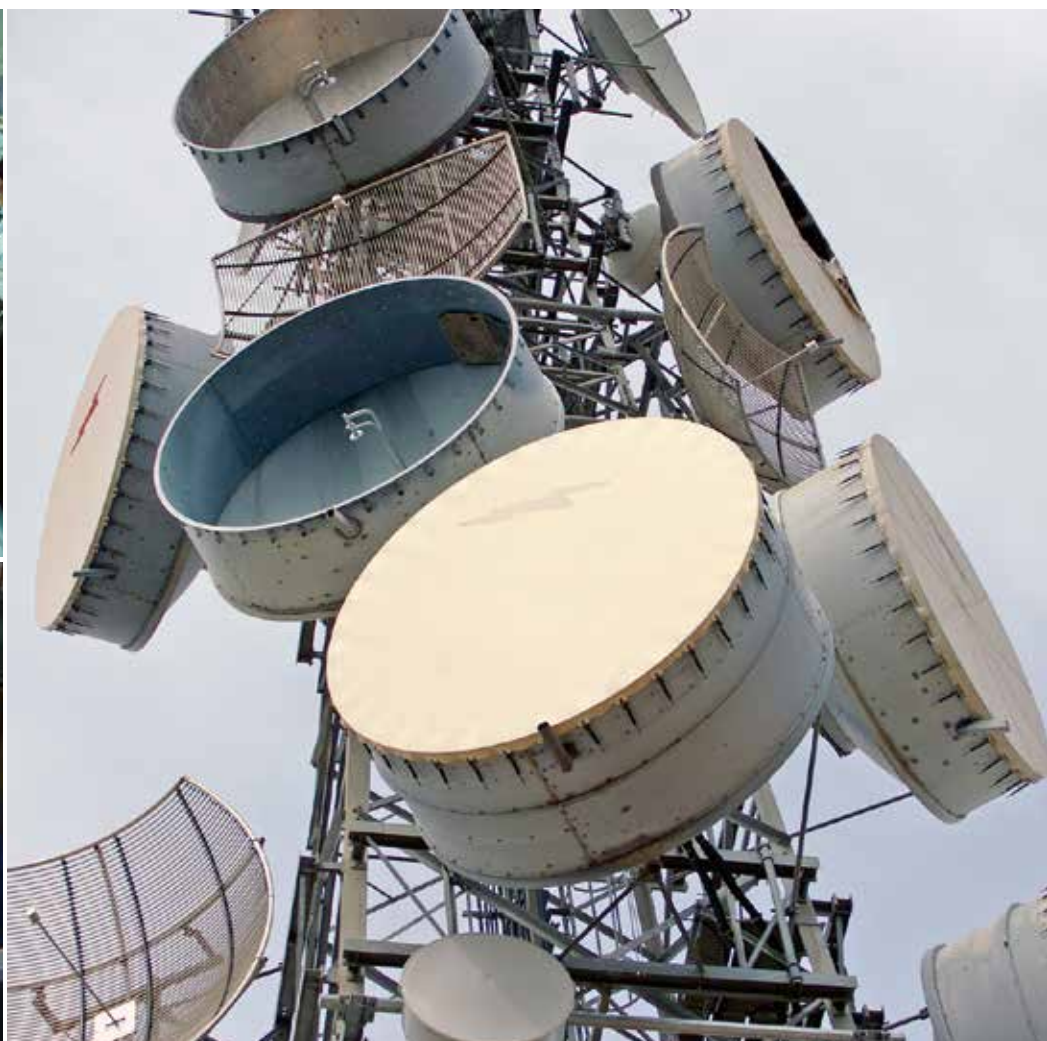


## Employment relationships in telecommunications services and in the call centre industry



**GDFERTI/2015**

INTERNATIONAL LABOUR ORGANIZATION

**Sectoral Policies Department**

## **Employment relationships in telecommunications services and in the call centre industry**

**Issues paper for discussion at the Global Dialogue Forum on the Employment Relationships in Telecommunications Services and in the Call Centre Industry**  
(Geneva, 27–28 October 2015)

Geneva, 2015

INTERNATIONAL LABOUR OFFICE, GENEVA

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## Preface

This paper is intended to serve as a basis for discussion at the Global Dialogue Forum on Employment Relationships in Telecommunications Services and in the Call Centre Industry. At its 322nd Session (November 2014), the ILO's Governing Body decided that the Forum would be held on 27 and 28 October 2015, composed of six Worker and six Employer participants, selected after consultations with the respective groups of the Governing Body, would be open to all interested governments, and that representatives of certain intergovernmental and international non-governmental organizations would be invited to attend (ILO, 2014). Its purpose is to allow tripartite constituents to discuss employment relationships in telecommunications services and in the call centre (or contact centre) industry, especially call centres operated by or serving telecommunications services (and other services sectors), with a view to adopting points of consensus that would encourage future programme development and inform policy-making on this topic at the international, regional and national levels. The last meeting relating to this sector was held in 2002.<sup>1</sup>

<sup>1</sup> Tripartite Meeting on Employment, Employability and Equal Opportunities in the Postal and Telecommunications Services, Geneva, 13–17 May 2002.



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## 1. Introduction

1. This paper provides an overview of employment relationships across the telecommunications services subsector and the call centre industry, which straddle and serve many sectors (“contact centre” is the more standard term in many countries, reflecting the transition from “voice-only” operations to “multichannel” or “blended” customer interaction using email/electronic messaging, social media and smartphone applications). It also indicates possible trends in employment, work organization, workforce composition, contractual conditions and employment relationships, focusing on fixed-term, temporary, project-based, subcontracted and agency work in these industries, rather than on standard employment relationships, which have become increasingly rare these days. Moreover, this paper is not about occupational safety and health or working conditions in telecommunications services and call centres, as it is more concerned with employment relationships.
2. The term “employment relationship” refers to: (a) “regular employment”, which has three main characteristics: it is full time, indefinite and part of a dependent employment relationship; and (b) “non-standard<sup>1</sup> employment”, which lacks one or more characteristics of regular employment, and can be classified into three (sometimes overlapping) categories:
  - non-standard working-time arrangements (part-time, on-call, zero-hours, and so on);
  - non-permanent contracts (fixed-term, project, task-based, casual or seasonal work); and
  - non-dependent employment relationships (contracted or subcontracted work, economically dependent self-employment or agency work).
3. Non-standard workers often lack the same protections, rights and benefits (in law or in practice)<sup>2</sup> as employees, such as unemployment benefits, pensions, maternity leave entitlement and sick pay, and may not be able to join trade unions or to bargain collectively. They may face inequality in access to jobs, social security, training and career development, and may be paid less, have inferior working conditions, and limited occupational safety and health protection (for example, OSH training, personal protective equipment).
4. As the ILO’s Director-General remarked, “Today, about half of the global workforce is engaged in waged employment, but many do not work full time for a single employer. The supposedly ‘atypical’ has become typical; the ‘standard’ has become the exception. Views are strongly divided about whether and how this matters for the attainment of decent work for all and, if so, what if anything should be done about it.” (ILO, 2013a, para. 71). Indeed, “there are also instances of enterprises dispensing with a directly employed workforce altogether, or for large parts of their operations, generally through processes of subcontracting, outsourcing, third-party agencies, and the operation of supply chains,

<sup>1</sup> See the definitions in ILO, 2015a, paras 5–9.

<sup>2</sup> Difficulties in estimating the numbers of workers covered in law or in practice include: distinguishing (when relevant) between different types of employment relationships; lack of information or government records; methodological difficulties (for example, “law” includes not only legal minima but also collective bargaining and contract law; and the importance of qualifying conditions (see: ILO, 2012b, p. 23).

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which are increasingly taking on a global dimension” (ILO, 2015b, para. 66). Paragraph 4 of the Employment Relationship Recommendation, 2006 (No. 198), provides that national policy on the employment relationship should include measures to: provide guidance on effectively establishing the existence of an employment relationship and on the distinction between employed and self-employed workers; combat disguised employment relationships; and ensure the general application of protective standards that make clear which party is responsible for labour protection obligations. Some legal systems describe certain potentially ambiguous or controversial situations as employment relationships, either in general or under certain conditions, or at least presume that they are employment relationships (ILO, 2006, para. 103).

5. In the telecommunications subsector, where standard employment relationships predominated in many countries until recently, some forms of non-standard employment have expanded during the past decades, notably: part-time, temporary, casual – including the so-called “zero-hours” – and fixed-term contracts; temporary agency work; dependent self-employment; subcontracting and telework/homework. In contrast, the contact centre industry is generally characterized by non-standard employment relationships (although employment law and practice may prevent or counteract the full extent of this in some countries). Such non-standard relationships have assisted business adaptability and growth, made employment and work organization more flexible, and facilitated entry to the labour market. They may also sometimes serve as stepping stones to standard employment relationships for some workers, and offer options for balancing work and private life.
6. In many countries, the gradual or rapid privatization, liberalization and restructuring of the telecommunications services have been accompanied by: vast changes in the range and type of enterprises; massive investment in telecoms infrastructure and next-generation networks; fierce competition and significant mergers and acquisitions; new employment opportunities and ways of working; technological and work organization changes that affect the sector’s composition and employment relationships; and a shift towards more temporary or looser employment arrangements with weaker worker protection.

## 1.1. Telecommunications services

7. Telecommunications services, one of the fastest-growing industries in the world economy, have experienced fundamental change over the past two decades, marked by rapid growth in the range and scope of its services and shifts in the structure of the labour market and in work organization – both within employment relationships and through commercial contracts. This change has had both positive and negative (and sometimes disruptive) consequences of information and communications technologies (ICTs) on employment relationships and on business and work. Worldwide telecommunication services industry revenues have grown steadily from US\$1.4 trillion in 2005 to around US\$2.5 trillion in 2015, and should reach US\$2.7 trillion in 2017.<sup>3</sup>
8. The total workforce in telecommunications services worldwide is estimated to be about 6–7 million (around 25 per cent of which are women). There are about 1.2 million such workers in the 28 Member States of the European Union (EU-28), a majority of whom are full-time employees, but atypical forms of work continue to gain in importance (European Commission, 2010, p. 19). Telecommunications services enterprises evolved from simple carriers of conventional telephony to become major players in meeting society’s need for information, entertainment and communication, through, inter alia, mobile communications, Internet, satellite and cable television. Their business has expanded

<sup>3</sup> <http://www.cellular-news.com/story/52468.php?s=h>.

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exponentially since the 1990s in most countries, with increased importance of telecommunications operators' retail operations in selling equipment, subscriptions or airtime for mobile phones and other connected devices. The growth in mobile phone, mobile broadband and fixed broadband subscriptions from 2005 to 2014 has been phenomenal, especially in developing countries,<sup>4</sup> and has been accompanied by individuals' increasing dependence (for work and for leisure time uses) on their mobile phones and other connected devices, and the information and applications located on them or on the "cloud". In Africa, the boom in mobile phone use has led to such innovations as mobile money-transfer services pioneered in Kenya in 2007 and subsequently widely adopted within and beyond that continent.

9. Until recently, the telecommunications subsector had a long tradition of relatively secure work, characterized by civil-service type or similar contractual arrangements. The last ILO tripartite meeting for this sector concluded, among other things, that:

- Structural reforms in telecommunications had curtailed public monopolies and led to the appearance and expansion of private operators, and this had increasingly affected employment, working conditions and labour relations.
- Employment creation in some areas had been accompanied by job losses elsewhere, but at a particularly rapid pace in telecommunications.
- New jobs being created ought to be meaningful and quality jobs, providing an opportunity and challenge for employers' and workers' organizations and governments (ILO, 2002, s. 1–2).

**Box 1**

**New recruits employed on less favourable terms**

In the United States, new lower tier job titles were created at companies that were merging into AT&T, resulting in large variations in pay and conditions for certain employee groups, particularly lower skilled call centre employees and technicians. The union often negotiated these contracts in exchange for bringing certain subcontracted jobs in-house or retaining jobs in-house. AT&T also negotiated a new customer service title for existing call centre employees, in which 40 per cent of pay was based on commission from sales. Meanwhile, a 2012 agreement committed British Telecom to reducing the share of agency and offshore work, in return for union concessions on work being reshored from India (lower pay than the existing permanent grades, longer hours and less favourable sick pay and scheduling arrangements). Deutsche Telekom and their unions negotiated similar agreements that established different contract terms for new contact centre employees, with pay around 30 per cent lower.

Source: V. Doellgast, K. Sarmiento-Mirwaldt and C. Berassi: *Alternative routes to good jobs in the service economy: Employment restructuring and human resource management in incumbent telecommunications firms*, Final project report ESRC Grant RES-061-25-0444 (London School of Economics), July 2013, p. 32.

10. Structural reforms, liberalization and privatization (as well as competition from new entrants) have brought considerable changes in their wake, and have affected workers in the former telecommunications monopolies in countries throughout the world. Their previously relatively stable and secure posts at specific workplaces have tended to be reorganized, consolidated and relocated,<sup>5</sup> and their workforces substantially downsized

<sup>4</sup> See ITU: "Key ICT indicators for developed and developing countries and the world (totals and penetration rates)", at <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> (aggregate data).

<sup>5</sup> For example, during restructuring at France Telecom, 22,000 posts were cut from 2006–08, 10,000 staff had to change their occupation, while many others were relocated across France.

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(through voluntary or compulsory redundancies). New recruits to such enterprises have often been employed on less favourable terms,<sup>6</sup> or existing staff may have taken pay cuts or retraining to avoid redundancies.<sup>7</sup> Greater recourse has been made to temporary staff or subcontractors.<sup>8</sup>

**Box 2**  
**Recourse to temporary agency work or subcontractors**

In a survey of employment practices in ten telecommunications enterprises from Europe and North America, Doellgast, Sarmiento and Benassi (2013, page 38) notes that: "All of the incumbents outsourced or used temporary agencies for some portion of their call centre and technical work. This provides flexibility in ensuring services during 'unsocial' hours (late nights and weekends), as well as for meeting peaks in demand. It can also provide access to expertise in particular areas – although most of the case study firms externalized primarily their most transactional or lower skilled areas of work. However, they used them in different ways. For example, TDC Denmark had a large number of temporary agency staff working in its call centres (estimated 20 per cent), with some areas such as outbound sales staffed almost entirely by agency employees. France Telecom, Deutsche Telekom, and TeliaSonera appeared to be the highest users of subcontracting for call centres, representing between 30 per cent and 40 per cent of call centre jobs. The highest users of subcontracting for technician services were TeliaSonera Sweden/Finland, O2 Telefónica Czech Republic and Orange Polska – all of which had subcontracted all or a majority of their field technician services to third parties. Interestingly, TDC, Deutsche Telekom, and France Telecom all used subcontractors for around 30 per cent of jobs in field technician services."

Moreover, Liu's research on temporary agency work in China revealed that "the major clients for the temporary agency industry were state-owned enterprises, including major telecommunication companies" (including for call centres). Article 66 of China's Labour Contract Law 2008 – stating that "the placement of employees shall generally be practised for temporary, auxiliary or substitute jobs" – "allowed large-scale state enterprises such as China Telecom recruit a large number of agency workers." \*

\* G. Liu: *Private employment agencies and labour dispatch in China*, Sectoral Activities Working Paper No. 293 (Geneva, ILO), pp. 16–18.

- 11.** Trade unions have suffered declining membership<sup>9</sup> among a shrinking telecommunications workforce, and increasingly need to consider whether to engage with non-standard/contingent workers – and, if so, how to reconcile the interests of current and potential union members, especially among temporary, subcontracted or agency staff. Some telecommunications employers have no trade union representation in their workforce. Specific parts of the business have been sold, or spun off as autonomous subsidiaries (with changed employment relationships for their staff).

Serious concerns were raised when, in that climate of change, stress and uncertainty, 35 FT staff committed suicide in 2008 and 2009.

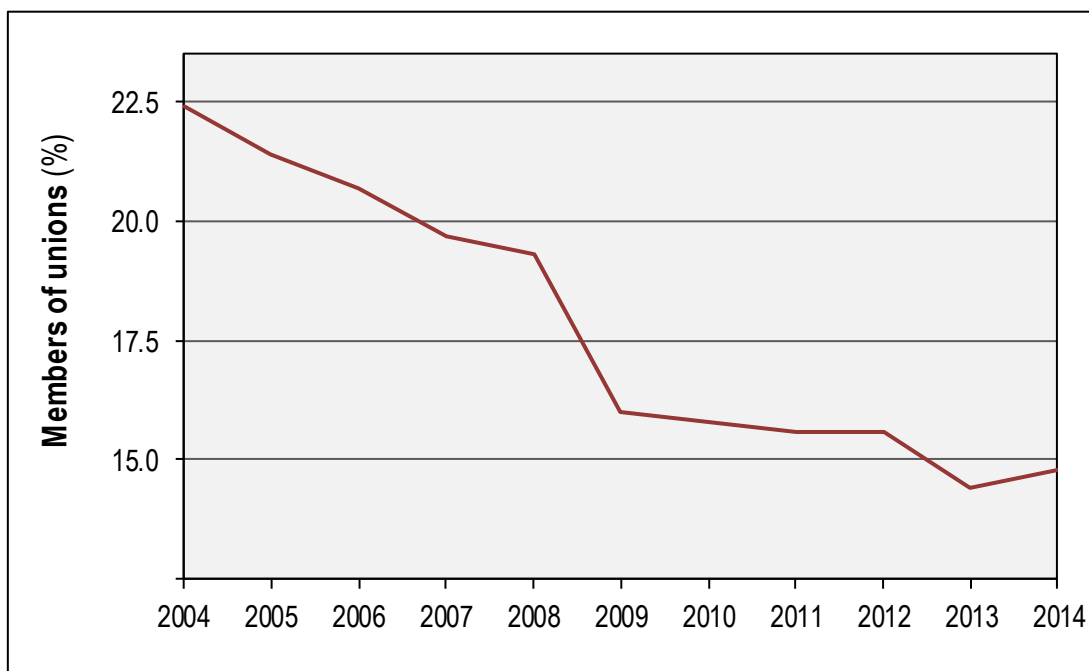
<sup>6</sup> See box 1.

<sup>7</sup> For example, Telecom Italia and Deutsche Telekom.

<sup>8</sup> See box 2.

<sup>9</sup> For example, as shown in figure 1.1 for the United States.

Figure 1.1. Employed members of unions in the telecommunications sector, United States, 2004–14



Source: United States Department of Labor: *Current Employment Statistics survey, 2015* (Washington DC, Bureau of Labor Statistics).

## 1.2. Call centres

12. Call or contact centres are now the principal mechanism through which enterprises, public services, and organizations interact with customers, clients and the public; they can operate in areas such as telemarketing, customer service, advice, order processing, reservations, bill collection and other business processes. Their growth has often coincided with developments in technology, and was spurred by the economic and financial crisis around the year 2008. Over the past 30 years, the call centre industry has emerged as a distinctive organizational form, transforming the location and configuration of interactive customer services in developed countries. More recently, it has become increasingly prevalent in developing countries, providing voice services for international clients (Messenger and Ghosheh, 2010) and for customers in their emerging domestic markets. Although exact employment numbers are difficult to obtain, many millions of women and men work globally in customer service and sales activities; table 2.1 presents estimates for a range of countries. Contact centres in developing countries are largely for international customers, and – given its employment-creation potential – the industry has in some cases had considerable government assistance in infrastructure, attracting foreign direct investment, market incentives and skills development.
13. Telecommunications and banking enterprises were the first to develop call centres – in the late 1970s – but they became ubiquitous for travel, transport, freight, health care, utilities, social service providers and telemarketing in the 1980s–90s. Call centre workers receive inbound or make outbound phone calls, which are controlled by automated call distribution or predictive dialling systems, while accessing information from databases, Internet and other sources. Much call centre work is repetitive, heavily scripted and routinely supervised/monitored, with low levels of job discretion; it is often mentally and physically stressful (for example, dealing with difficult customers over the phone) and sometimes leads to burnout. However, contact centre jobs are generally of reasonably good quality by local standards in many countries in terms of working and employment conditions, for example regarding wages, hours of work and non-wage benefits (Messenger and Ghosheh,

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2010). Contact centres can pose difficulties for trade unions in organizing workers, given the temporary nature of employment, high rates of staff turnover, the perceived reluctance of contact centre staff and employers to engage with unions, and other factors (D’Cruz and Noronha, 2013).

14. The Global Call Centre (GCC) Research Project, which surveyed managers in 17 countries covering 2,500 centres, was a landmark study that produced valuable evidence on management and employment practices (Holman, Batt and Holtgrewe, 2007), provided some information on the proportion of non-standard workers in the industry, and also influenced much subsequent research on the topic. Although subsequent articles are useful (for example, Holman, 2013), the demographic data needs to be refreshed.
15. Around 2000, the cost-reduction potential of situating telemediated voice services overseas, especially in India, became clear to enterprises. Since then, companies have engaged in strategic, even transformational, offshoring (Taylor, 2010), although most contact centre activity remains onshore. As offshoring has expanded, so too has the range of locations and the importance of particular countries – with the Philippines overtaking India for relocated voice services. The impact of the global financial crisis of 2008 and the subsequent recession continues to affect employment levels, employment relations and conditions of work in contact centres.
16. The contact centre industry requires flexibility and adaptability from its workforce; seasonal fluctuations, consumer demand, technological and market developments affect the industry and its employment practices acutely. Contact centre employment relationships tend to be fixed-term or temporary, and annual staff turnover rates are often high, many workers leaving voluntarily to advance their careers or for other reasons.

## **2. Overview of the telecommunications and contact centre industries**

### **2.1. General issues**

17. The telecommunications subsector is often characterized by large network suppliers – although liberalization measures and a move from fixed to mobile telecommunications have witnessed a reduction in the relative importance of previous monopoly suppliers. Falling prices are also a feature of the sector – a development that continued unabated during the crisis and the subsequent recovery. The number of telecommunications sector employees in the EU-27 fell almost continuously during the period 2005–15, despite (or partly on account of) the very high labour productivity per telecoms worker.
18. A European Trade Union Confederation (ETUC) survey noted that telecommunications sector workers believed that changes in global production, delocalization and outsourcing would be the main agents shaping the future of their sector. In contrast, they assumed that working regime changes (that made working conditions, wages, working hours and employment relationships more flexible and work-related negotiations more individual) would be rather insignificant (Švigir, 2013, p. 15).
19. The development of call/contact centres over the past 30 years is largely the outcome of innovations in ICTs and their increasing application to the enterprise–customer or business-to-business interface. Innovations include the digitalization of telecoms networks, the dispersion of networked databases and optical fibre technologies. Dramatic increases in computing capacity have led to the exponential growth in, and cost reduction of, data storage and transmission. Over time, call centres integrated new telephone and computer

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technologies, the key innovation being the Automatic Call Distribution system, by which calls may be routed in succession to waiting computer-utilizing agents within – and increasingly among – centres, as they become “virtual” operations, straddling space at regional, national and international levels. This mechanization of the “front office” has distinguished call/contact centres from other clerical or service work.

20. This development has strongly influenced work organization, specifically for structuring and pacing work, increasing labour productivity, and monitoring and measuring output. Thus, ICTs – which are integral to the call/contact centre industry – shape, but do not determine, work design and workplace social relations.
21. The ICTs facilitate the centralization of dispersed servicing and sales functions and, consequently, generate significant economies of scale. As it is no longer necessary for enterprises to provide localized face-to-face customer interaction, “distance-shrinking” technologies have encouraged relocation to regions and other countries possessing sufficient workers with the appropriate skills (language, communication, customer service, product knowledge, empathy, gendered emotional labour) (Lloyd and Payne, 2009) at lower cost.
22. Deregulation has been a transformative driver of the telecommunications sector since the 1990s, opening it to new entrants and facilitating the technological innovation and adoption underpinning call/contact centres. In financial services, the previously protected banking, insurance and mortgage segments have become exposed to direct competition from each other and from other service providers, leading to mergers, acquisitions and intensified competition among them. Similar developments have occurred in utilities, travel and transport and other sectors. As indicated in section 2.5, financial services and telecommunications remain the source of the largest share of contact centre activity. In public services sectors, marketization, privatization and budgetary constraints have acted as facilitators of the entry and growing involvement of private sector actors (Taylor and Bain, 2007).
23. Sectoral and economy-wide competitive pressures have had a considerable impact on the call/contact centre industry. Cost reduction, as an operational imperative, intensified after the dot.com crash of 2000–01 and the financial crisis of 2007–08. Call/contact centres developed in the era of the internationalization and liberalization of national economies, particularly in financial services (Holman, 2013) – and the consequences of this globalization and deregulation have had a profound effect on employment relationships and work organization.
24. Despite the evolution from call centres – that exclusively provided voice services – to multichannel blended contact centres incorporating diverse forms of customer interaction, telephone services remained the dominant channel of communication until around 2014–15, even in the most developed contact centre markets of the United States and the United Kingdom (Contact Babel, 2013a) – and this despite the incremental growth in email, web chat, social media, self-service and SMS (CCA, 2012). The typology of contact centres is heterogeneous, with considerable differentiation between:
  - in-house or outsourced centres;
  - sales/marketing or customer/technical service work;
  - bona fide calls to existing customers/clients or “cold calling”;
  - domestic or international services;
  - inbound, outbound or blended interactions;



- small, medium and large centres;<sup>10</sup> and
- those serving business-to-business or internal clients exclusively, compared to those seeking sales or serving individual customers.

25. A significant distinction in the contact centre industry structure is between in-house (or “captive”) and outsourced service provision. This situation has all manner of repercussions on work and employment relationships – some ensuing from national institutional variations. In Germany, for instance, a distinction is made between in-house, outsourced and “outsourced subsidiaries”, the subsidiaries being legally separate entities but closely tied to the parent companies (Holtgrewe, 2005).

## 2.2. Scale of employment

26. Contact centre employment figures are of necessity estimates, largely because, with the exception of outsourced centres, there is no distinct contact centre “industry”. In developed countries where governments classify occupations and sectors, the industry straddles sectors and eludes quantification. In cases in which employment data do exist for “contact centres”, these only include those employed by outsourcers or independents. In Europe’s statistical classification of economic activities in the European Community (NACE), for instance, the term “call centre” only covers outsourced centres; the United Kingdom’s “Call and Contact Centre Occupations” (7211) category in the Standard Occupational Classification (ONS, 2010) relates to outsourced agents; similar difficulties apply elsewhere. Generally, governments in developing countries do not attempt to categorize contact centre employment. When industry bodies make estimates, they tend to combine voice-services employees with those in non-customer-facing back office activities, under Business Process Outsourcing (BPO), or Information Technology Enabled Services (ITES), as opposed to IT or software employment. Another statistical difficulty is that “in-house” contact centre activity can be invisible within organizational structures and is often not externalized to a distinct site.

27. For these reasons, a number of sources were used to estimate contact centre employment levels in a wide range of countries (table 2.1), including government statistics, consultants’ and industry reports, investment agencies, and Professor Phil Taylor’s research – with adjustments to make them broadly comparable. The findings indicate that the industry is sufficiently significant to warrant government attention. Indeed, mapping employment trends could assist in understanding the industry’s growth or decline trends, and in devising appropriate policies.

**Table 2.1. Contact centre employment in selected countries, circa 2013**

	Estimated employment	Source
<b>Africa</b>		
Egypt	15 000	ITIDA (2011)
Morocco	35 000	Oxford Business Group (2012)
South Africa	212 000	BPeSA (2013); Benner, Lewis and Omar (2007)
Tunisia	25 000	Oxford Business Group (2010)

<sup>10</sup> Among the largest being found in China – China Mobile launched a call centre in Luoyang, Henan Province, in 2012b, with 20,000 seats on one site.

	Estimated employment	Source
<b>Americas</b>		
Argentina	60 000	Extrapolated from del Bono et al. (2013)
Brazil	300 000	Frost and Sullivan (2013)
Canada	300 000	CCA (2012); Vincent and McKeown (2008)
Colombia	80 000	Proexport Colombia (2011)
Mexico	575 000	IMT (2012)
United States	4 000 000	Contact Babel (2013a); Kaulkin Ginsberg (2011)
<b>Asia</b>		
China	250 000	Extrapolated from X. Liu (2006)
India	439 500	Extrapolated from NASSCOM (2013)
Philippines	586 000	CCAP (2013); BPAP (2012)
<b>Europe</b>		
Belgium	60 000	Contact Centre Intelligence Report (2012)
Denmark	70 000	IRI (2012)
France	250 000	CGT (2010); Bearing Point (2012)
Germany	520 000	Germany Trade and Invest (GTAI) (2013)
Italy	250 000	Fortunato (2013)
Poland	75 000	Invest in Poland (2009)
Spain	100 000	Utrilla (2013)
Sweden	262 500	CBI (2012); Strandberg and Sandberg (2012)
United Kingdom	1 000 000	Contact Babel (2013b); Taylor and Anderson (2012)

- 28.** The majority of jobs in the global contact centres listed in table 2.1 are in developed countries. The United States employs the most, but Contact Babel’s estimate of 5,538,000 employees is probably too high (Contact Babel, 2013a, p. 29). The United Kingdom’s workforce of around 1 million in 2013 was already cited for 2004 in an influential government report (DTI, 2004).
- 29.** Contact centre employment in the Philippines and India dwarfs other “remote” locations. The figure for China is probably an underestimate. The overwhelming bulk of contact centre activity in Brazil is for its domestic market and is not international-facing. India now has an extensive domestic market (Taylor et al., 2013). Of the 212,000 employees in South Africa’s contact centres, 194,000 provide domestic services (BPeSA, 2013).

### 2.3. Impact of the crisis on contact centre employment

- 30.** The contact centre industry is considerably larger now in terms of global employment and revenue than it was a decade ago. However, its expansion has not followed a consistent pattern in all countries. There have been contrasting tempos of growth, and it has been affected by the crisis and recession.
- 31.** In some countries – notably Australia, Canada, the United Kingdom and the United States – contact-centre growth slowed down in the mid-2000s, compared to the industry’s expansion in the late 1990s and early 2000s. Growth continued during this period, but at a much slower rate. In Canada, following sustained growth (1997–2006), employment declined (2007–11), partly through erosion of Canada’s comparative advantage as a

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nearshore provider to the United States. Contact Babel (2013a) reported that contact centre employment in the United States declined in 2009 by 6 per cent, largely because of lost jobs in financial services and general downsizing, while in the United Kingdom, there was “a substantial drop in agent positions in 2009” (Contact Babel, 2013b, p. 9). However, the United Kingdom industry body CCA (Customer Contact Association) indicated flatlining, but not declining, employment, even during the most acute financial turbulence (Taylor and Anderson, 2012). Between 2008 and 2011, employment rose by 4.7 per cent, with no year showing a net decline. The crisis and recession led to job losses, but contact centres were often less vulnerable than other sectors. Contact centres offer lean, cost-reduction solutions, making them more resilient. In some cases, the crisis even increased the volume of calls and contact, particularly in financial services, as customers required reassurance, made adjustments to their accounts, and so on. There seems little direct correlation between downturns in the overall economy – or in a particular sector – and contact centre activity and employment.

- 32.** Growth rates within Europe were uneven, with later adopters expanding more swiftly during the early to mid-2000s, as they tended to catch up, thereby increasing the density of activity. The economic crisis appears to have spurred the contact centre industry in Europe because the greater focus on cost reduction has encouraged enterprises to outsource domestically a number of services hitherto delivered in-house, and to “telemediate” an expanded range of services. Eastern European countries have followed a largely similar pattern of growth in both nearshore and domestic segments.
- 33.** The period preceding the financial crisis witnessed dynamic growth in Latin America (for example, Argentina, Brazil, Colombia), and notably Mexico, where domestic and international segments expanded. Other countries also grew rapidly, especially South Africa, although activity focused overwhelmingly on the domestic market.
- 34.** Employment in offshoring locations grew remarkably between 2003 and 2013; there was a temporary stagnation after 2008, but growth resumed in late 2010. Contact centre employment in the Philippines (excluding business process outsourcing – BPO) increased from 32,000 jobs in 2003 (Amante, 2010, p. 105) to 586,000 jobs in 2013 (CCAP, 2013), as the country became the preferred remote destination for United States clients (Taylor, 2009). The Philippines was less affected by the downturn, and there was considerable growth as a result of the expansion of global outsourcers or specialist contact centre providers; by 2013, Convergys had 32,000 employees, Teleperformance 27,000, Sykes 28,000 and Teletch 22,000. India was more exposed, given its dependence on demand from countries most affected by the crisis and recession – by 2009, 60 per cent of business services derived from the United States, and 22 per cent from the United Kingdom – and because the sector most affected was banking, financial services, and insurance, from which the BPO/contact centre industry received 50 per cent of its revenues (NASSCOM, 2010, p. 97). Contact centre employment grew annually by over 25 per cent (2005–08), and 14 per cent (2008–09); the crisis slashed growth to 2.4 per cent (2009–10), 2.7 per cent (2010–11) and 3.2 per cent (2011–12). Employment in voice services rose from 111,150 to 439,150 between 2003 and 2012 (see figure 2), with non-customer-facing back-office processes reviving more quickly than voice services after the crisis.
- 35.** The renewed emphasis on offshoring also applied to Mexico, which experienced a slowdown after 2008 but experienced a double-digit growth in 2010 (IMT, 2012) – a trend observable throughout Latin America. While Brazil and Mexico were the largest contact centre markets, Colombia was among the fastest-growing “expanders”, which included Argentina, Chile, Costa Rica, Panama and Peru. For North African countries, “migratory workflows” came mainly from France, but also from Spain.
- 36.** To sum up, global contact centre employment has expanded significantly over the past ten years. The years following the financial crisis have witnessed renewed growth following a

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hiatus in many locations, with some redrawing of the global distribution of work and its pattern of combined and uneven development. There has recently been a significant “reshoring” of work back to Spain, the United Kingdom and the United States,<sup>11</sup> but offshore locations continue to grow.

## 2.4. Contact centre location

37. Contact centres are unevenly distributed between countries, but also disproportionately concentrated in certain regions, provinces and/or cities. In the United States, despite the fact that companies (particularly outsourcers like Teletech or Teleperformance) often opt for smaller cities or suburban districts, metropolitan areas still account for the majority of new investment (Batt, Doellgast and Kwon, 2005). Moreover, state or regional incentives can encourage more distant location, often in areas of higher unemployment and lower labour costs. Clearly, this locational dynamic affects employment relationships, whether in tightening metropolitan labour markets or in reinforcing localized lower paid employment.
38. In Morocco, contact centres are concentrated around the Casablanca–Rabat region; in Mexico, Mexico City accounts for over 40 per cent of contact centre employment, with a further 15–20 per cent in Leon; in South Africa, the industry is located mainly in major hubs around Gauteng and Cape Town.
39. However, in India and the Philippines, locational density has contributed to tight labour markets, rising labour costs, job-hopping and severe attrition, which are clearly influencing employment relationships. In India, despite moves to tier 2 or 3 cities, 90 per cent of voice services are still delivered from seven tier 1 locations: National Capital Region, Bangalore, Mumbai, Chennai, Hyderabad, Pune and Kolkata (NASSCOM-McKinsey, 2009). Attrition in Indian centres was conservatively running at an *average* of 65–75 per cent per annum in the pre-crash years (see Taylor and Bain, 2006). Although curtailed by recessionary pressure post-2008, attrition resumed its pattern from late 2010 onwards. In the Philippines, 80 per cent of employees are based in Metro Manila, with the largest part of the remaining 20 per cent in Cebu (CCAP, 2013). Both industry bodies (BPAP and CCAP) have expressed concern about labour market overheating, rising costs and workforce attrition (averaging 55 per cent in 2013).

## 2.5. Relative importance of sectors in contact centre work

40. Despite the fact that the contact centre industry shares common features worldwide, the relative scale of its different sectors varies considerably, reflecting distinctive histories and growth trajectories. For example, in the United States, retail and distribution is the largest sector, but telecoms, IT and financial services are also important. Identifiable international trends are that financial services and telecoms dominate in many countries. Both “industries” lend themselves to the digitization of their mass consumer markets, generating consequences for standardization and experience of work. Relative proportions differ. For example, in France 60 per cent of employment is to be found in telecoms as compared to 15 per cent in financial services. In Germany the respective proportions are 30 per cent and 12 per cent, Canada 27 per cent and 9.2 per cent, and Denmark 12 per cent and 18 per cent. These combined telecoms and financial services sectors are also prominent in Sweden and South Africa.

<sup>11</sup> See section 2.

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41. In India, financial services still constitute over 50 per cent of contact centre activity, followed by 20 per cent for telecoms (NASSCOM, 2013). In the Philippines, the telecoms, technology and media sectors are the most important. In Latin America, the telecoms and financial sectors together account for between one half and two-thirds of contact centre employment, with telecoms being the single largest source of activity.
  42. One recent trend in telecoms is the relative increase in the provision of “quad play” (landline, mobile, broadband, TV). Contact Babel (2013a) suggested that 95 per cent of all new contact centre jobs in the United States would come from the telecoms, IT and services sectors, with outsourcing prominent in this growth.
  43. In domestic outsourcing, 70 per cent of Italian telecommunications employment is outsourced; a majority of German telecommunications centres are independent; most Swedish outsourcing is in the telecommunications and media sectors; and over half the United States telecoms jobs are outsourced by both unionized and non-unionized employers like T-Mobile and Sprint. Outsourcing has extended to all sectors, including public services sectors, and seems to be booming since the crisis. There appears to be less “externalization” in financial services, at least partly for regulatory reasons.
  44. The aim of outsourcing to a third party is to reduce operating costs significantly by means of (largely) lower labour costs on account of reduced salaries, contractual and temporal flexibilities and optimized labour utilization. Outsourcing is often associated with externalizing non-core activities. Although contact centre work – the point of engagement between enterprise and customer – may be regarded as a core activity, it is often outsourced to generalist or specialist service providers in the same country, to global third-party contact centre specialists such as Teleperformance,<sup>12</sup> Atento,<sup>13</sup> Convergys,<sup>14</sup> Teletech and Sykes, and to IT-BPO companies. Outsourcing can also increase enterprises’ operational and human resource management flexibility.

## 2.6. Offshoring, nearshoring and reshoring

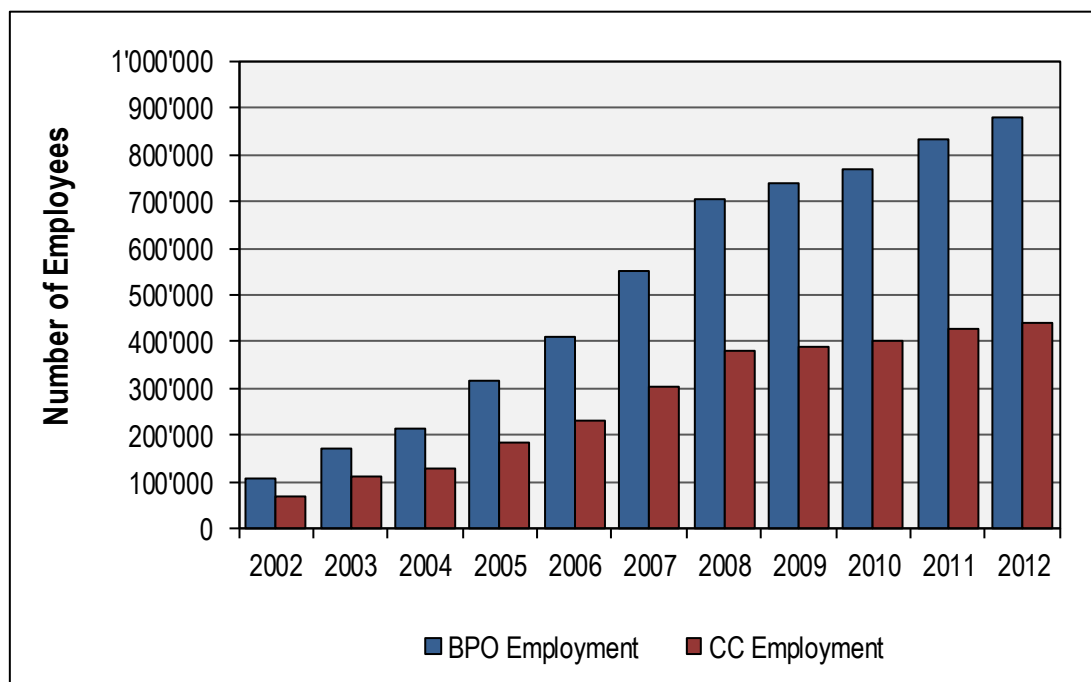
45. The global relocation of voice services has largely taken the form of English-speaking workflows to India and the Philippines, French-speaking services to the Maghreb, and Spanish-speaking services to Latin America. **Offshoring**, initially to India, was driven by an anticipated overall cost savings of around 50 per cent, an extension of hours of service, flexibility in provision through virtualization, an avoidance of tight domestic labour markets, and the bypassing of union contracts. There was considerable relocation throughout the early to mid-2000s.

<sup>12</sup> Specializing in customer service, technical support, call centres, etc.; over 175,000 employees across 270 contact centres in 62 countries.

<sup>13</sup> Part of Telefónica until 2012, Atento is now an independent enterprise, with 92 contact centres and over 150,000 employees.

<sup>14</sup> 125,000 employees in more than 150 service centres in 31 countries.

Figure 2.1. Growth in BPO and contact centre employment in India 2002–12



Sources: NASSCOM (relevant years). Taylor (2009, 2010).

46. However, rising non-wage labour costs (including recruitment, training, retention and transport), as well as increased salaries in tightening labour markets (estimated at 10–15 per cent per annum in India), have had an impact. Keen to assess the quality of customer interaction against cost, employers have implemented strict service level agreements (SLAs) to ensure acceptable call volumes and standards of agent communicability. The voice services offshored were among the most standardized and simplistic (Batt, Doellgast and Kwon, 2005), but difficulties have arisen in customer service quality.
47. The Philippines has become the main destination for voice services from the United States, and increasingly from Australia, New Zealand and the United Kingdom, but this trend may be slowing down because of overheating and capacity issues (Ovum, 2013).
48. In 2013, South Africa’s international-facing segment accounted for 8.5 per cent of employees in its contact centre workforce. Mexico emerged as the major location for Spanish-speaking operations, serving the United States as a near/offshore location. Its major competitors were Argentina, Colombia, Costa Rica, Panama and Peru.
49. Due to the need for linguistic compatibility and cultural empathy, voice services cannot be located simply anywhere, but require a certain level of education, relevant skills, affinity and openness in the receiving country’s workforce. Although offshoring undoubtedly exerted pressure on wages and conditions in developed countries (Taylor and Bain, 2007), the globalization of contact centres was not a simple shift to low-cost locations, but a more complex process in which many other criteria were considered in deciding where and whether to relocate voice services.
50. The telecommunications sector is increasingly dominating offshored services of both Canada and the United States. Companies and trade unions in the United Kingdom (Taylor and Bain, 2006; Taylor and Anderson, 2012) reported that the most standardized of financial services voice work have been externalized.

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51. In cost-quality trade-offs regarding locational decisions, companies may sacrifice some cost-savings obtainable through offshoring by **nearshoring**, while ensuring greater linguistic and cultural affinity and control through proximity. Because of service quality doubts and rising labour costs in offshoring locations, nearshoring can be an attractive solution. Multilingual capability provides an additional niche dimension; Ireland and the Netherlands have historically been home to many pan-European centres. In Germany around 24 per cent of centres have a regional focus, and 14 per cent serve international markets (Holtgrewe, 2005). Canada developed as an important nearshore destination serving United States customers, but its attractiveness declined when its exchange rate strengthened. Around 20 per cent of contact centre activity from France has been offshored to North Africa (CGT, 2010; Bearing Point, 2012).
52. The sustained growth of virtual contact centres and **homeworking** clearly has implications for employment relationships, not least as regards the individualization of work and remote monitoring. Contact Babel estimates that the proportion of organizations or enterprises in the United States using homeworkers doubled during the 2007–12 period. However, the numbers remain small and the majority do not utilize homeworking (Contact Babel, 2013a, p. 50). In Canada, home-based agents comprised less than 5 per cent of the workforce (CCC, 2009).
53. The **reshoring** of some contact centre work from India to the United States (Dell in 2004), to Australia (Myercard in 2003) and to the United Kingdom (Powergen and Abbey National in 2006), as well as more recent reshoring decisions – including by Santander, Royal and Sun Alliance (RSA), Aviva and British Telecom to the United Kingdom – have been motivated by customer antipathy, quality concerns and, significantly, rising offshore and declining onshore labour costs.
54. Reshoring from Latin America to Spain has been a clear trend since 2012, with Telefónica (from various Latin American countries), Vodafone (from Chile and Panama) and Jazztel (from Chile and Colombia) all bringing work back in order to improve client relations and to take account of the Spanish labour market. In so doing, they also prioritize quality and efficiency rather than trying to attain the lowest cost.<sup>15</sup>
55. If offshoring had profound consequences for employment relationships, not least employee insecurity and weakening union bargaining power in developed countries (Bain and Taylor, 2008), reshoring does not necessarily imply that jobs are restored under the previous conditions. The Communications Workers of America (CWA) had to negotiate contracts on poorer terms and conditions when AT&T repatriated certain processes to the United States, while Unite the Union accepted that 170 people in Sunderland would do the work of 230 in Mumbai when the RSA Insurance Group reshored to the United Kingdom.

## 2.7. Training

56. Training and skills development for all telecommunications services and contact centre workers is of crucial importance, especially given the changes taking place in the industry, when technology and a fundamentally changed market landscape are requiring new skills. Workers in non-standard forms of employment have fewer opportunities for training (and high turnover rates among regular staff in these industries reduce continuity in training), but the success of enterprises is contingent upon their workers' skills and knowledge. Employers and workers therefore have a direct interest in ensuring that adequate training is available for all workers, irrespective of the form of contract under which they are

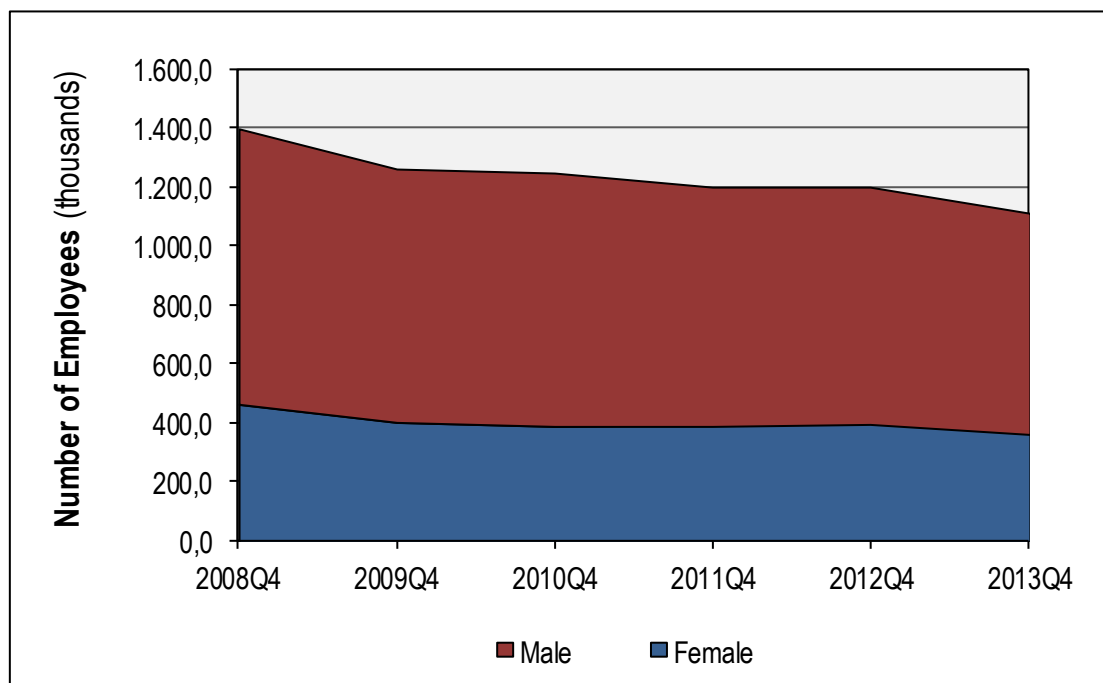
<sup>15</sup> F. Barciela: "Call centers' de ida y vuelta", in *El País*, 17 Mar. 2013.

employed. In some cases, social dialogue addresses training needs, but there are concerns that fewer training opportunities are offered to workers than before, despite the rapid technological and market changes that generate greater training needs.

## 2.8. Gender aspects

57. Women tend to have lower participation rates than their male counterparts in higher value contact centre activities, in night shift work for international clients and higher value technical business services – in both developing and developed countries. They tend to predominate in entry-level posts, and remain longer in customer-facing roles than men, finding it more difficult to move into technical and management roles: even then, they may still face some discrimination or inequality as regards pay, access to training and career development, as well as other aspects. Women are often in “non-standard” employment relationships, while men are disproportionately represented in standard employment relationships.
58. During the 2008–13 period, fewer than one third of telecommunications sector employees in the EU-28 were women (see figure 2.2), a share that was lower than the average share of female employment in the whole EU-28 (45 per cent). Similar female participation rates are found in ILOSTAT data for a wider range of countries (see figures 4.1 and 4.2).

Figure 2.2. Telecommunications employment, EU-28, by gender, 2008–13



Source: Eurostat, 2015 (fsq\_egan22d).

59. In September 2014, the social partners UNI Europa and the European Telecommunications Network Operators’ Association (ETNO) – within the context of the European Social Dialogue Committee on Telecommunications – signed a joint declaration on gender equality, based on two principles: **equal rights** between men and women; and **equal opportunities** to address inequalities encountered by women in the professional sphere and to increase the presence of women in technical professions. The aim of this declaration is to ensure equal treatment for men and women in pay and working conditions, in accessing jobs and employment, in receiving vocational training and professional



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development to access top management positions, and in addressing work–life balance issues.<sup>16</sup>

- 60.** Women account for the majority of workers in contact centres – for instance, 76 per cent in Brazil, 68 per cent in Denmark, 63 per cent in France, 72 per cent in Germany, 60 per cent in South Africa, 70 per cent in Sweden and 62 per cent in the United Kingdom. In the two most prominent offshored locations (India and the Philippines), gender equivalence is widely reported. Research on gender and call centres indicate contradictory findings on opportunities for women. From the positive standpoint, it is often maintained that contact centres often offer flexible employment and career possibilities in “female-friendly” workplaces, which are the locus of female knowledge work or, at least, semi-skilled labour. More negatively, they have been seen as a “female ghetto” (Belt, 2002), characterized by demanding service work in flat structures that limit progression (Durbin, 2006). Men are likely to occupy higher status technical or business-related positions, while women dominate more “socially skilled”, yet more intensive and customized customer service roles (Lloyd and Payne, 2009).
- 61.** In Brazil, evidence suggests that men constitute the majority of employees in the international-facing centres, where salaries are higher (Venco, 2010). In India, the Philippines and the Maghreb, women are concentrated in customer serving and sales, while men dominate technical support and helpdesk roles. In Scotland, Taylor and Anderson (2012) found that men were concentrated in IT-helpdesk activities (69 per cent), stockbroking and higher end financial services (59 per cent), while Scholarios and Taylor (2011) noted that women represented 80 per cent in the numerically dominant basic customer service, information provision and sales roles.
- 62.** While women frequently advance to team-leader level, they are much less likely than men to advance to higher managerial positions (Durbin, 2006; Gorjup, Valverde and Ryan, 2008; Holtgrewe, 2005; Scholarios and Taylor, 2011). Flat structures inhibit progression, but do not explain women’s comparative lack of success. It may be attributed in part to pre-existing disadvantages from inferior educational qualifications, domestic burdens and the legacy of gendered white-collar/service work in segmented labour markets – but also to the undervaluing of social competencies and interpersonal, communication and emotion management, which are regarded as necessary attributes for the job, but are often “invisible” and not formally appraised, nor matched by rewards or promotion (Lloyd and Payne, 2009).
- 63.** In India and other offshoring locations, contact centres have fostered broader social change, offering relatively well-paid employment and challenging social attitudes. However, in general, women continue to experience barriers to accessing more complex, technical and higher paid roles or senior manager roles, remaining concentrated in basic agent grades and disproportionately numerous in part-time and temporary positions. In many East Asian countries, call centre work may begin late at night, and call centres may be in remote locations. This may have a negative impact on workers, particularly women.

<sup>16</sup> Summary at EurWORK topical update – *EU-level developments in industrial relations and working conditions* – Q3 2014 at <http://eurofound.europa.eu/eurwork-topical-update-eu-level-developments-in-industrial-relations-and-working-conditions-q3-2014>. Full text at [https://www.etno.eu/datas/ETNO%20Documents/22092014\\_ETNO\\_Joint%20Declaration%20on%20Gender%20Equality\\_EN\\_Signed.pdf](https://www.etno.eu/datas/ETNO%20Documents/22092014_ETNO_Joint%20Declaration%20on%20Gender%20Equality_EN_Signed.pdf).

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### 3. Employment relationships in telecommunications services and contact centres

64. Contact centres make significant use of non-standard forms of employment, notably with temporary and part-time employees. In Germany, over 40 per cent work part time (Holtgrewe, 2005), 84 per cent of them women. In Denmark, 6 per cent of the contact centre workforce work on a temporary basis, and are highly concentrated in larger centres. In Sweden, 44 per cent of companies have no temporary workers, while those that recruit temporary staff employ only small numbers. In France, one study suggested that 25 per cent of the contact centre workforce were temporary (Lanciano-Morandat et al., 2005). In Belgium, the proportion of temporary workers ranges from 3 per cent in the lowest in-house centres to 35 per cent in the highest outsourcers. In the United Kingdom, 60 per cent of respondents to one survey stated that they hired temporary workers, with 43 per cent drawing on agencies (IDS, 2013), but overall temporary employment is around 10 per cent.
65. Several general characteristics can be identified. The bulk of temporary workers are found among a smallish number of enterprises, notably outsourcers. There is a gender dimension, with women more likely than men to be non-standard employees. Employers express conflicting reasons in favour of, or against, the use of these workers. It certainly allows enterprises to overcome episodic and unanticipated peaks in demand. A minority of companies (mostly outsourcers) seem to use temporary workers as an internal labour market adjuster, flexing up and down as contracts are won or expire. While temporary contracts are used to screen employees for their suitability for permanent positions, and many people benefit from this stepping stone function of temporary work, reports from several countries suggest difficulties for temporary workers to progress to permanent status.
66. Any reduction in the extent of temporary work seems to have been driven in part by the fact that customer demand has become more predictable, peaks in demand are absorbable by virtualization, and there is less need for unplanned increases in the headcount. In more mature industries, many employers believe that temporary staff do not deliver the same level of customer service as “core”, committed permanent workers. There does not seem to be a causal relationship between the cost-cutting intensified by recession and the increased use of temporary employees in contact centres. Many employers appear to rely upon intensification of work, tougher performance metrics and management, greater efficiencies and, from the perspective of the developed countries, outsourcing and offshoring, rather than an extended use of temporary work.
67. The reasons for employers’ use of temporary staff range from the episodic and tactical, in order to meet unanticipated peaks in demand, to the strategic utilization of labour. Temporary workers frequently express frustration at not being able to convert to full-time contracts (although some people find that temporary contracts with flexible working arrangements and varied work environments suit them better). Temporary work in contact centres is non-existent or negligible in India or the Philippines, but non-standard employment sometimes takes the form of extended trial periods and, in India, “the bench” is used, by which workers are effectively tied to companies without being fully engaged or wholly remunerated (Taylor et al., 2013).
68. Table 3.1 highlights a much higher incidence of casual and (especially) temporary work among women in telecommunications services in South Africa in 2010, but both categories are relatively low compared to permanent employment. There is much more recourse to casual and temporary contracts in telecommunications services, and casual employment relationships for women are far more common in telecommunications than in the postal services.

**Table 3.1. Employment in the post and telecommunications industry, South Africa, 2010**

Item		National postal activities and courier activities	Telecommunications activities	Total
		Number of employees		
Working proprietors	Female	7	5	12
	Male	29	29	57
	<b>Total</b>	<b>36</b>	<b>33</b>	<b>69</b>
Permanent	Female	9 544	23 340	32 884
	Male	15 570	32 020	47 590
	<b>Total</b>	<b>25 114</b>	<b>55 360</b>	<b>80 474</b>
Temporary	Female	366	1 615	1 981
	Male	341	1 394	1 735
	<b>Total</b>	<b>707</b>	<b>3 009</b>	<b>3 716</b>
Casual	Female	25	701	726
	Male	147	700	847
	<b>Total</b>	<b>172</b>	<b>1 401</b>	<b>1 573</b>
Total	Female	9 942	25 661	35 603
	Male	16 087	34 142	50 229
	<b>Total</b>	<b>26 029</b>	<b>59 803</b>	<b>85 832</b>

Source: *Post and telecommunications industry, 2010* (Statistics South Africa).

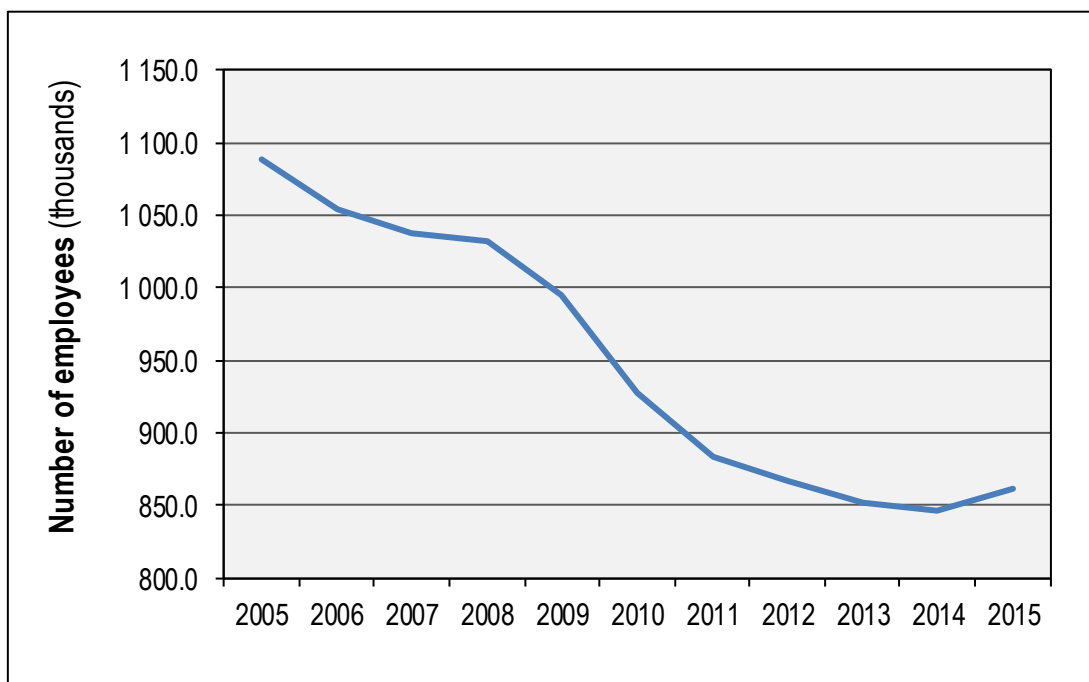
69. Table 3.2 and figure 3.1 indicate the occupational breakdown of telecommunications services employment in the United States and the declining level of employment during the past decade.

**Table 3.2. Telecommunications services employment by occupation, United States, 2013**

Occupation	Employment
Customer service representatives	97 420
Electronics engineers, except computer	23 900
First-line supervisors/managers of office and administrative support workers	12 670
Telecommunications equipment installers and repairers, except line installers	146 830
Telecommunications line installers and repairers	68 980
Telephone operators	3 420

Source: <http://www.bls.gov/iag/tgs/iag517.htm>.

Figure 3.1. Telecommunications services employment, United States, January 2005–15



Note: Value for Jan. 2015 is estimated.

Source: [http://data.bls.gov/timeseries/CES5051700001?data\\_tool=Xgtable](http://data.bls.gov/timeseries/CES5051700001?data_tool=Xgtable).

#### 4. Impact of trends in work, work organization and employment relationships

70. Restructuring, the reorganization of work processes, the need to ensure sustainability and the use of increasingly advanced technologies can all lead to changes in employment relationships in telecommunications and contact centre enterprises (see, for instance, Doellgast, 2009; Ross and Bamber, 2009). Moreover, telecommunications enterprises' recourse to outsourcing, offshoring and subcontracting means that they have commercial contractual relationships with outside suppliers (based on price, quality and other criteria) instead of direct employment relationships with staff. The increasing numbers of temporary and subcontracted workers and redundancies in recent years have made union organization a challenge, although such insecurity might encourage workers to seek protection through collective efforts. The majority of telecommunications services and contact centre workers have long and irregular hours, fairly low earnings, temporary job tenure and low protection. In the current era of non-standard employment arrangements, workers in telecommunications services and contact centres may be required to be increasingly flexible about tasks, work schedules and the duration and nature of the employment relationship. These changes to employment status may impact workers in several ways, for example, in their earnings, working conditions, occupational safety and health, ease of changing jobs, access to social security benefits or training, and ability to exercise their freedom of association and collective bargaining rights. Non-standard employment relationships may help work–life balance and contribute to better employment outcomes, if the jobs are decent work and such relationships are voluntary, but problems are likely if this is not the case, as indicated by the report for discussion at the Meeting of Experts on Non-Standard Forms of Employment (ILO, 2015a).

71. Non-standard employment relationships are also perceived to be causing the deunionization of workplaces, a worsening of health, safety and working conditions, and

the erosion of collective bargaining and broader labour market standards. In some cases, explicit legal exclusions prevent specific groups of workers from organizing and bargaining, but there may be broader obstacles to organizing or bargaining rights in practice.

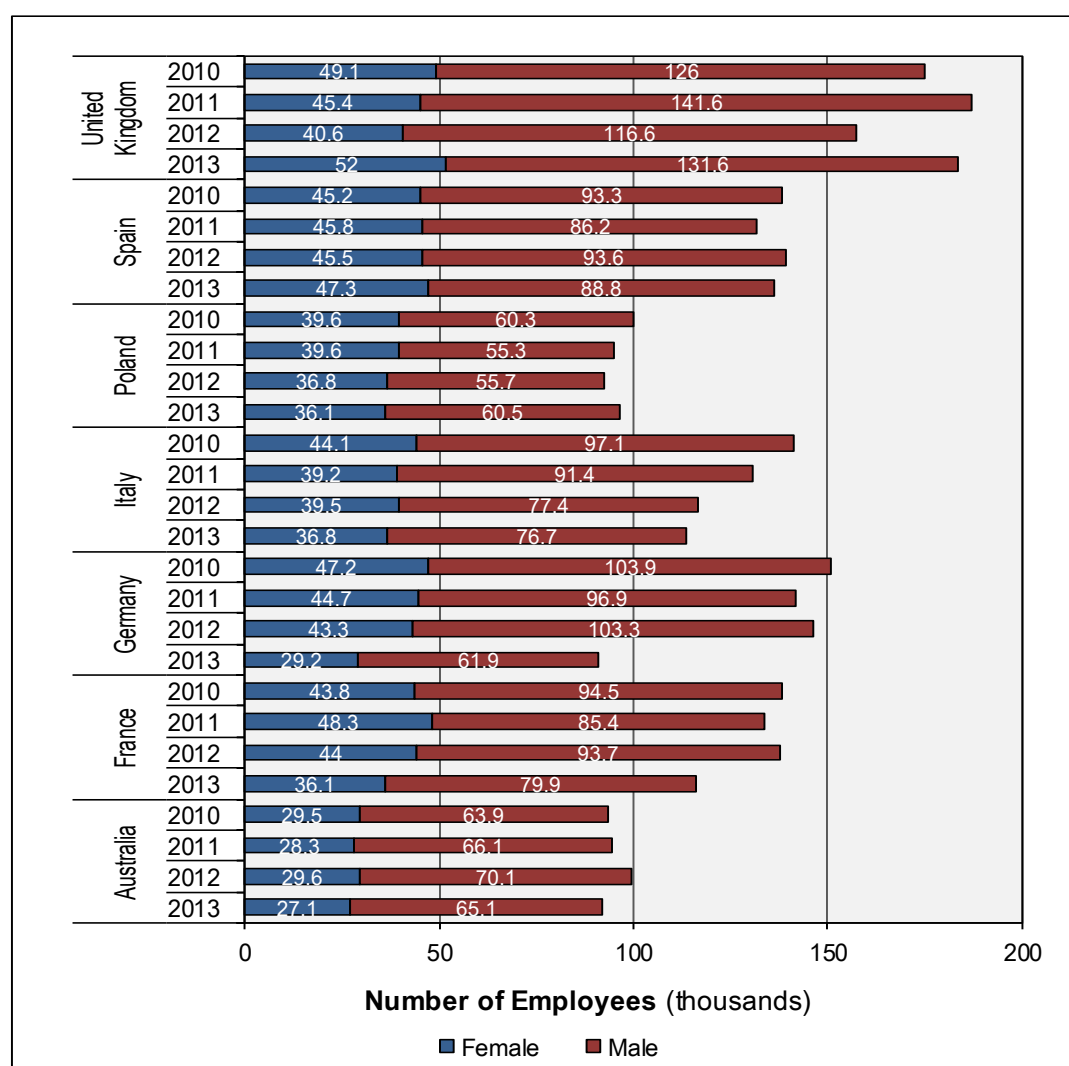
72. Across the telecommunications industry, there appear to have been significant aggregate job losses in recent years in many developed countries. Within the EU-28 region, for example, total employment in telecommunications declined 20 per cent over the period 2008–13 (see table 4.1), by around 287,700 jobs. For selected European countries plus Australia, the pattern of employment varies by country and gender, as shown in figure 4.1. The employment picture is more mixed for selected developing countries, (see figure 4.2).

**Table 4.1. Employment in telecommunications, EU-28, 2008–13 (in thousands of jobs)**

2008 Q4	2009 Q4	2010 Q4	2011 Q4	2012 Q4	2013 Q4
1 400.1	1 263.5	1 246.3	1 202.2	1 200.7	1 112.4

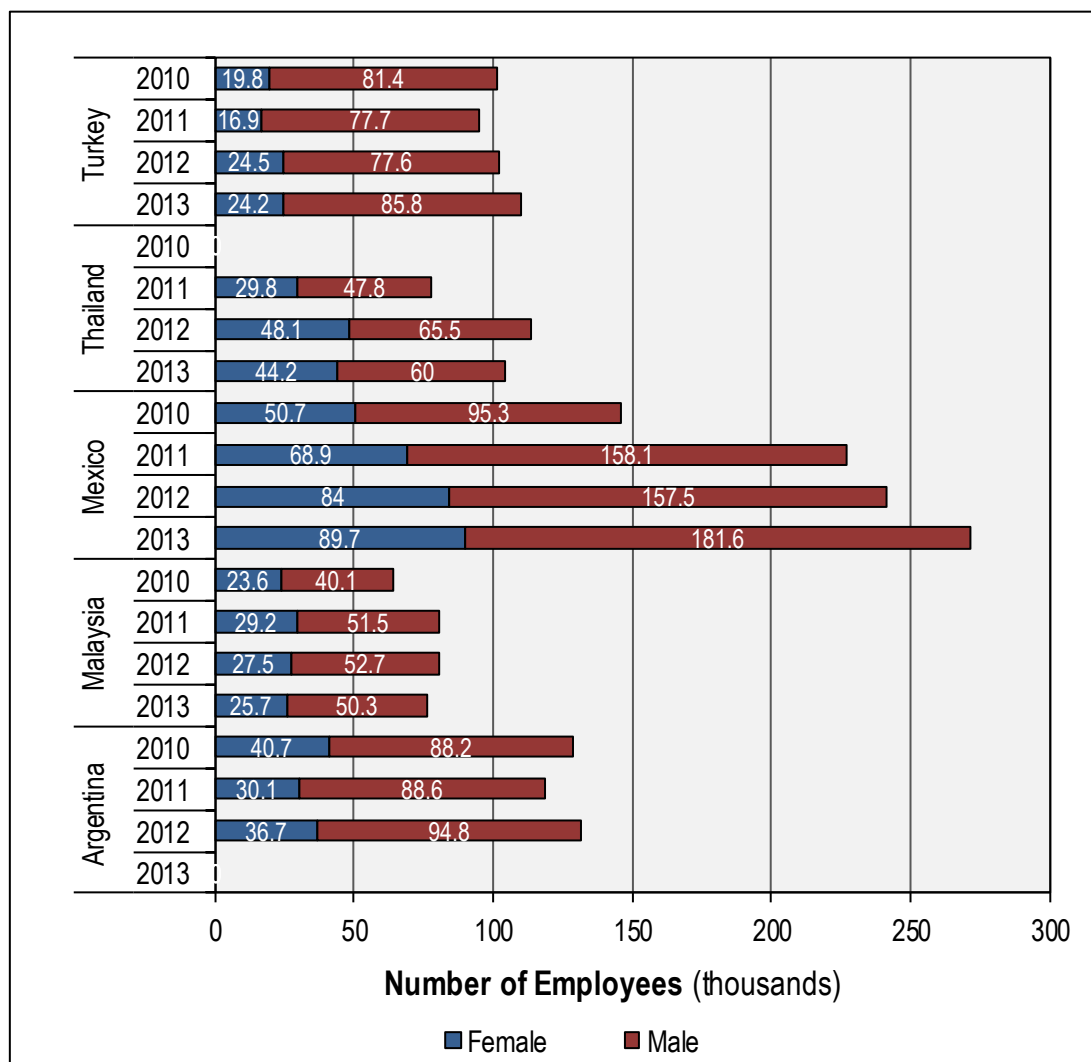
Note: Occupational grouping based on the *Statistical Classification of Economic Activities in the European Community (NACE Rev. 2)*.  
Source: Eurostat, 2015 (lfsq\_egan22d).

**Figure 4.1. Employment in telecommunication services for selected developed countries**



Source: ILOSTAT.

Figure 4.2. Employment in telecommunication services for selected countries



Source: ILOSTAT.

73. Telecommunications services and the contact centre industry have experienced dramatic growth and change over the past two decades due in part to globalization, telecoms liberalization, market changes and technological innovation. The rapid growth has meant significant changes in the structure of the labour market and in the organization of work, both within and outside the framework of the employment relationship. Net employment in telecoms has, however, fallen in most developed countries. Telecommunications services and contact centre workers are increasingly being employed in atypical and contingent employment relationships – casual employment, use of contract work and the use of agency workers.
74. Unions responding to changes in employment relationships have adapted their work to more effectively represent non-standard workers, for whom union organizing is more difficult than it is for employees in traditional workplaces, because they require more individual attention and union resources than employees.
75. 5. Social dialogue in telecommunications services and contact centres
76. In many countries, social dialogue is highly fragmented because telecommunications services and contact centres involve both public and private employers, and a wide range of sectors, countries and locations. A study found that telecommunications was the sector

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with the greatest similarity in industrial relations regime across all EU-27 countries, or the sector least influenced by national industrial relations regimes (Eurofound, 2011, p. 2). In considering industrial relations aspects of changing employment arrangements in telecommunications services and contact centres, the International Labour Conference's 2013 conclusions concerning the recurrent discussion on social dialogue recalled that social dialogue is based on respect for freedom of association and the effective recognition of the right to collective bargaining, which are applicable to all ILO Members and cover "all workers in all sectors, with all types of employment relationships" (ILO, 2013b, paragraph 2).

- 77.** Social dialogue varies significantly between countries, subsectors and the public and private sectors. It may be hampered by the growth of atypical employment, as casual or subcontracted workers do not have stable workplaces and may replace or be replaced by other workers, potentially raising tensions between unionized and non-unionized workers. In appropriate circumstances, constructive social dialogue between stakeholders in the labour market can contribute to combining flexibility with security in regulation and to influencing national policies (ILO, 2009).
- 78.** Collective bargaining for non-standard workers is a challenge because – unlike standard employees – they have a limited attachment to single workplaces and employers. Non-standard workers may be employed directly by employers in casual and temporary jobs, so that their association with the employer is limited; be indirectly employed – for example through an employment agency; or be dependent, freelance or self-employed workers. This growth in non-standard employment relationships has resulted in a decline in trade union membership and the fragmentation of collective bargaining. Some workers are not covered by labour law or collective bargaining, while others face difficulties or can be reluctant to exercise their rights, as they fear losing their jobs (Ebisui, 2012, pp. 5–6), and some trade unions exclude non-standard workers.
- 79.** A recent example of sectoral dialogue is Italy's national collective agreement for the telecommunications sector 2013–14, which gave more than 160,000 workers an average annual wage increase of €135 and a one-off payment of €400; the deal also contained measures to safeguard call centre workers' jobs and regulate contractors' behaviour.<sup>17</sup>
- 80.** Collective bargaining is long established in telecommunications services in many countries and enterprises, but given the number of temporary and subcontracted workers in the sector, one issue to consider is the extent to which collective agreements also cover those categories of workers. In other countries and firms, telecommunications unions have long had limited bargaining or consultation rights.
- 81.** The European Social Dialogue Committee on Telecommunications – whose recognized social partners are ETNO for the employers and UNI Europa for the workers – discusses European social and labour issues related to the sector and is consulted on the drafting of EU legislation. In 2011, it adopted a joint declaration on good practice guidelines designed to improve the mental well-being of telecommunications workers – the result of a joint 2009–10 project entitled "Good Work–Good Health". In September 2014, the social partners signed the aforementioned joint declaration on gender equality. The Committee's 2013–14 work programme focuses on, among other things: (1) opening the Committee to other telecommunications and call centre operators; (2) health, safety and quality of life at work policies and issues (new EU directive 2013/35/EU on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents

<sup>17</sup> <http://www.eurofound.europa.eu/observatories/eurwork/articles/industrial-relations-working-conditions/protection-for-call-centre-workers>.

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(electromagnetic fields); (3) future skills and training needs in the ICT sector to anticipate change; agreements or solutions on training and outcomes; and ways to attract more women into ICT; (4) digitization and impact on culture, way of working and management – and ways in which new technologies (social networks, tablets, smartphone, new tools and processes) will impact the functioning of companies (communication, management, work organization such as work–life balance); impact of telework in the telecommunications sector; and (5) links between quality of work, quality of services and economic performance (for example, call centres, outsourcing, working conditions).

- 82.** International framework agreements in the telecommunications services and contact centre industry have been signed by UNI Global Union and the following enterprises: France Telecom, Portugal Telecom, OTE (Greece), Telefónica, Telenor, Indosat (Indonesia), Tel Telecomunicações (Brazil) and Telkom Indonesia.<sup>18</sup> Such framework agreements make reference to international labour standards and to fundamental principles and rights at work. Some of them (for example, the 2014 Telefónica agreement) notably call on enterprises and trade unions to seek their application throughout their supply chains, including among subcontractors and for outsourced work, so that workers in non-standard employment relationships might have decent working conditions, adequate safety and health protection, the right to join trade unions and bargain collectively, access to social security, and prospects of employability in the future.

<sup>18</sup> [http://place.uniglobalunion.org/LotusQuickr/pub/PageLibraryC1257824003A7C09.nsf/h\\_Toc/85984D3609359DD2C12578AA004FBFFE/?OpenDocument](http://place.uniglobalunion.org/LotusQuickr/pub/PageLibraryC1257824003A7C09.nsf/h_Toc/85984D3609359DD2C12578AA004FBFFE/?OpenDocument).





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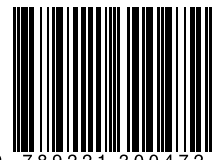
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