
The Global Call Center Project

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Why study the ‘global’ call center sector?

- Paradigmatic case of globalization of service work
 - High mobility: Expect convergence
 - If institutions matter here, they should elsewhere
 - Call centers as economic development?
 - Good jobs or bad jobs?
 - Call centers as point of controversy among stakeholders
 - Business, government, union, employee, consumer interest
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Project goals

- To map the range of management practices in call centers around the globe
 - To explore how national institutions and business strategies affect work organization, HR, and industrial relations practices
 - To examine how these differences affect call center outcomes
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Participating countries

- Coordinated economies
 - Austria, Denmark, France, Germany, Israel, Netherlands, Spain, Sweden

 - Liberal market economies
 - Canada, Ireland, UK, US

 - Recently industrialized (transitional) economies
 - Brazil, India, Poland, South Korea, South Africa
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Research method

- Quantitative: National workplace survey
 - Establishment survey of call center managers
 - 17 countries
 - Covers 2,477 call centers
 - Covers 474,941 employees

 - Qualitative field work
 - Managers, employees, employers associations, unions, policy makers
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Methodological challenges

- How many country teams?
 - How establish quality control?
 - Survey comparability
 - Field research
 - How establish collaboration, trust?
 - How establish rules for data access & co-authorship?
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Findings

Similarities across countries: Convergence

- Markets and services

Differences within and across countries: Divergence

- Workforce management (skills, work design, HR practices, collective representation)

Why do these differences exist?

- National institutions across countries
- Business strategies within countries

How do these differences matter?

Competing in Services.... Dilemma 2

The service quality paradox

- Services cover 80% of employment
 - Service central to competitiveness
 - Rise of customer relationship management
 - Dramatic increase in information technology

 - But...
 - Widespread decline in customer satisfaction
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Service Quality Paradox

	1994/5	Lowest	2005
Durable Goods	79	78	79
Non-Durable Goods	82	79	81
Utilities	75	69	73
Airlines	72	61	66
Banks/Insurance	79	73	73
Hotels	75	71	73
Hospitals	74	67	71
Wireline telephone	81	70	70
Wireless telephone			63
Cable TV			61
Call centers			54

Source: American Customer Satisfaction Index

Competing in Services... Dilemma 3

The low productivity-wage trap

- 80% of economic activity is in services
 - High levels of innovation & performance in new information industries

 - But...
 - Low productivity growth
 - 25% of service workers make poverty wages insufficient to support a family of 4
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Competing in Services... Dilemma 3

Examples of low wage jobs

- Hotel housekeepers, restaurant workers
 - Nurses aides in hospitals
 - Retail service & sales workers
 - Child care workers
 - Taxi drivers
 - Food service workers
 - Call center workers
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Top 10 Occupations with Largest Job Growth, 2002-2012

Occupation	Employment*		% change	Rank by yr. earnings**	Typical education level
	2002	2012			
<u>General operations mgrs.</u>	<u>2,049</u>	<u>2,425</u>	<u>18</u>	<u>1</u>	<u>Bachelors' or higher</u>
<u>Registered nurses</u>	<u>2,284</u>	<u>2,908</u>	<u>27</u>	<u>1</u>	<u>Assoc degree</u>
<u>Postsecondary teachers</u>	<u>1,581</u>	<u>2,184</u>	<u>38</u>	<u>1</u>	<u>Doctoral degree</u>
<u>Customer service reps.</u>	<u>1,894</u>	<u>2,354</u>	<u>24</u>	<u>3</u>	<u>Med. on-job training</u>
<u>Nursing aides, orderlies</u>	<u>1,375</u>	<u>1,718</u>	<u>25</u>	<u>3</u>	<u>Short on-job training</u>
<u>Cashiers, except gaming</u>	<u>3,432</u>	<u>3,886</u>	<u>13</u>	<u>4</u>	<u>Short on-job training</u>
<u>Retail salespersons</u>	<u>4,076</u>	<u>4,672</u>	<u>15</u>	<u>4</u>	<u>Short on-job training</u>
<u>Janitors & cleaners except maids, housekeeping</u>	<u>2,267</u>	<u>2,681</u>	<u>18</u>	<u>4</u>	<u>Short on-job training</u>
<u>Waiters & waitresses</u>	<u>2,097</u>	<u>2,464</u>	<u>18</u>	<u>4</u>	<u>Short on-job training</u>
<u>Food prep. & serving workers</u>	<u>1,990</u>	<u>2,444</u>	<u>23</u>	<u>4</u>	<u>Short on-job training</u>

* Employment in 1,000s

** 1=\$41,820 or more; 2= \$27,500 - \$41,802; 3 = \$19,710 - \$27,380; 4 = less than \$19,601

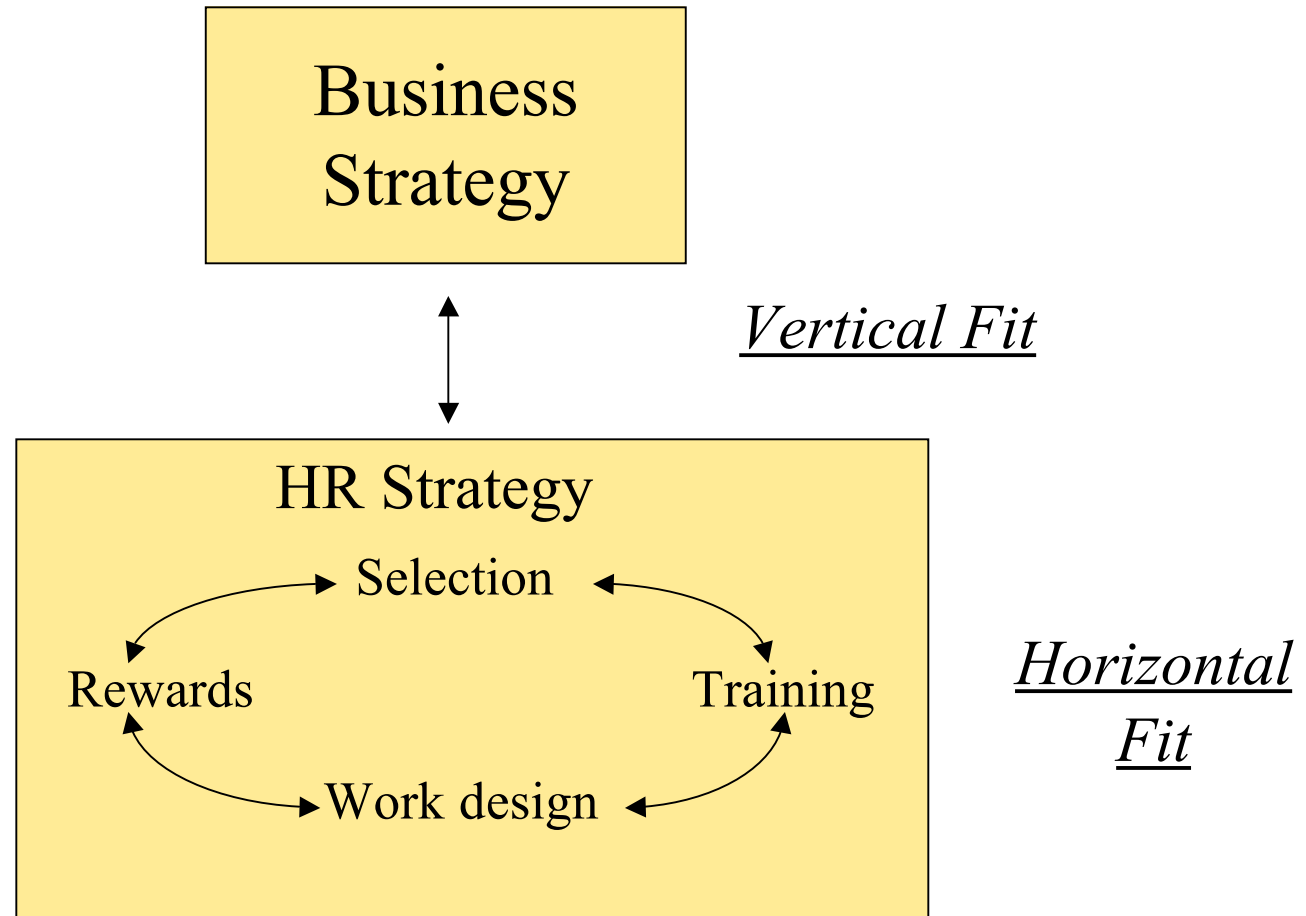
Source: Hecker, D.E. "Occupational Employment Projections to 2012," MLR. Feb. 2004. Table 4

Competing in Services... Dilemma 4

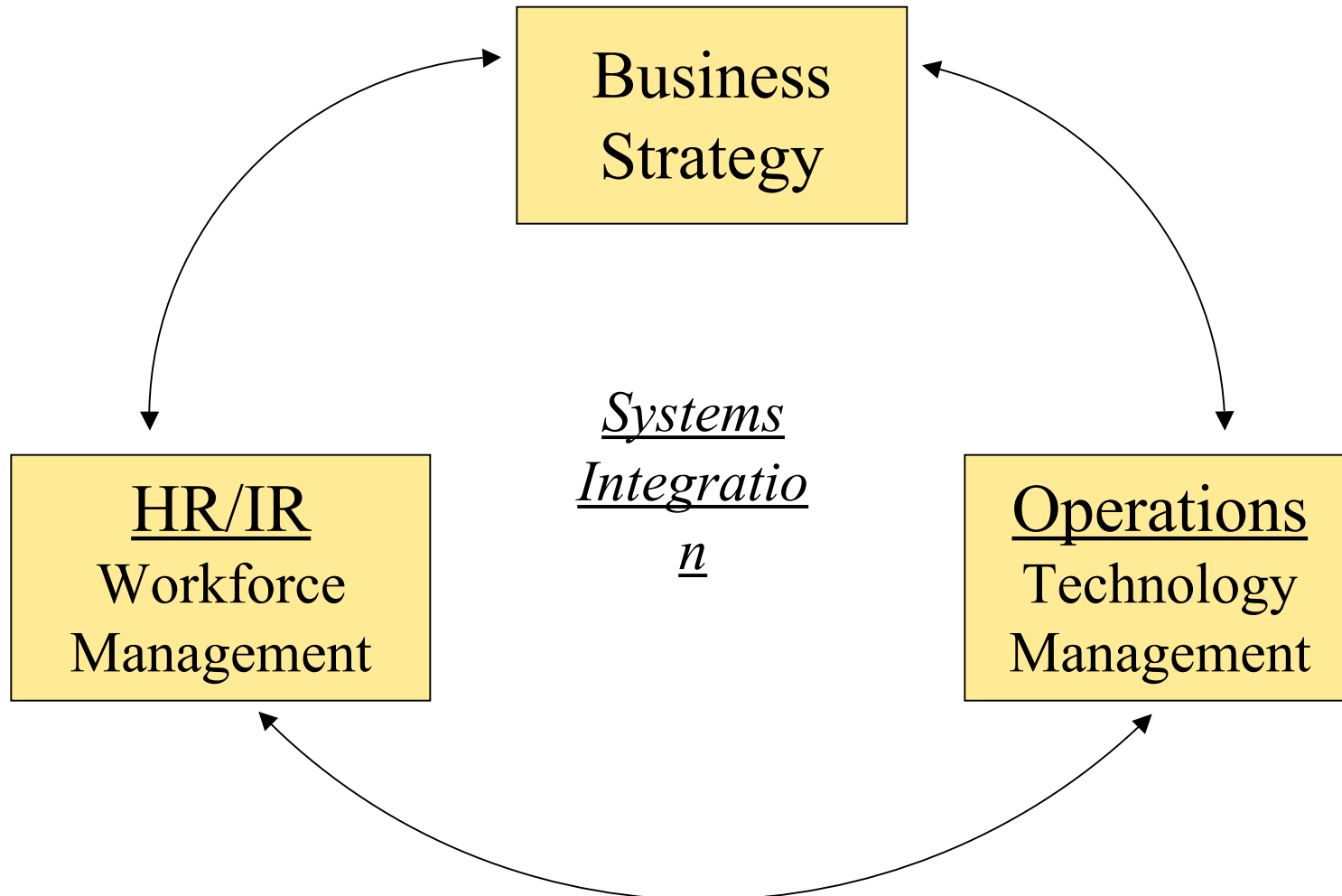
The local-global debate

- Historically service jobs were local
 - Now IT allows the unprecedented off-shoring of low skilled work and high skilled
 - What corporate and public policies should be pursued?
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Strategic Human Resource Model

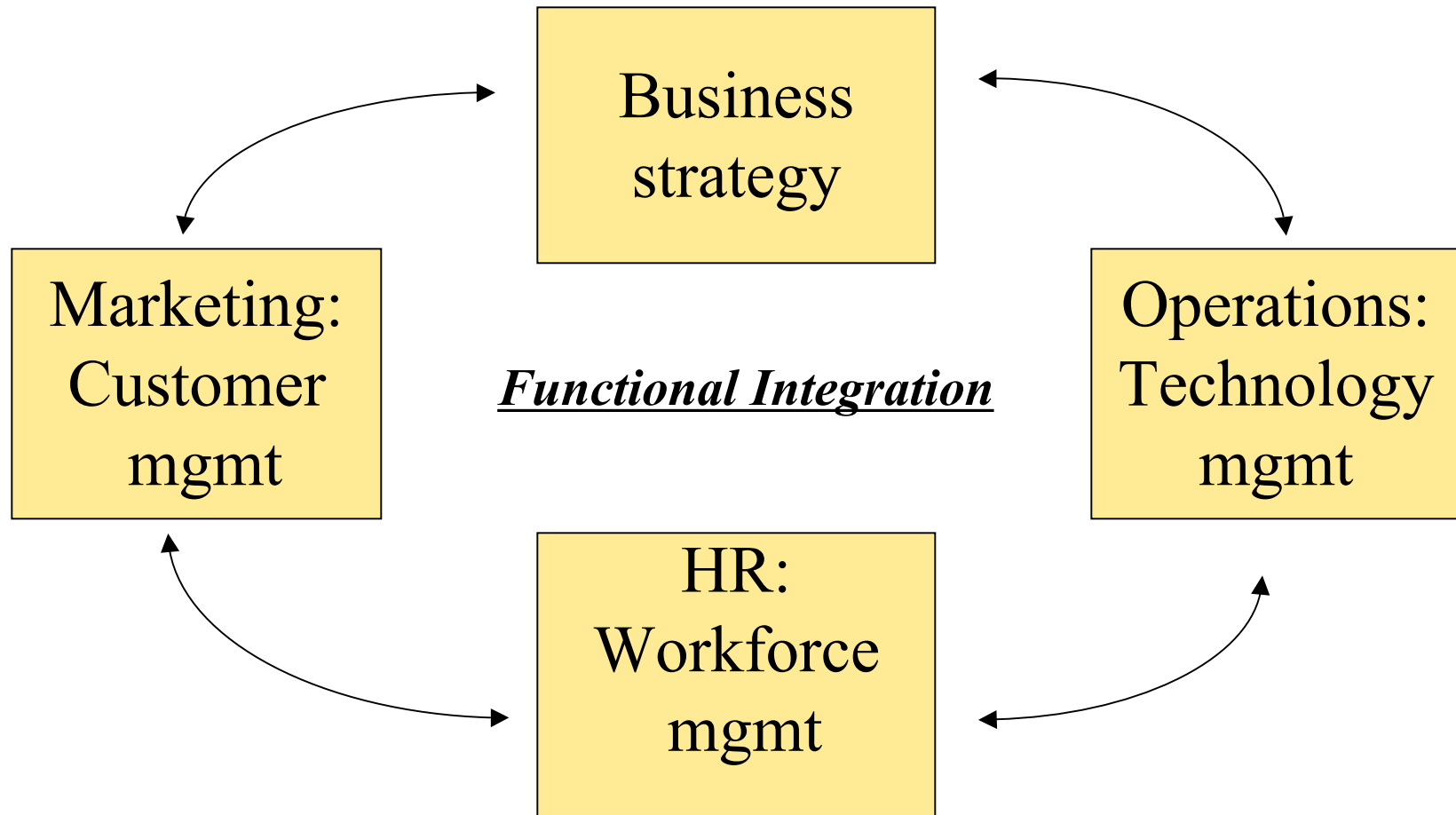


Strategic Industrial Relations: Manufacturing Model



MacDuffie 1995; Appelbaum et al 2000; Batt 2002

Service Management Model



Service design in operations management

- Goals
 - Improve efficiency, productivity

 - Customer Contact Model of Operations (Chase)
 - Potential operating efficiency =
 $F (1 - \text{Customer contact time} / \text{Service creating time})$

 - Turn high contact services into low contact ones
 - High contact: Face-to-face
 - Moderate contact: Telephone, technology mediated
 - No contact
 - Turn service into product
 - Turn service into self-service
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Service design in operations management

- Service blueprinting
 - Separate out technical core
 - Line of visibility: back office versus front office

 - Service process engineering
 - Apply scientific management principles
 - Taylorize processes
 - Mechanize
 - Turn manual into mechanical process
 - Automate
 - Create self-regulating system
 - Routinize
 - Standardize behaviors
-

High contact versus low contact services

Service	High contact	Low contact
Location	Close to customer	Close to transport, labor
Layout	Fit customer needs	Enhance production
Design	Open system	Closed system
HR system	<ul style="list-style-type: none">▪ Interaction skills▪ High discretion▪ Staffing variability▪ Pay linked to service	<ul style="list-style-type: none">▪ Technical skills▪ Moderate discretion▪ Full-time staffing▪ Pay linked to efficiency

Production line example: Retail Banking

Back-office operations: 1960s-70s

- ❑ Mechanization of check processing, data entry, etc.
- ❑ Remaining jobs: low skilled, outsourced

Front-office operations: 1980s

- ❑ ATMs: Self-service
- ❑ Call centers: Call distribution systems, monitoring

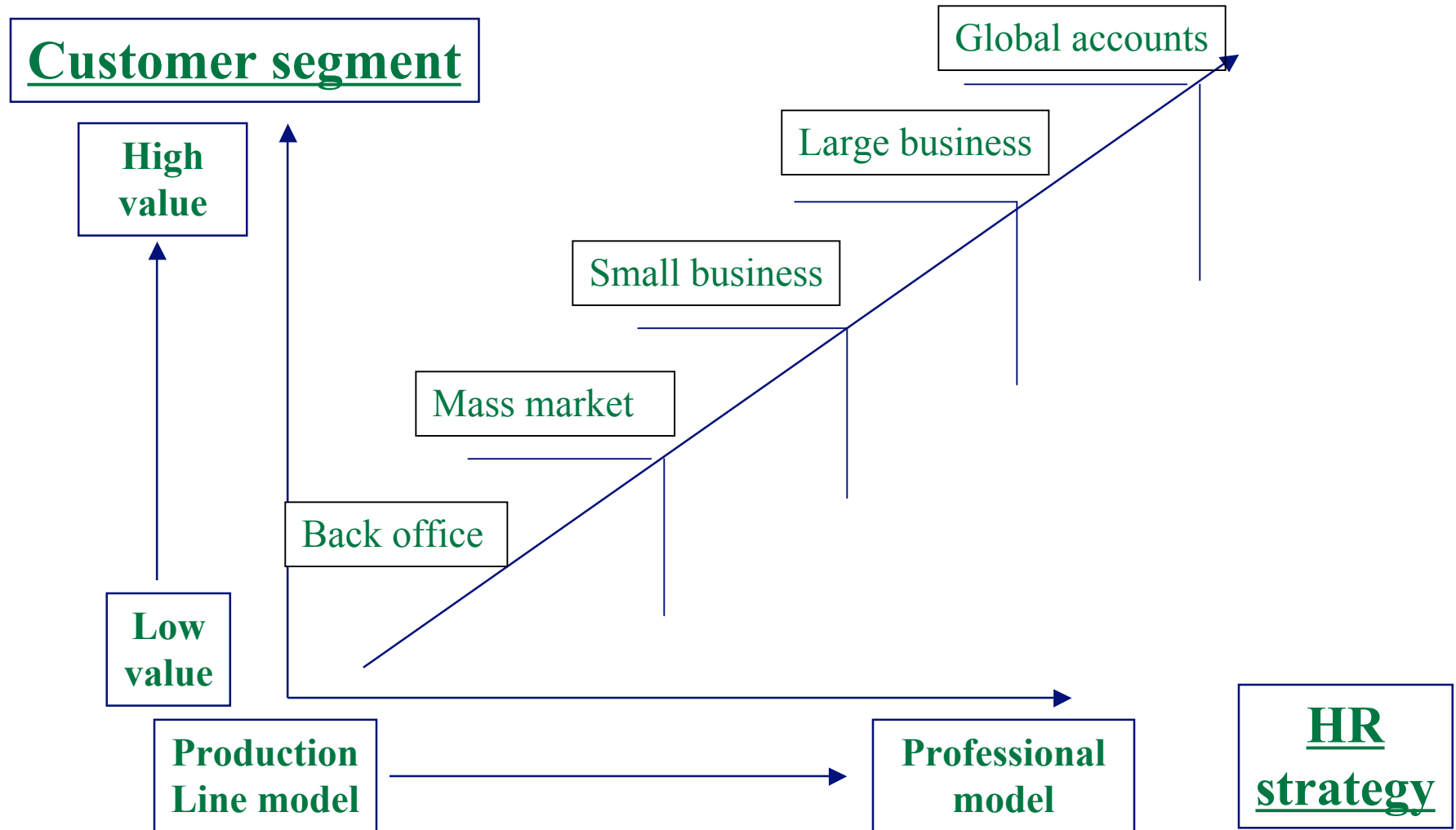
Process re-engineering: 1990s-2000s

- ❑ Automation: Automatic call distribution systems
 - ❑ Internet: Self-service options
 - ❑ Outsourcing-offshoring
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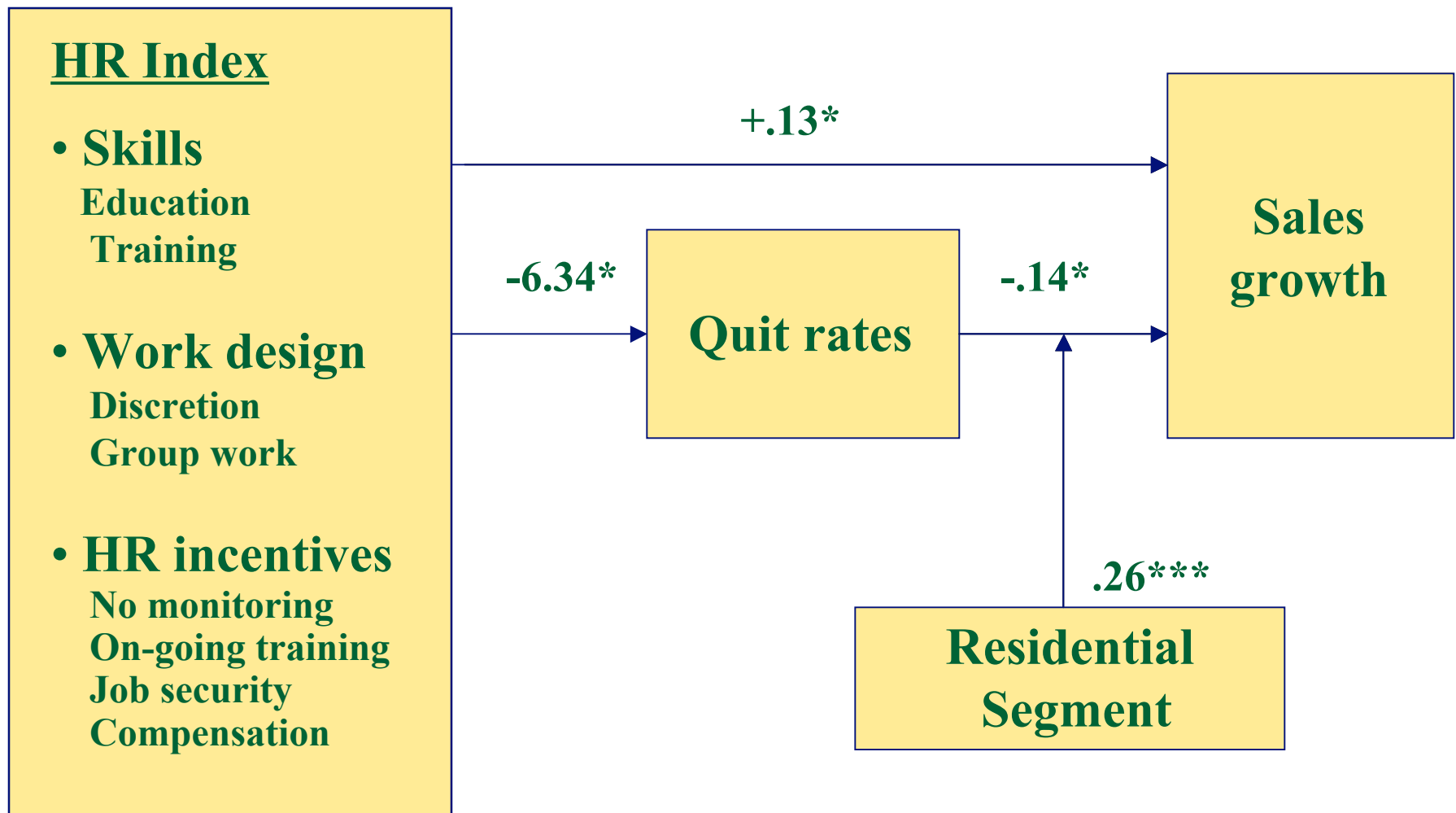
Dilemmas in services...

- How much managerial choice exists in the design of service delivery systems?
 - What are the limits to the use of the production line approach in services? To automation, self-servicing?
 - Advantages & disadvantages of low contact model?
 - For customers, employees
 - Are there necessary trade-offs between quality and productivity?
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Customer Segmentation & HR strategy

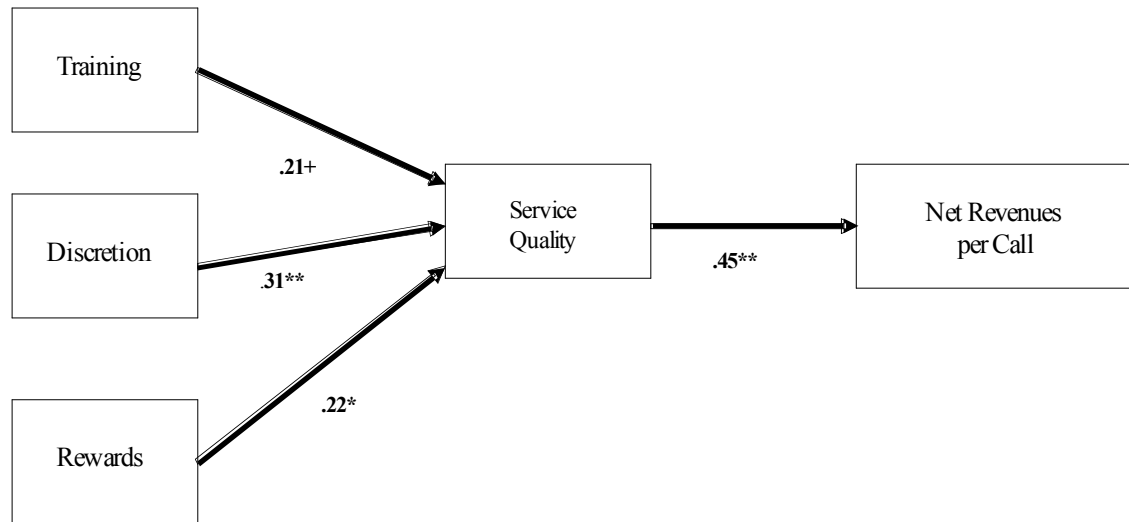


HR-Performance Model in Call Centers



HR practices, service quality, net revenues

Figure 4
Full Mediation Model : HR Practices, Service Quality, and Net Revenues per Call



+p<.06
*p<.05
**p<.01

Note: standardized coefficients are shown.
Significant paths are in bold.
Regional control variables not shown.

Chi-square = 110.499
Degrees of freedom = 25
CFI: .94
IFI: .95
NFI: .93
RMSEA: .22

Batt & Moynihan 2005

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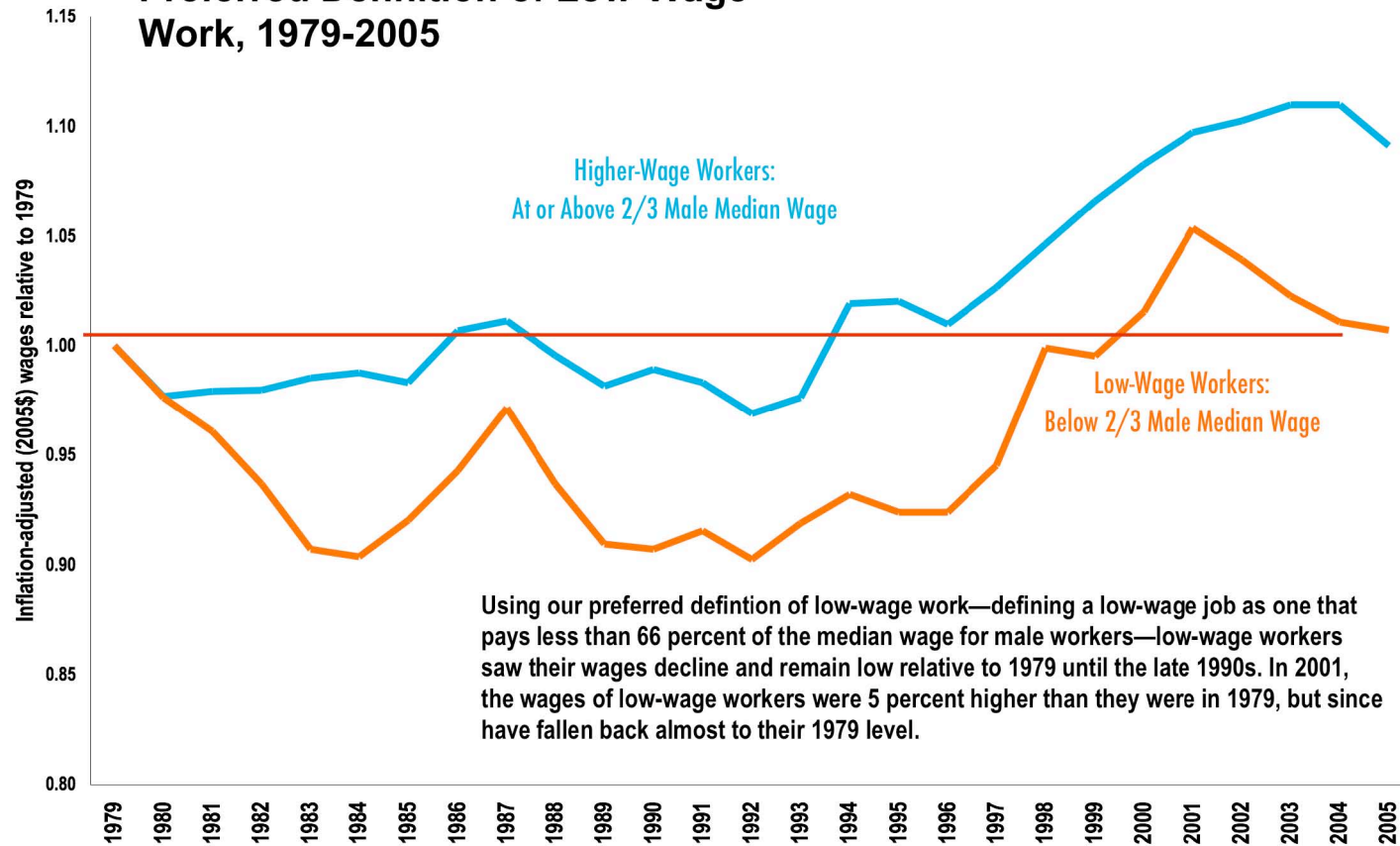
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Wage polarization: 1979-2005

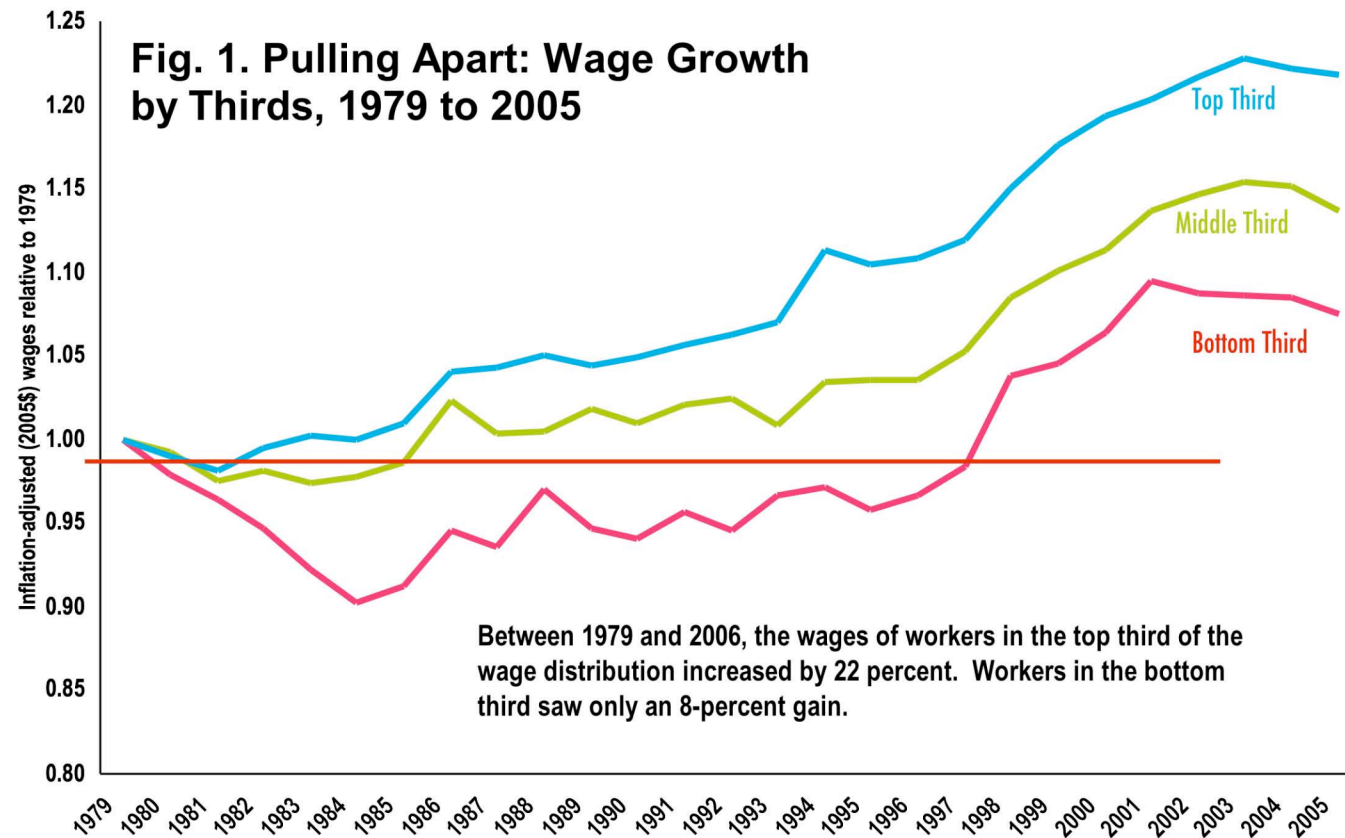
Fig. 2. Pulling Apart: Wage Growth by Preferred Definition of Low-Wage Work, 1979-2005



Using our preferred definition of low-wage work—defining a low-wage job as one that pays less than 66 percent of the median wage for male workers—low-wage workers saw their wages decline and remain low relative to 1979 until the late 1990s. In 2001, the wages of low-wage workers were 5 percent higher than they were in 1979, but since have fallen back almost to their 1979 level.

Source: Analysis by Heather Boushey of the CEPR extracts from the Current Population Survey Outgoing Rotation Group Files.

Wage polarization: 1979-2005



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