considering the youth of the respondents in the sample, and the fact that most of them have less than three years work experience.

It is important to note that a significantly larger proportion (35%) of respondents from Firm I as compared to the sample average reported health issues. As is to be expected, there is a direct relationship of health issues and work intensity. It is however curious that the category of “others,” which also scores high on work intensity has a very low score (11%) on health related issues.

## **Inter-firm comparisons**

The study focuses on three firms, Firm I and Firm II being American multinationals, and Firm III a large Indian corporate. The data from respondents from the three firms reveals a consistent pattern.

Firm I clearly has the highest work intensity. We see the adverse impact on reported health problems. It is also significant that the firm has the largest labour turnover. Only 10% of the employees from Firm I carried on in service for beyond 24 months of service, as compared to nearly 40% for Firm II and 20% for Firm3. This probably provides an explanation for 29.4% of the respondents from Firm I reporting that it required them to sign a bond; as compared to 6.5% from Firm II and 14.3% from Firm III. It also probably explains why only 9% of employees in the sample from Firm I being married as against 29% for Firm II and 14% for Firm III.

We further see from the study that Firm I also scores significantly lower on effective grievance redressal. Only 34% of the respondents from the Firm said that it had an effective mechanism for grievance handling, as against 74% for Firm II and 65% for Firm III. Consequently 34% of the respondents of Firm I reported absence of systems to handle issues of sexual harassment, as against 26% for the sample. We should clarify here that the responses are a measure of perception of employees, and not of the actual presence or absence of effective systems. We should also add that grievance handling here would imply primarily management response to, and handling of complaints.

We definitely see a correlation between the high labour turnover, effectiveness of management grievance handling, and the reliance on coercive forms of regulation to restrict employee turnover in Firm I with the extremely stressful working conditions in that firm.

## **Attitudes towards Association**

The call centre industry has practically no workers' organisations. The few "associations" that are reported to be active in some cities function primarily as a form of help-line for call centre employees. Informed opinions of the industry tend to support the view that call centre employees do not want to be viewed as workers, and are not interested in forming unions.

Consequently, very significantly the study revealed that nearly two thirds (64.5%) of the respondents were in favour of a trade union.

It is also significant, and not surprising, that Firm I had by far the largest positive response (over 70%) in favour of unionisation, as compared with 35% for Firm II and 60% for Firm III.

## Chapter 7

### Labour's Bi-national Recommendations

#### *Indian Labour's Recommendations for Call Centre Work*

The call centre industry in India is at its early stages of growth and maturity. It has a predominantly young workforce, with a reasonably high proportion of women workers. It is part of the growing new economy sector in the country, creating much needed jobs in urban India.

Decent job creation and developmental needs of the Global South require prioritization over customer service. The unions have to struggle for securing existing jobs, global expansion of decent jobs and equitable distribution of such jobs. A common perspective needs to be evolved keeping a balance of interest of all sections of the global workforce.

The following are some broad recommendations for trade union engagement with the call centre sector in India.

1. There is practically no unionisation, or collective bargaining in the sector. This sector offers potential and challenges for a new form of trade union organisation. It can be the vanguard for pushing association and collective bargaining in the new economy sector in India. This is brought out from the character of the industry and the workforce, as described below:
  - This is an important sector for stable, relatively better paying white collar employment in the country. Wage levels are high. Entry into the industry is relatively easy for the urban English speaking youth, without any need for specialised professional skills. The industry therefore attracts a fairly heterogeneous and cosmopolitan workforce.
  - A significant proportion of employees in the industry view this as a career option. The industry therefore has a core, stable workforce, who might be mobile across companies, but would stay on in the industry. This is a positive factor for unionisation.
  - Given that the industry and employees are relatively young, the negative factors associated with the workplace are still not significant. However, given stress levels, these factors are bound to become significant with maturing of the industry. At that stage, demands for better regulation and growth of industrial democracy in this sector would become important. Trade unions have a definite role in assisting this process.
  - The workers in this new industry feel a need for some form of association to express their needs and aspiration. But a strong industry-wide corporate culture, that valorises employability and career growth, acts as a disciplinary force on the workers' identity formation. The unions have to address this factor and focus on building or aligning

- with non- union forms of association of workers to enable the workers to understand and accumulate confidence for unionization.
2. Wage levels are relatively uniform across the top end companies in the sector. Collective bargaining can look to set norms for wage bands for different types of work in the sector.
  3. There is reasonable wage parity on purchasing power (PPP) between India and US. This makes it possible to push for company wide wage and compensation norms indexed for PPP. This also suggests the potential for common wage negotiation strategies covering all sections of employees across countries within the same multinational company. The objective of the unions, in the first instance, should be to bring about a parity in wages in PPP terms and sustain it through collective action.
  4. Top end companies, including the Indian companies in the sector are multinationals, with employment from India and the developed countries. Presence of unions and collective bargaining rights in the parent company's operations in the US or other developed countries can be used to push for the right to association in Indian operations. Pressure can also be brought for common non-financial workplace norms in offshore operations within the same company. The power of Northern unions should be exercised to extend the collective bargaining to offshore company locations and sites to ensure comparable wage and working conditions.
  5. Work intensity, more than wage, is the differentiator in this sector between employment conditions in the US and India. It can be standardised on a global scale as technology is comparable. The primary demand for any global campaign for labour rights in the sector will have to be around the issue of parity on work intensity.
  6. International legal instruments need to be framed, possibly through ILO mechanisms, to regulate the global sub-contracting and the principle agent made accountable for labour standards along the global supply chain.

### ***U.S. Labour's Recommendations for Customer Service Work***

- 1) The United States must not allow this important sector to be dominated by "low road" employers who want only to pay the lowest possible costs through subcontracting and ignore the real needs of customer service. CWA, as well as other unions around the world, and Union Network International, (UNI), support a "high road" structure, where employers recognize that quality jobs and quality service to customers go hand in hand. Call centre employers that provide fair wages and benefits, address stressful working conditions, provide training and opportunity, and have lower turnover also provide higher quality service to customers. In the competitive communications industry, it is quality customer service that makes all the difference. More employers need to acknowledge this and change their operations.

Customer service employees can negotiate with their employers through collective bargaining to stop subcontracting of their jobs.

- 2) The trend by some US companies to contract out customer service, either to a US based contractor or an offshore contractor, is not the answer. It leaves a shell company with the principal functions done elsewhere. Customer service suffers without accountability, and workers often lose the ability to fully address and resolve their own concerns as well as that of customers’.

In the eventuality that service work is subcontracted out, international labour standards for contract workers and accountability systems for ensuring customer satisfaction must be formulated and observed.

- 3) Customer service workers need a voice on the job. That’s the only way workers will be a part of the workplace and be able to have a real investment in providing quality customer service. Union representation can be an asset to companies as well, but far too many US employers seek to block workers who want a union voice. For the US, this will require real changes in labour law and employer behaviour to enable workers’ to make a fair choice about union representation.

Customer service employees’ organizations in the US need to join hands with all working people in ensuring labour law reform.

- 4) Customer service workers around the globe must work together and support each others’ concerns, and not allow multi-national companies to pit us against each other. CWA works closely with UNI unions and other worker organizations to build support for the work of customer service and sales workers and to stop companies from pitting workers against each other in a race to the bottom.

Organizing customer service employees in the Global South, where multinationals subcontract their functions, is a priority and unions in the Global North must play a proactive role in working with organizations that are focused on organizing such workers. Only through the formation of worker organizations, can genuine collaboration begin to fight the global force of multinationals and subcontracting.

- 5) Call centre workers – no matter where they work – must recognize we are fighting against a common problem: employers who are chasing the lowest possible costs no matter what the expense to the customer service worker.

Development of international educational materials, tailored to local conditions, and communication between customer service workers across the globe are essential for debunking the myths that divide workers and help the multinationals.

## Chapter 8

### Organizational Profiles

#### ***Communications Workers of America, US***

CWA, America's largest communications and media union, represents over 700,000 men and women in both private and public sectors, including over half a million workers who are building the Information Highway. CWA members are employed in telecommunications, broadcasting, cable TV, journalism, publishing, electronics and general manufacturing, as well as airline customer service, government service, health care, education and other fields.

#### ***Centre for Education and Communication, India***

CEC is a resource centre for labour - in particular, of those in the unorganised and informal sectors. It has grown to be a centre for workers' education and participatory labour research. While learning from labour movements, it actively contributes to the enlargement of their horizon.

#### ***Jobs with Justice, US and India***

Jobs with Justice is a national campaign for workers' rights. Jobs with Justice (JwJ) mobilizes workers and allies on campaigns to win justice in workplaces and in communities where working families live. In over 45 cities and in 29 states across the US, JwJ Coalitions bring together unions, community groups, people of faith and student activists to fight for workers' rights social and economic justice. JwJ in India is the first international office of JwJ. It collaborates with unions and labour organizations in Asia, to build a grassroots North-South labour rights alliance.

#### ***New Trade Union Initiative, India***

NTUI is a national federation of non-partisan democratic trade unions in the formal and informal sectors of work. It has a large and significant presence in the private sector of the economy representing workers in metal and chemical manufacturing, shipbuilding, coal, textile, garment, and services. NTUI has the largest membership of contract workers. In the informal sector, it represents more than 250,000 workers in construction, forest, fishing and agriculture.

#### ***Young Professionals Collective, India***

The YPC is an organization formed for the welfare of employees in BPO companies. The YPC is building a movement to organise and involve BPO employees in improving their service conditions and taking an active role in social issues. The YPC through research, documentation and activism is working on a campaign to convince the government and the BPO industry to implement best international practices for their employees. The YPC members at present are conducting welfare and research activities in association with the government, international organizations and the BPO industry.