

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.