

# The Global Call Center Report: International Perspectives on Management and Employment



Strategy and Performance  
Technology  
Skill  
Managers  
Training  
Pay  
Careers  
Teams  
Governance

Report of the Global Call Center Network  
David Holman, Rosemary Batt, and Ursula Holtgrewe

(US format)

# **The Global Call Center Report:**

## **International Perspectives on Management and Employment**

### **Report of the Global Call Center Network** *(US format)*

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For more information on the GCC network, visit the website at [www.globalcallcenter.org](http://www.globalcallcenter.org). To obtain national reports or contact country research teams, see Appendix C.

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## Executive Summary

This report is the first large scale international study of call center management and employment practices across all regions of the globe – including Asia, Africa, South America, North America, and Europe. Covering almost 2,500 centers in 17 countries, this survey provides a detailed account of the similarities and differences in operations across widely diverse national contexts and cultures. The centers in the survey include a total of 475,000 call center employees.

Participating countries include: Austria, Brazil, Canada, Denmark, France, Germany, India, Ireland, Israel, Netherlands, Poland, South Africa, South Korea, Spain, Sweden, UK, and the US.

We examine such questions as:

- How ‘global’ is this sector? Is there a universal best practice model of management emerging across countries or have managers developed alternative approaches and innovative strategies?
- How similar or different are management practices *across* countries, and what explains differences *within* countries?
- How do in-house centers compare to subcontractors? And how do business-focused centers compare to mass market centers?
- What strategies contribute to better operations, job quality, turnover, and absenteeism?

We cover a wide range of topics:

- Adoption of new technologies
- Workforce characteristics
- Selection, staffing, and training
- Work design, workforce discretion, and teamwork
- Compensation strategies and levels for employees and managers
- The extent of collective bargaining and works council representation

Our findings suggest that the call center sector has emerged at about the same time in many countries around the globe – roughly in the last 5 to 10 years. It serves a broad range of customers in all industry sectors and offers a wide range of services from very simple to quite complex. It is an important source of employment and new job creation everywhere.

The mobility of call center operations has led many to view this sector as a paradigmatic case of the globalization of service work. And we find that the call center sector looks quite similar across countries in terms of its markets, service offerings, and organizational features. But beyond these similarities, we find that call center workplaces take on the character of their own countries and regions, based on distinct laws, customs, institutions, and norms. The ‘globalization’ of call center activities has a remarkably national face.

Our summary highlights the similarities among countries, as well as the differences between them. It also identifies important differences within countries -- between in-house centers and subcontractors, and between centers serving distinct customer segments.

## Similarities among Countries

In each country, the nature of the call center sector is very similar in terms of markets, service offerings, organizational structure, and workforce characteristics.

- *Age.* The call center sector is relatively young, with the typical call center being 8 years old.
- *Markets.* Call centers typically serve national rather than international markets. Eighty-six percent serve their local, regional, or national market.
- *Subcontractors.* Two-thirds of all call centers are in-house operations, serving a firm's own customers. Subcontractors operate the remaining one-third of centers.
- *Customer segmentation.* Seventy-five percent of call centers predominantly serve mass market customers, while 25% serve business customers.
- *Service versus sales.* The largest proportion of call centers provide customer service only (49%), while 21% provide sales only, and 30% provide sales and service.
- *Inbound versus outbound calls.* Most centers primarily handle inbound calls (78%), rather than outbound calls.
- *Call centers or 'contact centers':* The overwhelming majority of centers operate as voice only centers, rather than multi-channel 'contact' centers. The technologies employed are quite similar and calls typically last from 3-4 minutes.
- *Organizational and workforce characteristics*  
The typical call center employs 49 workers. However, the majority of call center agents (75%) work in call centers that have 230 total employees or more. Call centers are flat organizations, with managers comprising only 12% of employees. Seventy-one percent of the call center workforce is female.

## Differences between Countries

Despite these commonalities, there are substantial differences in the organization of work and human resource practices in call centers across countries.

To aid comparison of the many countries in the report, we group them into three categories:

- *Coordinated or 'social market' economies,* with relatively strong labor market regulations and relatively influential labor market institutions.
  - Austria, Denmark, France, Germany, Israel, Netherlands, Spain and Sweden.
- *Liberal market economies,* with more relaxed labor market regulations and less influential labor market institutions.
  - Canada, Ireland, UK and USA.
- *Recently industrialized or transitional economies.*
  - Brazil, India, Poland, South Africa and South Korea.

In general we find that national labor market institutions influence management strategies. Call centers in coordinated economies tend have better quality jobs, lower turnover, and lower wage dispersion than call centers in liberal market economies and in recently industrialized ones, where labor market regulations and unions are weaker. Call centers in co-ordinated countries also make greater use of

subcontracting and part-time contracts as strategies to increase organizational flexibility. However, there are also important differences among countries in each of these groups.

### ***Selection, Training, and Staffing***

- *Selection.* Twenty-two percent of call centers predominantly recruit people with college degrees, a relatively high proportion for what is considered to be a low-skill job – but country variation is high. Over 60% of centers in France and India primarily use college educated employees, compared to less than 10% in most European countries.
- *Training.* Newly hired workers typically receive 15 days of initial training, with somewhat less in coordinated countries (14 days) than in liberal countries (17 days). A much larger and significant difference exists in the amount of time it takes for call center agents to become proficient on their job – from 8 weeks in coordinated countries to 12 in industrializing economies and 16 in liberal economies.
- *Staffing.* Twenty-nine percent of the workforce in call centers is part-time or temporary, with coordinated economies making the greatest use of non-standard work arrangement. But there are also important differences across countries. Over 60% of the South Korean workforce and 50% of the Spanish workforce is temporary, while 100% of the Indian workforce is full-time.

### ***Work Organization***

- *Job discretion.* Job discretion is generally low, but substantial differences exist across coordinated, liberal market, and recently industrialized economies. In liberal market economies, the proportion of call centers with low job discretion is 49%, as opposed to 29% in coordinated economies, and 34% in recently industrialized ones. In India, 75% of call centers have low job discretion.
- *Performance monitoring.* The frequency of performance monitoring (feedback on performance and call quality, call listening) varies cross-nationally. These monitoring activities typically occur on a monthly basis in coordinated countries, on a bi-weekly basis in liberal market countries, and on a weekly basis or more in industrializing countries. Monitoring activities in Indian call centers are the most intense of any country.
- *Teams.* The use of self-directed teams is low, with 60% of centers making virtually no use of these work groups. Sweden is the exception, with at least 60% of the workforce in the average center involved in self-directed teams. While the reported use of problem-solving teams is high (80%), only a small proportion of employees in each call center is involved in them.

### ***Collective Representation***

- Fifty percent of call centers are covered by some form of collective representation, i.e., collective bargaining, works councils, or both. However, collective representation is highest in coordinated countries (71% of call centers), lowest in liberal market countries (22%), and intermediate in industrializing countries (36%).
- Coordinated countries, with higher levels of collective bargaining coverage, have significantly lower wage differences across call centers, compared to those in either liberal market economies or recently industrialized ones.
- The union wage premium varies considerably by country and type of economy: A union wage premium exists for workers in Germany, Canada, the US, and South Korea.

## Subcontractors and In-House Call Centers

In virtually all countries in the study, subcontractors differ significantly from in-house centers in the types of services offered, the organization of work, the choice of human resource practices, and turnover rates.

Compared to in-house centers, subcontractors are more likely to focus exclusively on sales and outbound calls. They make greater use of part-time and temporary workers, offer lower discretion jobs, have higher levels of performance monitoring, pay lower wages, and are less likely to be covered by union contracts. Thirty-three percent of all call centers are subcontractors, but they employ 56% of employees in this survey.

- *Training.* Subcontractors provide less training than in-house call centers (14 days vs. 20 days).
- *Wages.* On average, subcontractors have 18% lower wages than in-house call centers.
- *Job discretion.* Job discretion is lower in subcontractors, with 48% of subcontractors providing low discretion jobs, as opposed to 35% of in-house call centers.
- *Performance monitoring.* Performance monitoring activities are more intense in subcontractors, occurring weekly, as opposed to monthly in in-house centers.
- *Staffing.* Compared to in-house centers, subcontractors typically use more part-time workers (20% vs. 15%) and more temporary workers (15% vs. 10%).
- *Collective representation.* Twenty-nine percent of subcontractors have some form of collective representation, compared to 41% of in-house call centers.
- *Target times.* Subcontractors typically answer 90% of calls within the set target time (20 seconds), while in-house call centers answer 85% of calls within the set target time (20 seconds).

## Business-to-Business Centers & Mass Market Centers

Customer segmentation strategies are growing and these influence human resource strategies and the quality of jobs.

Business-to-business centers differ in important respects from centers that target the mass market or the general public. With higher value-added products and services, centers that target large business customers are more likely than others to engage in customer relationship management and to focus on service quality. As a result, they are likely to hire more skilled employees and adopt a more professional or 'high involvement' approach to human resource management.

Compared to call centers serving the mass market, call centers that serve business customers make greater use of sophisticated customer relationship technologies (e.g., electronic customer management systems), offer better quality jobs, pay higher wages, use team work more extensively, employ a greater proportion of full-time permanent staff, and are less likely to be covered by union representation.

### *Customer Relationship Management*

- *Relationship building.* Call centers serving business customers are more likely to try to build relationships with customers.

- *Technology.* Customer interaction enhancing technologies (CRM, web-enablement) are more prevalent in business market call centers (38%) than mass market call centers (22%). Mass market centers are more likely to use technology that substitutes for human interaction. Forty percent of mass market centers use IVR or VRU, as opposed to 25% of business market call centers.

### ***Selection, Staffing, and Wages***

- *Selection.* Business market centers are more selective in who they hire.
- *Staffing.* Business market centers are less likely to use non-standard forms of employment.
- *Wages.* Wages in business market centers are typically 10% higher than those in mass market centers.

### ***Work Organization***

- *Job discretion.* Job discretion is higher in business market centers - 28% have jobs with high discretion, as opposed to 18% in mass market centers.
- *Performance monitoring.* Performance monitoring activities typically occur once a month in business market centers, and several times a month in mass market centers.
- *Teams.* One-third of business market centers have at least 50% of agents in problem-solving teams, while only 23% of mass market centers do.

### ***Collective Representation***

- Collective representation is lower in business market centers (37% coverage) than in mass market centers (44% coverage).

## **Call Center Outcomes**

- *Total turnover.* The typical call center reports a total turnover rate of 20% per year. This includes promotions, voluntary quits, retirements and dismissals. However, there is great variation in turnover, ranging from a low of 4% in Austria to 40% in India. Median turnover is 15% in coordinated countries, 25% in liberal countries, and 23% in industrializing countries.
- *Workforce tenure.* Across all the countries in the study, approximately one-third of the call center workforce has less than one year of tenure at work. This varies markedly from less than 10% in countries like Austria or Sweden to almost 60% in India; and also between the different types of country – from 16% in coordinated countries, to 21% in liberal, and 38% in industrializing countries.
- *Costs of turnover.* The costs of turnover are high. On average, replacing one agent equals 16% of the gross annual earnings of a call center worker – that is, the simple replacement costs of one worker equals about two months of a typical worker’s pay. If lost productivity is taken into account, replacing one worker equals between three and four months of a typical worker’s pay.
- *Labor costs.* The costs of turnover are high, particularly given that labor represents a high portion of total costs in call centers – typically 70% of costs in liberal market and coordinated economies and 57% in industrializing countries.
- *Turnover and unions.* Across all countries in this study, call centers with union coverage have 40% lower turnover rates than those without coverage: 14% annual turnover in union workplaces compared to 24% in non-union sites.

- *Turnover in subcontractors.* On average, turnover rates are 25% per year in subcontractors, compared to 19% among in-house centers. This pattern holds across most countries in this study
- *Sales growth:* Across all call centers, managers reported sales growth that averaged 10% per year, with a range of 5% to 18% per year, in all but 3 countries. The three exceptions were India, (89%), Brazil (38%), and Poland (23%). The typical or median call center had a 5% growth rate in annual sales.
- *Job quality.* If the extent to which a job promotes employee well-being is used as the primary indicator of job quality, then a high quality job will combine high job discretion with low performance monitoring. Using this definition:
  - 32% of call centers have high to very high quality jobs but only 12% of agents work in such jobs.
  - 38% of call centers have low to very low quality jobs and 67% of agents work in such jobs.
- *Job quality across economies.* Job quality is highest in coordinated economies and lowest in industrializing economies. In coordinated economies, more call centers have high to very high quality jobs (41%) than low to very low quality jobs (24%). In contrast, in liberal and industrializing economies, more call centers have low to very low quality jobs (48% and 50%) than high to very high quality jobs (25% and 21%),
- *Job quality and subcontractors.* Fifty-three percent of subcontractors have jobs of low to very low quality and 22% have jobs of high to very high quality. In contrast, 32% of in-house call centers have jobs of low to very low quality and 37% have jobs of high to very high quality
- *Job quality and turnover.* The typical level of turnover in call centers with very high quality jobs (high discretion/low monitoring) is 9%, whereas it is 36% for low quality jobs (low discretion/high monitoring).