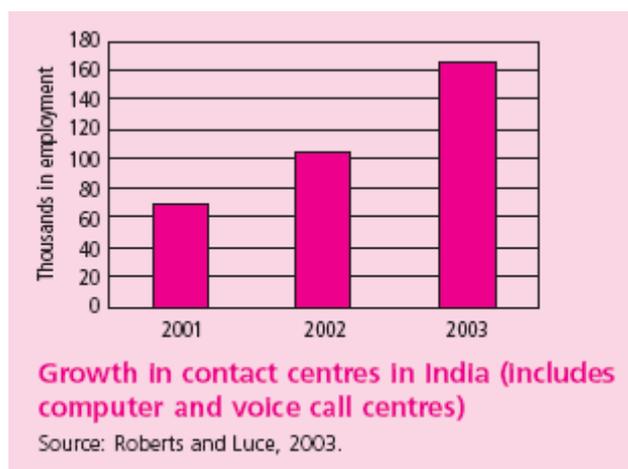


## Call centre jobs migrate to India

Case taken from The International Business Environment, second edition (Palgrave, 2006), by Janet Morrison

Call centres were once heralded as the providers of much-needed jobs in areas where the decline in manufacturing industry had left economic stagnation and high unemployment. Areas such as the northeast of England and Wales attracted call centres, largely in banking and financial services, where the need was for efficiency in handling large numbers of fairly routine queries from customers. An element of their attraction for businesses was the low-cost environment which they offered, and for employees, job and training opportunities. However, the reality turned out to be less rosy than expectations had suggested, and the quest for cost savings has led to a migration of these jobs to low-cost locations, particularly in India.



Call centre work acquired a reputation as a 'sweatshop' environment in the UK, which has been slow to shift. Low pay, poor working conditions and limited career prospects have led to high staff turnover and employees seeing this type of work as casual or temporary. A number of high-profile companies, including HSBC, Aviva (insurance) and BT, have shifted call centre jobs to India. HSBC, the world's second largest bank, cut 4000 UK jobs in 2003, relocating the work to India, Malaysia and China, in one of the largest transfers of British jobs to overseas locations. Its chief executive said: 'As one of the world's largest financial services companies, HSBC has a responsibility to all its stakeholders to remain efficient and competitive' (Croft, 17 October 2003). For HSBC's UK employees, the company's advertising slogan, 'the world's local bank', had a particularly hollow sound.

Announcing the shift of two call centres to India, BT's management highlighted the dilemma – the need to seek the low-cost locations, but also sensitivity to the employment implications for current UK employees (Singh, 10 March 2003). BT has outsourced jobs to service companies in the UK, reflecting a trend of 'outsourcing' which has developed in the industry. Under an outsourcing contract, a specialist call centre company agrees to provide call centre services for an organization such as BT. Garland Call Centres is one of these companies, employing 1300 people, making it the largest private sector employer in Hartlepool in the northeast of England. Customers phoning a helpline with a query regarding a gas provider, mobile phone provider or bank will probably have no idea they are speaking to a Garland employee rather than directly to the provider. For Garland, the attraction of Hartlepool was a pool of potential workers, many with a university education, with the added advantage that, because of high regional unemployment, they are willing to work for as little as £10,000–13,000 a year. A third of Garland's employees have university degrees.

By comparison, call centre jobs in India are mostly held by graduates, but the starting salary of the Indian graduate is £2000 per year. Here, specialist call centre companies are growing rapidly, fuelled by large numbers of graduates who speak English. These are considered desirable jobs, with relatively good conditions by local standards, but rates of staff retention are low, with annual turnover running at 40–50 per cent. Indian workers have found it difficult to adjust to the night shifts which are required of them, to deal with customers in time zones the other side of the globe. Then there are the pressures of the job, combined with the language and cultural adjustment needed to deal with customers in the US and Europe. They, like counterparts elsewhere, are unlikely to see their careers in call centres. The future of call centre workers, wherever they are, will depend largely on the extent to which automated technology is able to take over many routine tasks, through voice recognition, email and the internet. Deskilling leading to automation is a familiar occupational pattern which has affected manufacturing industries and is likely to be repeated in the call centre industry.

Sources: Croft, J., 'HSBC to cut 4,000 jobs in switch to Asia', *Financial Times*, 17 October 2003; Singh, S., 'The revolution revs up', *Financial Times*, 10 March 2003; Skapinker, M., Merchant, K. and London, S., 'A question of holding on to staff', *Financial Times*, 4 October 2002; Merchant, K., London, S. and Skapinker, M., 'Trying to keep the customer happy', *Financial Times*, 7 October 2002; Roberts, D. and Luce, E., 'Service industries go global: skilled white-collar jobs are starting to migrate to lower-cost centres overseas', *Financial Times*, 20 August 2003.

### Case questions

In what ways can it be said that globalization is affecting the call centre industry?

HSBC's chief executive referred to the interests of stakeholders – what did he mean?

@ HSBC's website is at [www.hsbc.com](http://www.hsbc.com), and BT is at [www.bt.com](http://www.bt.com)

@ Garland Call Centres collapsed in 2010; for more information, see this BBC news article: <http://news.bbc.co.uk/1/hi/england/tees/8687770.stm>