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French Call Centre Industry Report 2004

April 2005

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LEST – CNRS

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Summary

This report is the first comprehensive benchmarking survey of work and human resource practices in the French call centre industry. This survey has been carried out by the LEST (Laboratoire d'Economie et de Sociologie du Travail) group within the methodological framework set up by a research team led by Cornell University in the USA and Sheffield University in the UK. This work is part of The Global Call Centre Research Project, which involves some twenty countries in Africa, Asia, Australia, Europe, North America, and South America.

The survey is based on general managers' responses to a nationally representative sample of 204 establishments (over 10 employees), which corresponds roughly to 6% of 3,300 centres in 2004.

The general manager and human resource managers at each call centre provided detailed information on the types of customers and industries served; call centre technology; management practices such as skill requirements of jobs, organization of work, training and staffing policies and pay levels; and performance outcomes such as turnover and sales growth. They also described the institutional environment (local employer networks, union, training institutions etc.) in which they run the call centre operations.

The database thus constituted allows us to conduct benchmarking analysis of call centres serving a wide range of industries, including banking and insurance, telecommunications, IT services, retail, manufacturing, and logistics. In addition, we compare management practices between 'in-house centres' (those that are a part of the integrated services of a parent company) and 'outsourced centres' (those operating as subcontractors). In our sample, the former represents 72% and the latter 28% of call centres.

This benchmarking report highlights some interesting aspects of work, human resource management practices, technological adaptation, and the impact of institutional pressures on the French call centre industry. These points are underlined below.

Sectoral and organizational characteristics

- French call centres are a relatively new creation (the average centre is 9 years old): The oldest centres are often found in the telecommunications services or retail sectors, while the most recent ones are in the banking sector and are subcontractors..
- Compared to the other countries, French call centres are rather small. The size of the typical centre in this study (that is, half are larger and half are smaller) is 38 employees. However, outsourced centres have recently been consolidating into larger and larger operations, and their average size is 87 employees.
- The typical call centre in this study serves the national market, rather than a local or international one. The exception is the retail sector (catalogue selling), which targets a European level market. This is due to the earlier development of call centres in the retail sector.

- ❑ The most popular business strategy reported by French managers is customer loyalty rather than service differentiation or service bundling. Price leadership is not a popular strategy.
- ❑ Call centres are characterized by a very flat organization, with managers averaging only 5%, and supervisors averaging 7%, of the total workforce. This means that there is little opportunity to be promoted in the organizational hierarchy.

Employee demographics, training and contract

- ❑ Call centre jobs are often considered to be clerical and low skilled; and the work content is viewed as monotonous and repetitive. And the employees are portrayed as an unqualified, unskilled, and unstable workforce. However, this study shows that: The education profile of call centre workers is considerably higher than generally expected. The typical call centre worker has a diploma of Bac+2 (two years of tertiary education).
- ❑ Call centres employ a predominantly female workforce. In this study, 71% of employees are women.
- ❑ The average 'select rate' for call centres is 25 percent: that is, one worker in every 4 applicants is hired.
- ❑ Call centres provide an average of 5.4 weeks of training for newly hired employees, with a range of 9 weeks in insurance services and 3 weeks in outsourced and retail centres. In addition, call centres provide about 1.3 weeks of on-going training for experienced employees each year.
- ❑ For call centre employees, it takes on average about 17 weeks to become proficient in their jobs, with a variation ranging from 25 weeks in financial sectors to less than 10 weeks in subcontracted centres.
- ❑ In our survey, part-time workers represent 14 percent of the call centre workforce and temporary workers 25 percent. Yet, the percentage is very different by sector. Temporary workers represent half of the workforce among outbound subcontractors, one quarter among inbound subcontractors, and less than 10 percent in the insurance or IT services.

Working conditions

- ❑ Call centre workers average about 90 customers per day, with a call handling time of 3.8 minutes per customer. The call load is higher than this average in outsourced and retail centres, and lower than this average in large business and IT service centres.
- ❑ Call centres are open for business on average for 12 hours per weekday, 10 hours on a Saturday. Ten percent of call centres in France are operating on Sunday.
- ❑ Call centre employees have relatively low levels of discretion over daily tasks and the pace of work. Only 36% of managers report that they have some or a lot of discretion in these areas. The use of problem-solving groups is also infrequent. On average, 40 percent of employees have some involvement in problem-solving groups.

- Call centres average 6% absenteeism on a typical day, and this rate does not vary across sectors.

Call centre technology

- 70 percent of centres in this study used email and fax. Moreover, 55 percent of them used electronic customer relationship management and 25 percent used web-enablement and workflow management. However, technologies such as interactive speech recognition (16%) or voice over IP (18%) are used much less in French call centres.
- Call centres are clearly moving from voice-only channels to multi-channel operations. But, this technical shift is occurring slowly in France. Compared to the USA, French call centres are less equipped with most of the latest information technologies.

Human resource management practices

- Total annual turnover (including quits, internal transfers, dismissals, and retirements) averages 22% among French call centres in our survey. However, the forms of mobility are very different, according to the sector. Outsourced call centres have the highest 'quit' rates (more than 15% by year). In addition, the 'dismissal' rate is high (5%) in this sector. By contrast, call centres in financial sectors or the telecommunications industry have the lowest 'quit' rates, with 4% and 6% respectively. Call centre workers in these sectors experience more internal mobility (promotions and internal transfers) compared to their counterparts in other industries.
- The recruitment in call centres is very active; almost 40 percent of the workers in outbound subcontractors and 30 percent in inbound subcontractors had less than 1 year of experience on the job. By contrast, in-house centres had an average of about 20 percent of employees with less than 1 year of tenure.
- The annual pay of the typical call centre worker averages 17,940 euros, with a high of 21,400 euros in centres serving large business and IT services and a low of 15,520 euros in outsourced centres and 16,840 euros in retail centres.
- In the French context, individual and group performance-based pay is not widespread. On average, only 6 percent of pay is performance-based. Most call centres do not have any individual incentive system, with the exception of call centres in the retail sector where 13 percent of annual pay is performance-based.

Call centre managers

- Call centre managers are highly qualified: almost all managers have a post-graduate college degree (equal to or more than Baccalaureate + two years in the tertiary education) and 57 percent of managers in this study have a bachelors degree (Bac + 4 years).
- The typical call centre manager receives an average wage of 34,600 euros per year. Moreover, the variation in pay across different sectors is not large, ranging from 32,200 euros in outsourced centres to 37,100 euros in centres serving the large business and IT sectors.

Institutional environment of call centres

- Local and state governments often offer incentives to firms seeking to locate call centre operations. In the French context, more centres benefit from tax incentives than from other forms of assistance (such as site location assistance or loans and incentives for locating in targeted zones). Twenty percent of call centres reported that they benefited from tax incentives. In particular, 35 percent of inbound subcontractors and 25 percent of outbound subcontractors received tax incentives for locating in a particular region.
- Call centres often find support for their staffing and training needs from public resources in the town where they are located. On average, 68 percent of call centres use public job recruitment and placement services and 37 percent of them use public training resources or programmes.
- Half of French call centres in our survey have a union present. This percentage varies across sectors. The telecommunications sector records the highest level of union presence (73%), followed by the banking sector (60%). By contrast, union presence is very limited in outsourced call centres, especially in outbound call centres where three quarters of establishments do not have any union.
- Non-union call centres have an annual ‘quit’ rate that is 50% higher than that of union centres: 11.4% compared to 7.8%. Call centres with unions have an average workforce tenure that is 50% higher than that of non-union centres: 6.8 years compared to 4.2 years. By increasing the job satisfaction of employees, unions may contribute to lowering the turnover and providing substantial savings in selection, recruitment, and training.

Summing-up

The French call centre industry experienced a real take-off only in the last half of the nineties. This industry has grown rapidly in the last five years and has begun to define itself by institutionalising the sector’s boundaries and industrial relations practices. At the present stage, the national government and local authorities are striving to transform the high potential of this industry into a source of sustainable local development and job creation.

Due in part to the more recent development of French call centres, they tend to be much smaller, less rationalized, and less equipped with the latest IC technologies than call centres, for example, in the USA. As our survey shows, however, this industry is characterized by large heterogeneity across sectors and market segments – along such dimensions as market competition, strategy, work organization, and human resource management.

In addition, the call centre workforce is generally well-qualified, contrary to the typical image portrayed in the media. Thus, a central problem for human resource policy is that there is a ‘mismatch’ between the monotonous nature and low pay of the job, on the one hand, and the high skill level of employees on the other.. As a result, employee dissatisfaction and lack of promotion opportunities appears to translate into high quit rates.

Finally, the differences between ‘in-house’ call centres and ‘outsourced’ centres appear to be particularly pronounced in France.

Introduction

The spectacular expansion of the call centre industry is a global phenomenon. The French call centre industry is no exception. Several factors have influenced the development of this industry.

- Liberalisation of the telecommunications market made competition more intense, which led to declining telecommunications costs.
- Firms have made a strategic choice to take more control over customer relations management. Call centre operations provide an opportunity to rationalise traditional forms of work organization.
- Rapid progress in information and communication technologies and the steep fall in the cost of voice and data transmission allow the progressive replacement of face-to-face commercial interactions with remote service contacts or remote transactions.

However, the speed of these movements seems to have been slower in the French case than in the US case and even in other European countries: the French telecommunications market was liberalised at the end of the nineties. Deregulation of banking and insurance sectors is still underway. French companies have taken a long time to realise that call centre operations involved a major organisational innovation at the level of the corporation.

According to Datamonitor, the French call centre industry experienced a real take-off only in the last half of the nineties (Datamonitor, 2003). Before that period, some sectors such as retail (catalogue selling) or telemarketing services represented a large part of the 'artisan-type' call centre industry. Since the end of the 1990s, however, the frontier of call centre operations has continually expanded to new activities such as telecommunications, banking, public services, and health services. The outsourced segment is experiencing especially rapid growth, as firms add outsourced customer relations management (inbound call services) to 'traditional' telemarketing activities. This means that the French call centre industry has started to implement the 'rationalisation' of call centre operations into bigger units with more sophisticated technologies.

Datamonitor has estimated the French call centre annual market growth (in market value) at 14 percent per year between 1999 and 2002, and in volume (number of agent positions) at 11.6%. By the end of 2002, the total annual commercial value of the sector reached 1,932 million euros and the total number of workstations, 161,000 agent positions.

CESMO, a leading French consulting firm working in this industry, made a very similar evaluation for 2002 figures: 3,000 call centres, 167,000 positions, and 191,000 employees (CESMO, 2003). More recent data from CESMO for 2004 estimates there are 3,300 call centres and 205,000 employees (CESMO, 2004). In 2005, CESMO predicts that 3,500 call centres will be in operation. At that level, employment in call centres may represent 0.75% of the overall French workforce, which is considerable although still much lower than the rate in the US (nearly three percent) or in the UK (1.7%).

All of this data however, is based on partial surveys by private organisations. The call centre industry is not yet an institutionalised sector with its own national statistics. The exception is, the 'outsourced call' operations segment, which was recently surveyed and grouped into a

single statistical category ('outsourced call centres' as a part of 'Business to Business services') by the National Institute of Economic Statistics. In 2004, about 20% of call centres were reportedly 'outsourced' centres. The first estimate of the workforce in this 'outsourced' sector was reported as 30,000 'full time equivalent jobs' in 2003 (INSEE, 2004).

While accurate information on the size of this industry is difficult to procure, off-shoring has more recently become an important public debate in France. An estimated 9,000 to 12,000 employees worked in foreign countries (such as Morocco, Senegal, Tunisia, and Maurice island) for the French market of call centres in 2004.

Since the end of the nineties, the French call centre industry has taken on real importance as a major source of job opportunities in the new services economy. From this perspective, the industry has become a high-profile sector and a 'public policy issue'. But this trend has not been followed by real strategies from institutional actors, apart from some local employment agencies. At the present stage, the national government, public agencies, and local authorities are searching for efficient ways to transform the high potential of this industry into a source of sustainable local development and job creation in the context of 'economic globalisation'.

At the end of 2004, two State-supported working groups presented several propositions to enlarge and ensure the future of this sector (Ministry of Labour, Ministry of Industry, 2004). Some of these propositions concern human resource management, including the improvement of training programs, enlargement of job content, development of more flexible forms of work organisation, and amelioration of working conditions.

Issued at the critical point of time when the French call centre industry is positioning itself strategically for the future, the present report is intended to provide useful information for all actors engaged in this movement.

Objective of the French Call Centre Industry Report

This report is the first comprehensive benchmarking survey* of work and human resource practices in the French call centre industry. This has been carried out by the LEST team within the methodological framework set up by 'The Global Call Centre Industry Project'. The survey is based on general managers' responses to a nationally representative sample of 204 establishments (over 10 employees), which corresponds approximately to 6.2 % of 3,300 centres (as estimated by the CESMO consulting cabinet, 2004).

The general manager and human resource managers at each call centre provided information on the types of customers and industries served and the competitive conditions they face. They also provided detailed information on the call centre technology; management practices such as skill requirements of jobs, organization of work, training and staffing policies, compensation strategies, and pay levels; and performance outcomes such as turnover and sales growth.

The call centres in this report have a total workforce of 12,844, which corresponds to 6.2% of total population (205,000 persons) in this industry (as estimated by the CESMO consulting cabinet, 2004).

* This first version of the survey will probably evolve in time, since we are gathering some additional data.

As call centres often serve multiple customer segments or industries, most questions were directed to a centre's "core employees" - defined as the largest group of employees who carry out the primary work activity for the centre's customers. The centres in this study include 9,071 core employees. The overwhelming majority of centres (76 percent) are in-house centres – that is, call centres that serve the customers of the parent company. Twenty-four percent of centres are outsourced, that is, operated by subcontractors to serve the customers of one or several companies.

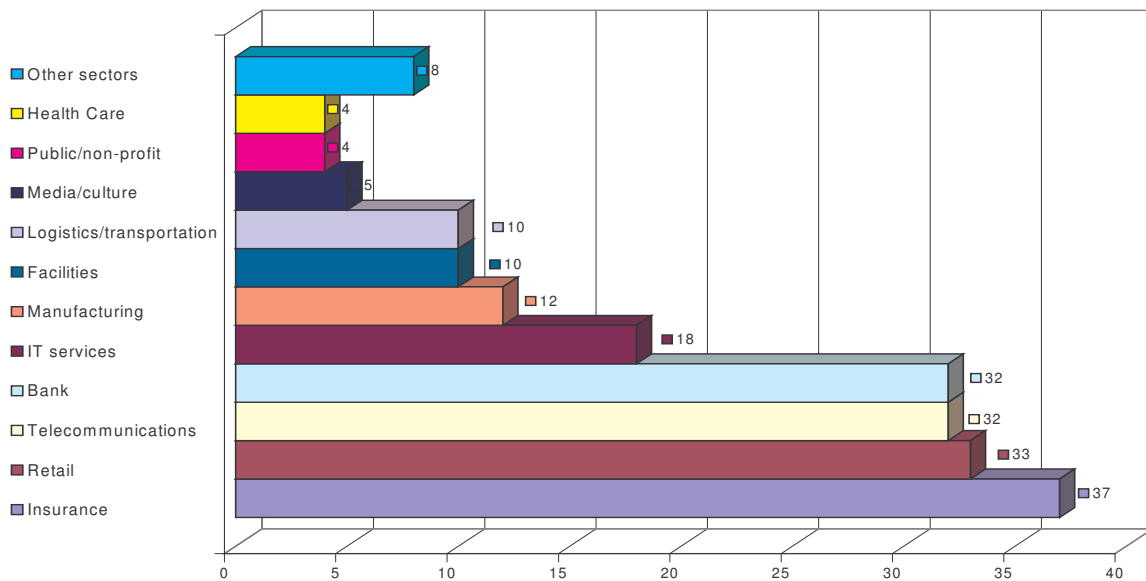
I – French Call Centre Industrial Landscape

I-1 Industry and market segments

Industry segment

Our survey comprises call centres in a broad range of sectors. As shown in Figure I-1, the sectors with the largest representation in the French survey are insurance services (36 centres and 18% of the total sample), retail services (33 centres, 16%), telecommunications services (32 centres, 16%) and banking services (32 centres, 16%). However, telecommunications services are largely represented by sub-contractors (19 out of 32); and in-house telecommunications call centres are under-represented. These four sectors comprise up to two-thirds of all call centres in our national sample. Industries with 10 – 18 centres (5 – 8 percent of the sample) include business and IT services, manufacturing, facilities, and logistic-transportation. Another three industries have about 5 centres in the study, each representing 3 percent of the sample. These include the public and non-profit sector, health care, and print and media. Four percent of the sample includes centres that serve multiple industries.

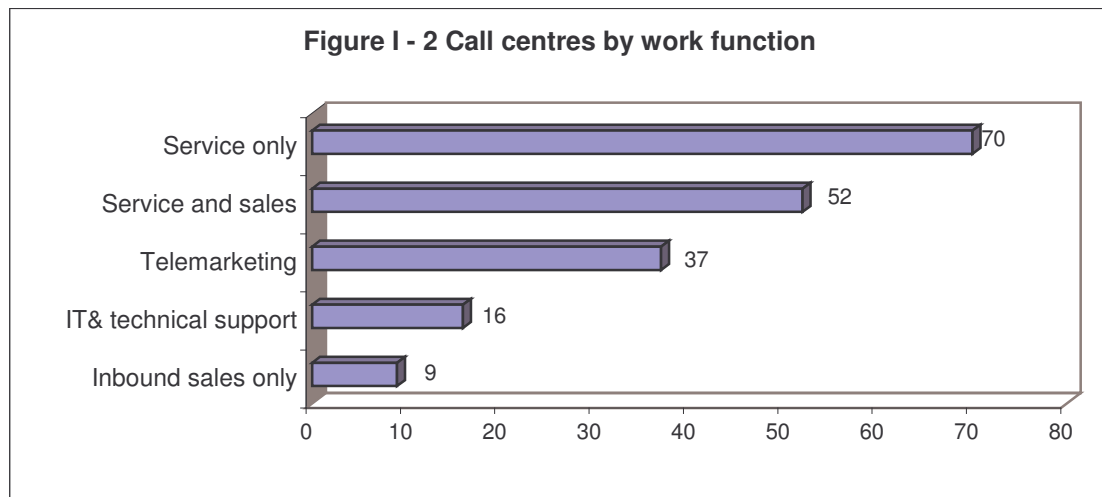
Figure 1.1 Sectoral distribution of call centres



Types of services

The types of services carried out by call centres also differs considerably, as indicated in Figure I-2. These differences play an important role in defining the types of business and human resource strategies adopted. The centres range from outbound telemarketing to in-bound service, or sales, and technical support.

In this study, 70 centres or 34 percent of the total sample provide only in-bound service. Service centres are considered as cost centres rather than revenue generators. They are entirely focused on responding to customer inquiries. Compared to the other countries, the function of call centres in France may still have a defensive role. In the US case, Batt (2004) showed that there already has been a shift in the US call centre industry to a profit centre orientation strategy.



The second largest group of centres in this study (25 percent) provide both service and sales activity. This implies that service agents must handle service inquiries as well as process orders for new purchases or upgrades of existing services. These can play the role of profit centres, as in the case of the US call centre industry. Employees need a mix of skills: social interaction skills to pay effective attention to customer inquiries and the ability to negotiate and close a sale. This suggests that human resource policy needs to adopt a policy of upgrading employees' competence.

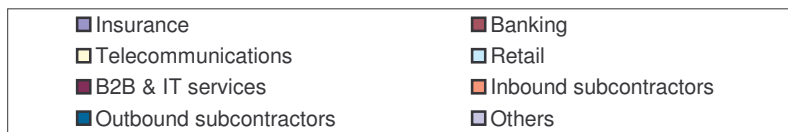
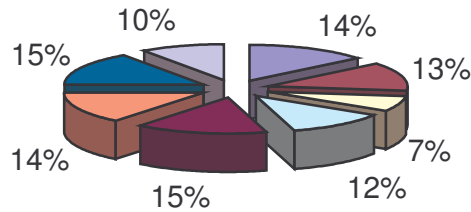
Other centres in this study are more specialized, including outbound telemarketing (18 percent of the total) and technical support or IT help desks (8 percent). The former need employees with both aggressive sales skills and an optimistic temperament, while the latter require highly specialised technical skills.

Significant groupings of call centres

We report the findings of this study by using the following categories that capture some of the variation in our sample (shown in Figure I-3). We start with in-house call centres that serve all markets in the four largest sectors. These include insurance (14 percent), banking (13 percent), retail (12 percent) and telecommunications services (7 percent).

Based on preliminary data analysis, we found that in-house centres providing business to business services and IT services have much in common, even though they are located in different sectors. Thus, we report their averages together, and they represent 15 percent of all centres in this study. Finally, we split subcontractors who serve all industries into two groups: outbound subcontractors (15 percent of all call centres) and inbound subcontractors (14 percent). Figure I-3 differs from figure I-1 because the former represents the field of activity in terms of industry, while the latter stands for the mixture of sector and type of activity. Figure I-3 illustrates the distribution of call centre establishments in these eight categories.

Figure I-3 Categories of call centres in this report

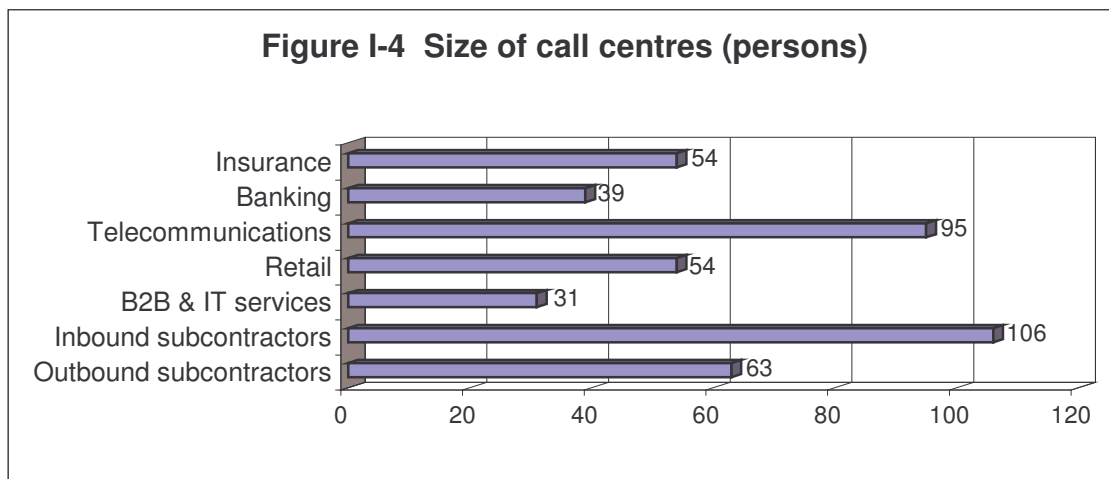


These different types of call centres show consistent differences in management and employment practices. Generally speaking, the centres providing business and IT services may be classified as ‘high end’ centres. They serve business customers, compete on service quality, are smaller in size, hire fewer female workers, and offer a higher level of compensation. At the other end of the range, outbound subcontractors appear to be the most cost-driven, with a huge proportion of temporary workers, a high rate of mobility, and low level of pay. Inbound subcontractors have much in common with the outbound subcontractors in terms of labour flexibility (use of temporary workers, mobility, and low pay), but also have some different features: they are more recently established, larger in size, higher in standardization of work practices and more advanced in the use of new technology.

In-house centres in retail, telecommunications, and financial services fall between these two extremes. First, retail call centres often look very similar to subcontracted centres, although the stability of the workforce is much greater in the former than in the latter. Second, telecommunications centres reveal a unique pattern, apparently due to the current restructuring of internal labour markets: traditional operators are retraining and workers in once stable service jobs are being transferred to call centre operations. Third, insurance and banking sectors offer relatively complex products and services, with opportunities for value-added sales based on customisation. They hire more educated workers and try to create more stable employment relations.

I-2 Organizational Characteristics of Call Centres

Our survey includes a wide range of call centres in terms of their size, structure, location, and market scope (we have excluded small call centres with less than 10 employees). In France, these call centres are rarely large organizations. The average number of employees is 58 persons. In our sample, 67 percent of call centres have fewer than 50 employees and only 12 percent have over 100 employees.



Size of call centres

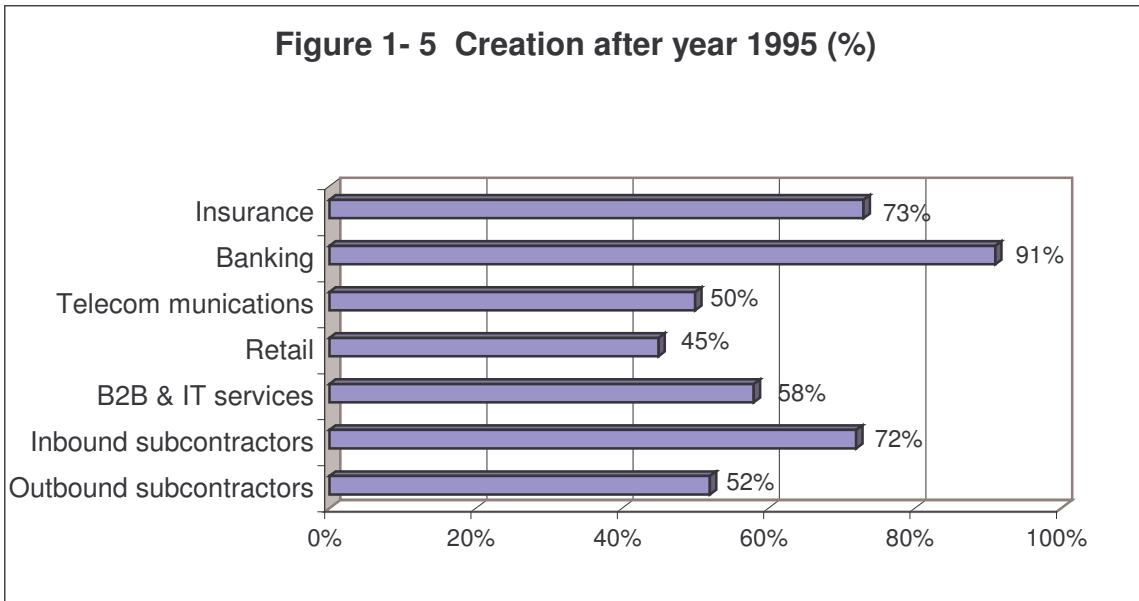
Figure I-4, however, shows that the size of call centres differs by industry and whether they are in-house or subcontracted. Banking centres and call centres serving business or offering IT services are the smallest in size, averaging about 30 to 40 employees at a worksite. This small office environment allows for close relationships among employees and managers and creates a ‘professional’ climate. In contrast, telecommunications services and inbound subcontractors average close to 100 employees, and this larger size tends to favor economies of scale and standardisation of operations through call centre technologies. In between these extremes are the insurance sector, retail sector and outbound subcontractors, which range from 50 to 65 employees.

Generally speaking, compared to the US, French call centres appear much smaller and less standardized.

Age of call centres

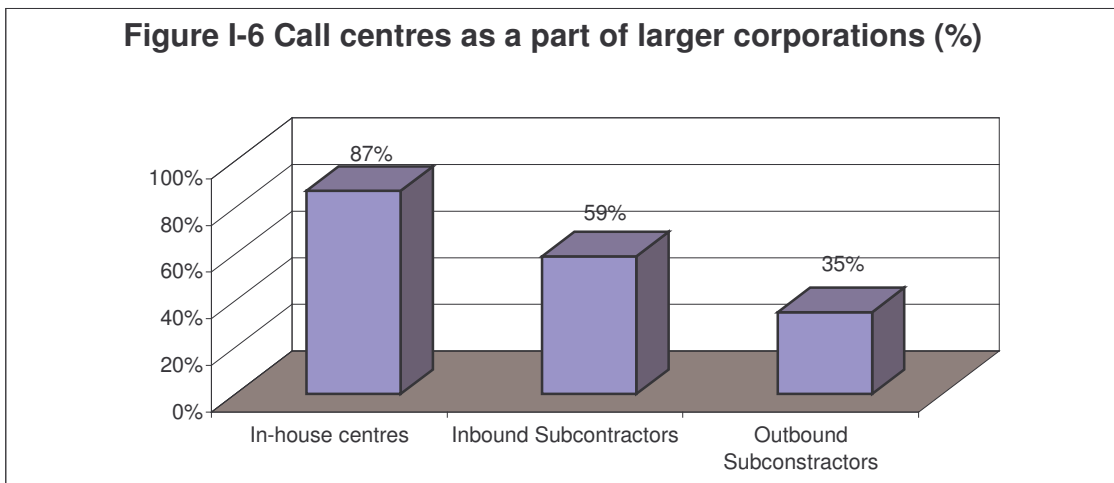
The size of call centres is not necessarily correlated with their age. The older centres are likely to be located in the telecommunications or retail sectors, or in outbound subcontracting. This pattern mirrors both the early use of advanced telecommunications engineering technologies in these sectors and the rapid development of new commercial practices (catalogue sales in the retail sector and telemarketing methods in the outbound subcontractors). While the average centre in our sample is about 9 years old, those in telecommunications and retail sectors are 12 years old.

As shown in figure I-5, inbound subcontractors and call centres in banking and insurance are much younger, since three quarters of them were established after 1995. This reflects the rapid expansion at the end of the 1990s of call centres in financial services and the emergence of relatively large subcontractors serving multiple clients.



Call centres as a part of large corporations

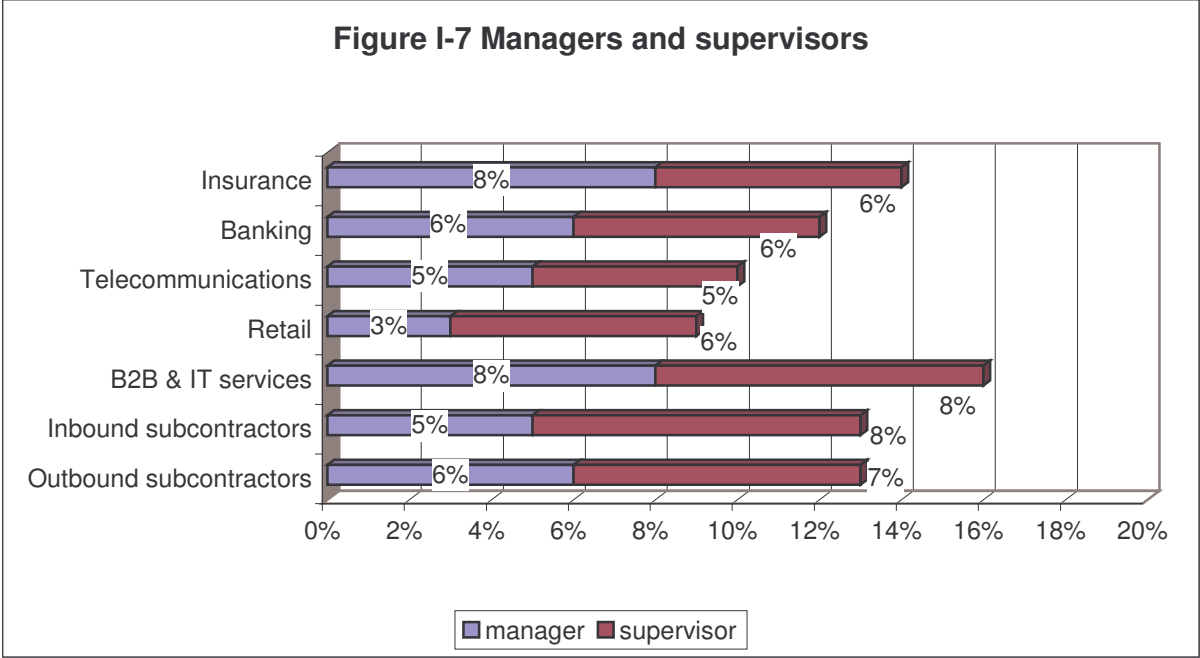
A majority of call centres are part of larger corporations - on average 78 percent of the centres in our sample. As shown in Figure 1-6, this percentage is highest for in-house centres (87 percent). However, this is not the case for subcontractors. Nearly half of inbound subcontractors and two-thirds of outbound subcontractors do not belong to any group. This suggests that independent operators of call centres are not exceptional in this part of the industry. In France, there remains a non-negligible quantity of ‘artisan-type’ – small and independent – call centres.



Hierarchy ratio

Most call centres are relatively lean organisations, with a low ratio of management (managers + supervisors) to workers. This pattern confirms the fact that French call centres are small units: they do not need a lot of managers to control the operation. The worksites in this study are representative of this general pattern. As shown in Figure I-7, the percent of the workforce in management ranges from 16 percent in centres serving business clients and offering IT services to around 9 -13 percent in all of the other sectors. These figures suggest that call centres in all sectors have a very lean organizational structure compared to many

other organizations. This is particularly true if we consider only the ratio of managers to workers. This suggests that call centre agents have few opportunities for internal promotion, if the centres do not experience organisational growth, which must have important effects on human resource management.



II – Strategic Dimensions in French Call Centre

II-1 Business strategy

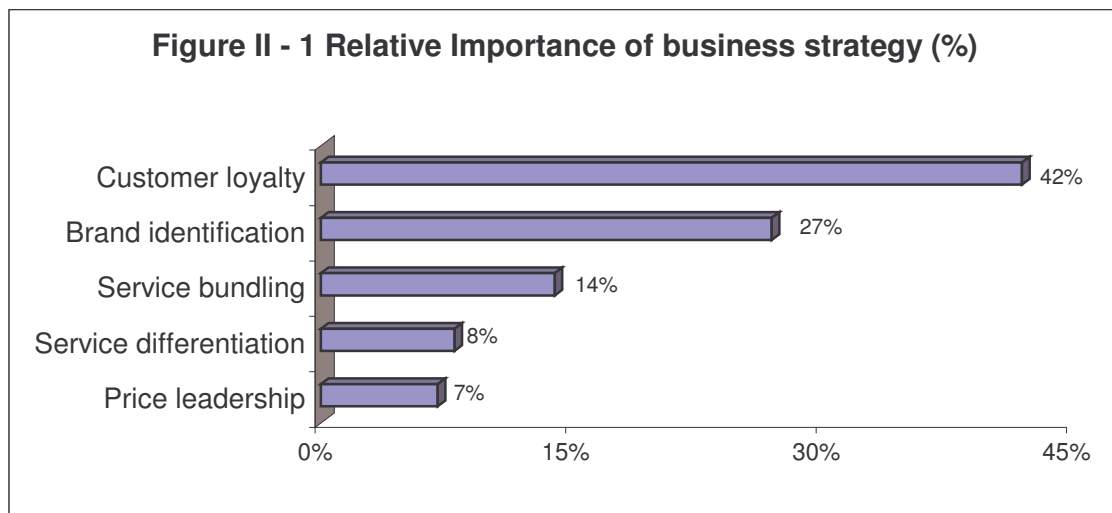
A variety of business strategies may be possible in this new industry: call centres can position themselves to compete in the context of volatile markets and the proliferation of service offerings. While some may opt for quality and variety of services, others may adopt a price leadership strategy. We asked respondents to select their most important competitive strategy.

Variety of strategies

As shown in Figure II-1, the largest group of respondents (42%) gave the highest priority to customer loyalty. Many managers in France believe in this type of strategy, as suggested by a large management literature stating that loyal customers are more profitable. Another 27% put emphasis on the importance of brand identification. This means that managers care about the brand name of their company, which corresponds to the ‘reputation effect’ on the market.

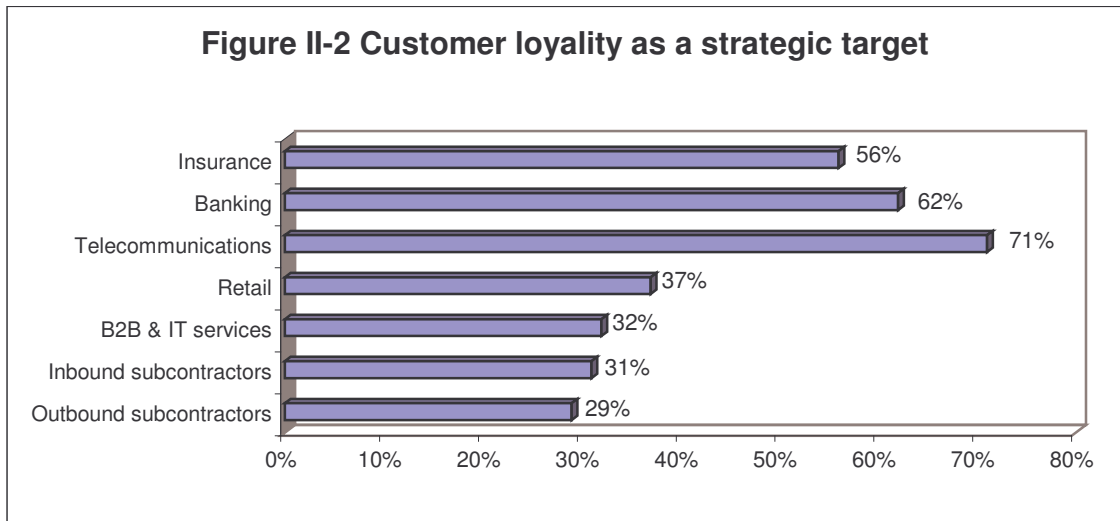
Contrary to these ‘subjective’ elements of strategy, its ‘technical’ aspects appear to be neglected. Only a small proportion of managers of call centres opt for strategies such as one-stop-shopping, service bundling, or service differentiation (services dedicated to a particular customer base or a particular service).

Finally, price leadership was the least popular strategy, with only 7% of managers reporting it as their main business strategy. This finding is also surprising, given that the call centre industry is under on-going pressure to minimize costs.



Differences by segment

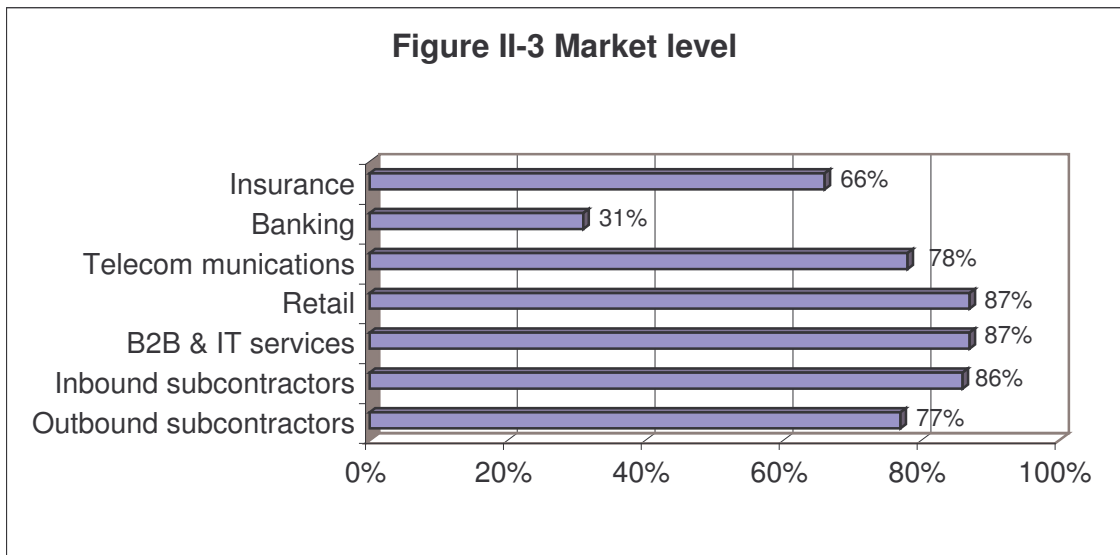
If we analyse these strategies by industry, diverse patterns appear. As shown in figure II-2, a ‘customer loyalty’ strategy is particularly important in financial services and telecommunication services. Service bundling is relatively more important in business and IT services. Brand strategies are also more important in retail services, with 30 percent of centres opting for this strategy. Finally, managers of outsourced call centres pay more attention to price leadership than do those in other sectors, which shows that price competition is particularly strong in this segment.



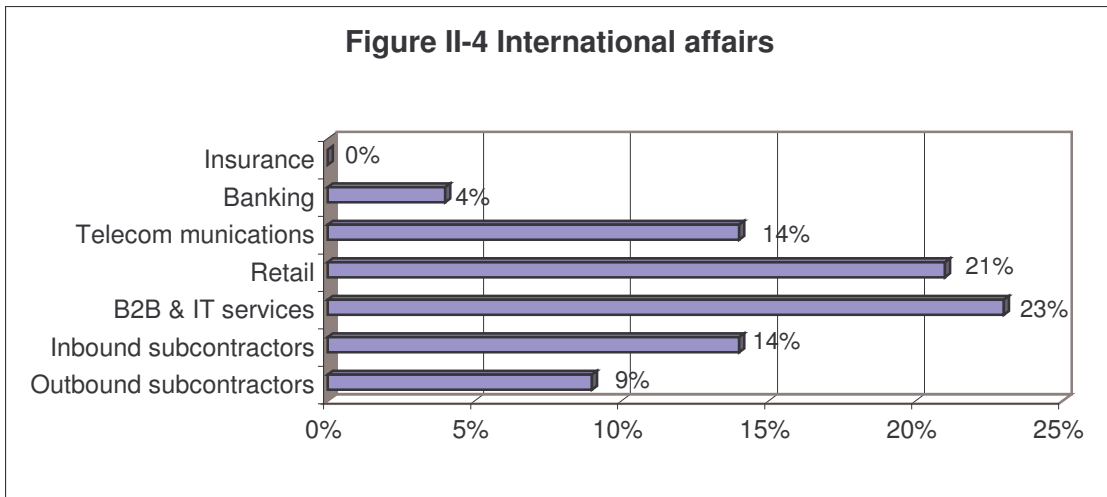
Scope of the market

Almost all of the call centres in our sample serve primarily national markets. Their customer base is defined as national, rather than local, regional, or international. As shown in Figure II-3, this is particularly true for telecommunications services, retail, IT services, and subcontractor segments.

Two exceptions to this dominant pattern are the insurance sector and more notably the banking sector, which remain primarily regional in scope. This difference possibly reflects the fact that many French banks remain regionally-based, besides four large nation-wide banking companies, even though they are gradually extending their scope.



By contrast, more than 12 percents of call centres serve an international - probably European - market. This pattern of 'Europeanisation' is particularly pronounced in two sectors: retail and IT and business services sectors, as shown in Figure II-4.



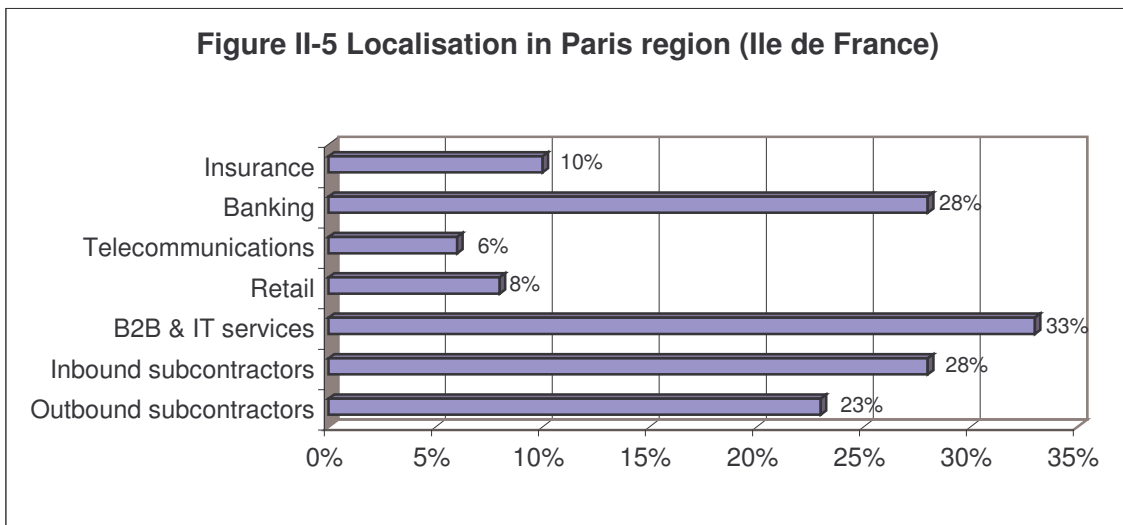
II-2 Location strategy

Geographical location of call centres

Call centres are dispersed all over the national territory of France. There are, however, some regions that specialise in particular call centre operations. For instance, the 'French North region' specialises in retail related call centres, as it has long harboured catalogue selling companies. Another example is the 'French West region', where many insurance companies are located.

Figure II-5 shows the relative importance of the Paris region (Paris and five surrounding counties) as a locational choice for different sectors. Although the average is around 20 percent, call centres in banking and business/IT services and inbound subcontractors choose the Paris region as their primary site, even though the pay levels are higher than in other regions. We do not know, however, to what extent this choice is related to the strategic consideration of access to a skilled labour force.

We will examine this issue further in the final section VI.



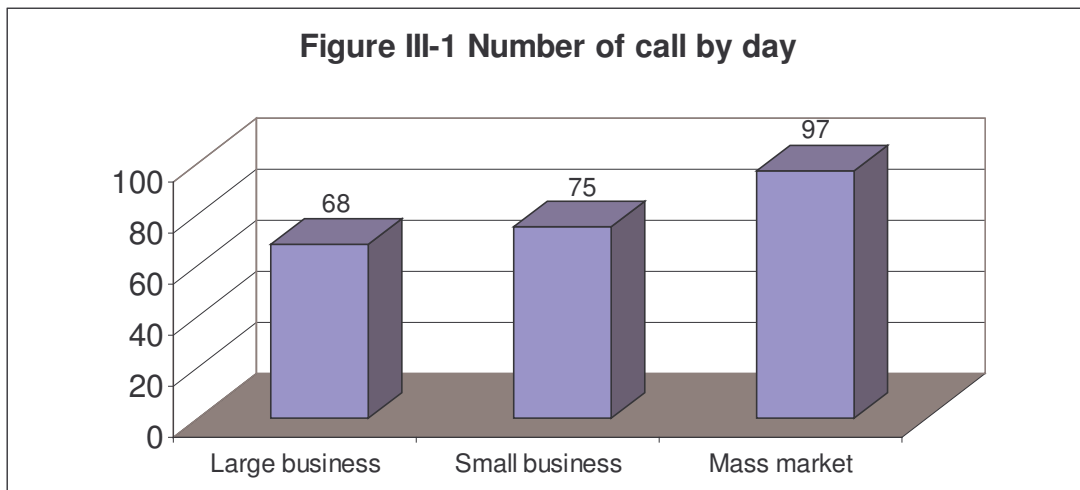
III – Market Segments and Human Resource Practices in Call Centres

III – 1 Customer segmentation and human resource systems

First of all, we illustrate the extent to which human resource (HR) practices vary across the centres serving different customer segments. In call centres serving mass market consumers, service operators typically handle inquiries that include taking new orders, handling billing issues, and providing other kinds of information. Customer-provider relationships tend to be still quite transactional in this segment. Small business operators have more opportunity to develop relationships with their customers and customise service offerings. Large business operators are much more likely to engage in ‘customer relationship management’, which means they adopt the strategy of building personalized and long-term relations with customers.

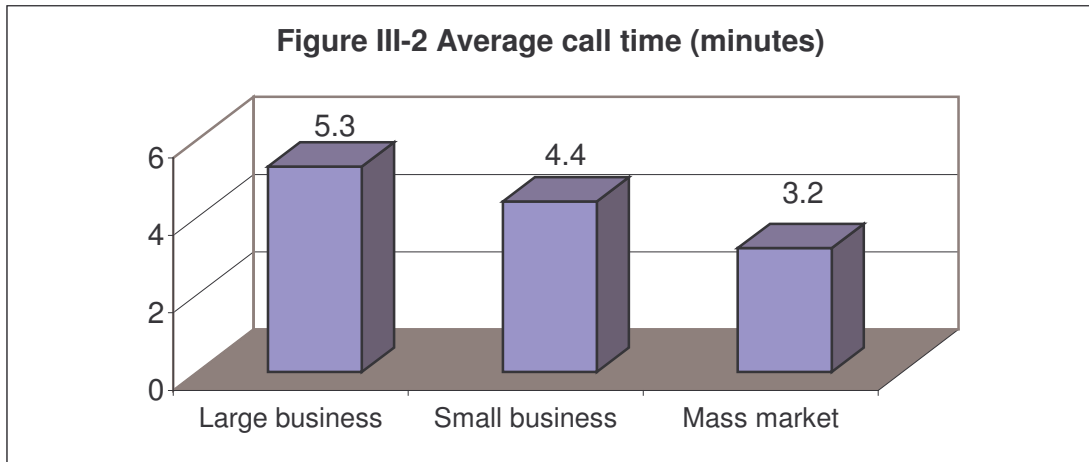
Number of calls per day

Differences in work requirements may introduce certain forms of differentiation in human resource management systems. This manifests itself in some indicators of work practices. As shown in Figure III-1, operators serving the mass market handle an average of 97 calls per day, over 42 percent more than those serving large business customers (68 calls by day).



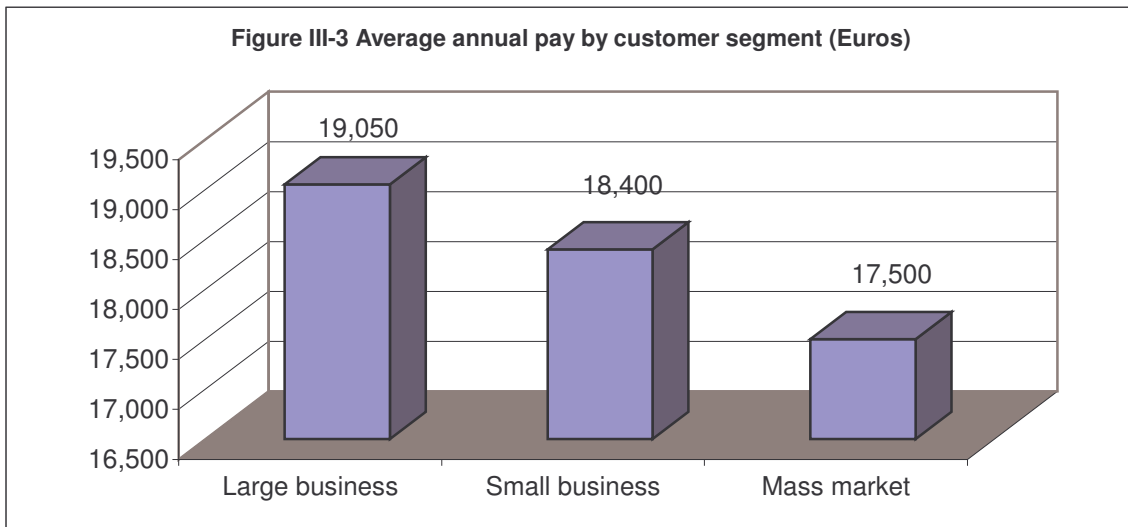
Length of each call

Another indicator of variation is the length of each call. On average, operators serving business customers must handle more complex transactions and compete more on the quality of their services than operators serving the mass market. The former are very likely to develop high levels of technical skill and relational competence to maximise customers’ satisfaction, while the later may be submitted to a highly standardised work processes. These differences mirror the length of calls, which ranges from 5.3 minutes in the large business segment to 3.2 minutes in centres servicing mass market customers, as shown in Figure III-2.



Pay level by market segment

These differences in the nature of work and job requirements are reflected in the levels of pay that operators receive. Employees serving large business customers average 19,050 euros in annual pay, while those serving mass market customers receive 17,500 euros. Small business operators earn 18,400 euros annually (see Figure III-3). Nonetheless, the pay differentials by market segment appear much less pronounced in France than in the US, where there is close to a 60% difference in pay between the mass market and large business segments (Batt et al. 2004: 9).



III-2 Selection of workforce and staffing strategies

In this section, we will look at the selection and staffing practices of call centres. We examine these practices by comparing in-house call centres serving different industries with subcontractors or outsourced centres. There are several general patterns that emerge.

Centres providing IT services or serving business segments tend to hire employees with more formal education. Their workforce has a larger proportion of male workers, more full-time as opposed to part-time or contingent employees, and they are more selective than others in their hiring practices.

At the opposite end are outsourced and retail centres, which hire fewer graduates from higher education (university levels), use more part-time and contingent staffing, and hire higher proportions of women to staff their centres. In particular, outbound call centres show a very specific pattern of human resource management. In between these two extremes are in-house centres in telecommunications and financial services.

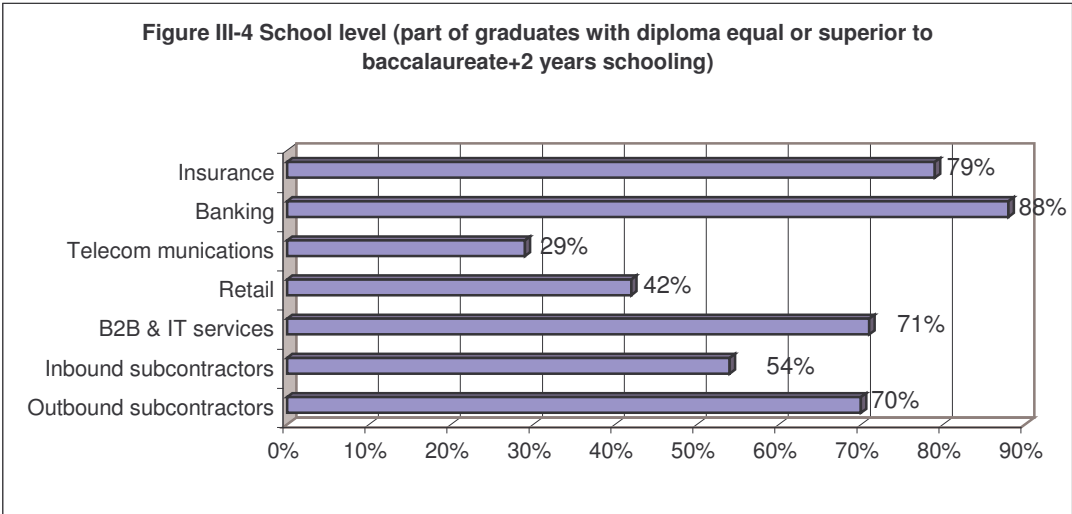
Here, we analyse such demographic characteristics as tenure, education, and gender, as well as the use of each employment category (full-time, part-time, and temporary workers). The characteristics of the workforce in call centres exhibit considerable variation across the distinct sectors in our sample.

Education level

First of all, the education level of call centre workers is higher than is often imagined. That is because call centre jobs require employees to be able to absorb changing product knowledge, manipulate databases, and have good communication skills. In our study, we asked managers to provide the education level of the ‘typical’ call centre employee. We defined typical as ‘half the workforce has a higher level and half has a lower level’.

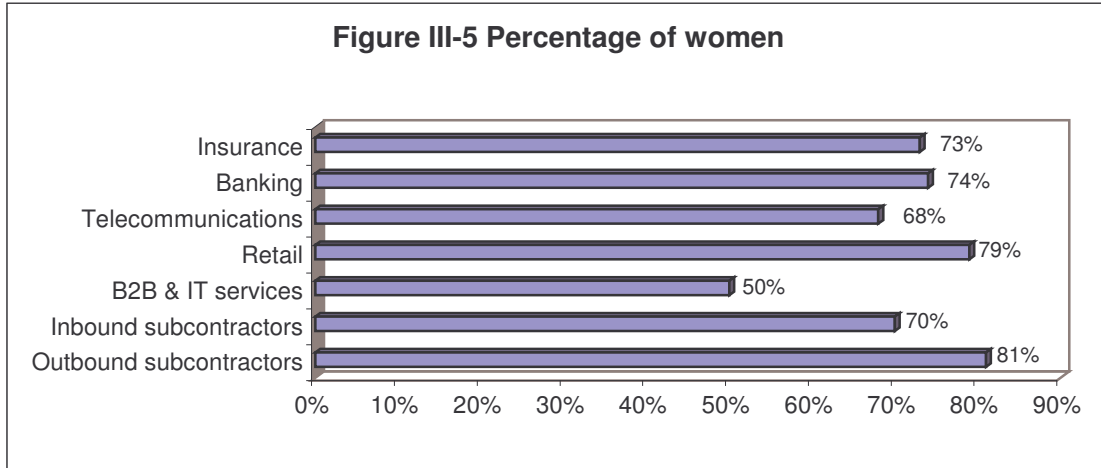
According to Figure III-4, managers reported that the typical worker had largely the diploma of Bac+2 years (two years schooling after the Baccalaureate). The highest levels of education are found in call centres in the banking and insurance sectors and in IT and business services: 70 - 80 percent of call centres in these sectors have typical workers with the diploma of Bac+2.

By contrast, the lowest educational profiles are found among telecommunications and retail centres. Call centres in retail seem to have a relatively elderly female workforce with a lower level of formal education. Similarly, the telecommunications companies (especially France Telecom) have a long established internal promotion system for relatively less educated employees; and these companies now tend to retrain and transfer some of the elderly employees - clerks and technicians who were trained on-the-job – into call centres. This is probably one of reasons why the typical worker shows a lower level of formal schooling.



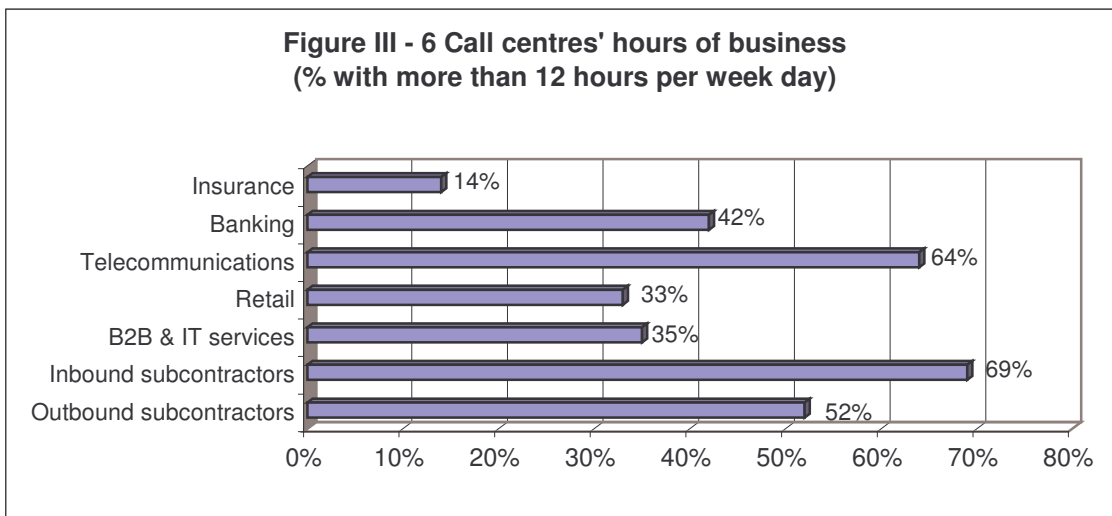
Gender distribution

The French call centre industry primarily employs a female workforce. In our study, women constitute 71 percent of the workforce in the call centres, while men make up only 29 percent. This gender composition is for the most part common in all types of segments, ranging from 68 percent to 79 percent female, except in call centres serving business and offering IT services (see figure III-5). In this case, where there are many high-end call centres, men represent half of the workforce.



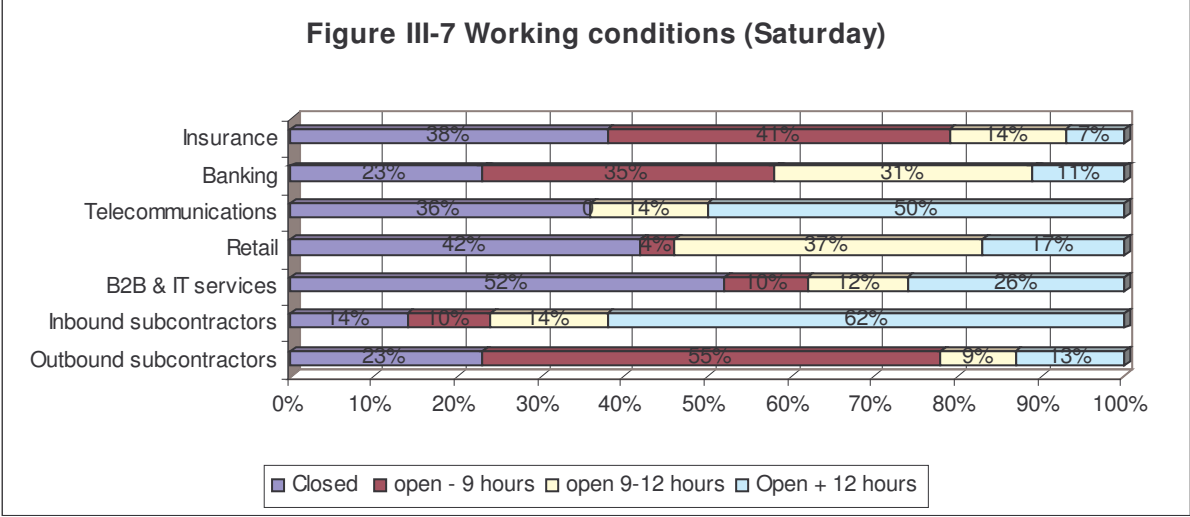
Opening hours of call centres and working conditions

The work schedules of call centre employees depend heavily on the days of the week and hours that call centres are open for business. Unfortunately, we did not ask managers to report the average working hours of employees in the French survey. However, we know when call centres are open for business. Although an average of 45 percent of call centres are open more than 12 hours per day, the pattern of scheduling varies across different sectors. The majority of call centres in telecommunications services and inbound subcontractors operate longer than average, while call centres in insurance, IT services, or retail sectors operate on shorter schedules, as shown in the figure III-6.



If we now consider the hours of business during the weekend (Figure III-7), various patterns appear: Only 12 percent of call centres - many of which are inbound subcontractors -

remain open on Sunday in France; call centres in telecommunications services and inbound subcontractors operate on Saturday (typically more than 12 hours); call centres in insurance, IT services, and the retail sector are often closed on Saturday.

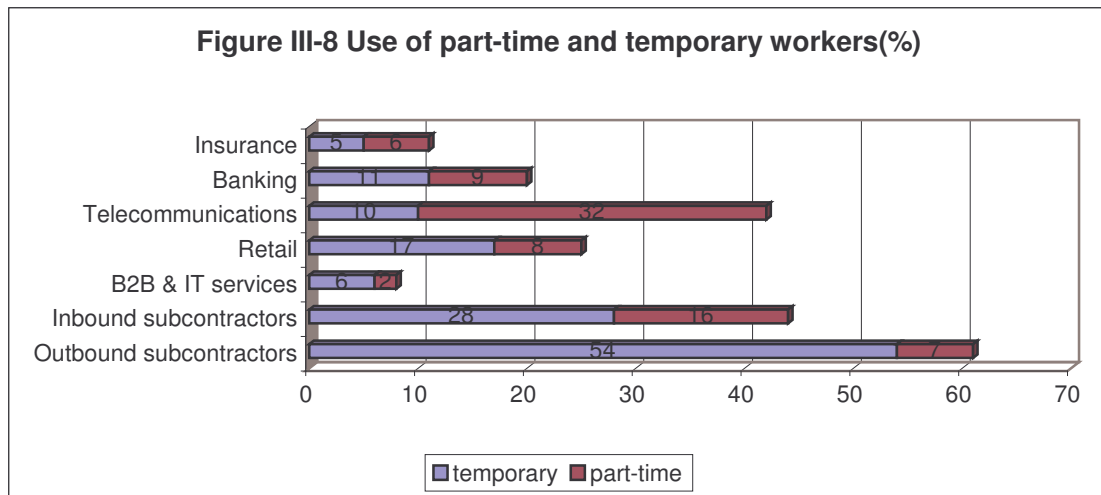


Use of part-time and temporary workers

Longer hours of business (over 8 hours a day) require call centres to adopt a system of shift work and the flexible deployment of the labour force. The use of part-time and temporary workers, which has expanded remarkably in the last decade, corresponds to such an organisational need.

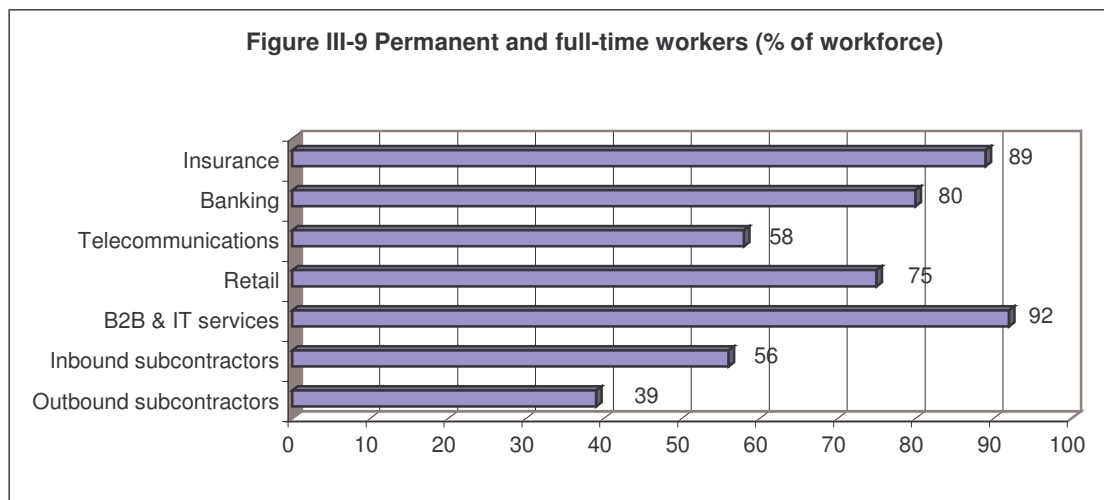
On average, part-time workers comprise 13.8 percent of the call centre workforce in the French sample and temporary workers comprise 25.4 percent. However, the ratio is very different from one sector to another. For example, half of the workforce in outbound subcontractors - and one quarter in inbound subcontractors - are temporary workers, while call centres in insurance services, and business and IT services make the least use of temporary workers. It seems that the intense use of contingent workers is concentrated in certain type of call centres even among subcontractors.

As far as part-time workers are concerned, their use is more evenly distributed over the different sectors, although in-house telecommunications centres and inbound subcontractors make the greatest use of part-time workers. In business and IT services, part-time and contingent workers represent only 8 percent of the workforce (Figure III-8).



Regular and full-time workers in call centres

Another way to view staffing strategies is to focus on the percent of the workforce that is permanent and full-time. This represents the more traditional approach to staffing, and provides a stronger indicator to employees that their employment is secure. On average, 61 percent of call centre workers in this study hold permanent full-time jobs. Figure III-9 shows that the majority of employees hold permanent, full-time positions, except for those in outsourced centres.

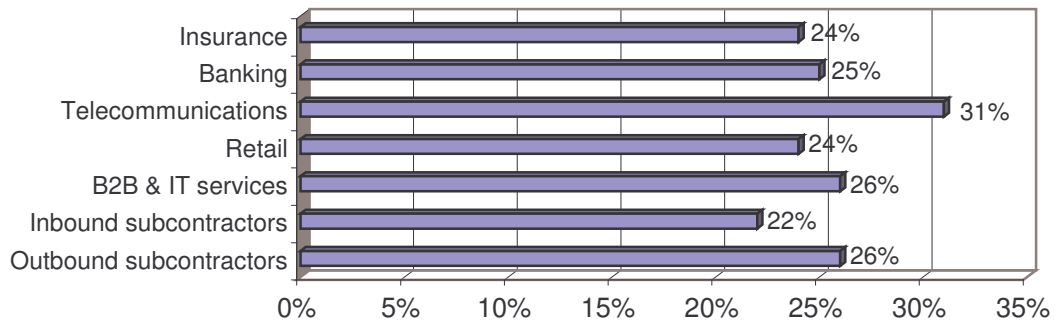


Hiring practices

The 'select rate' is the percentage of employees who are actually hired compared to the total pool of applicants. It may be one of the 'matching' indicators between labour demand and supply in the labour market. It also reflects how selective employers are in their hiring practices to ensure a high level of service quality. The lower the select rate, the more selective the employer is in hiring new applicants.

In our study, the average 'select rate' for call centres is 25 percent, that is, exactly 1 worker for every 4 applicants. According to Figure III-10, it is surprising to see that the 'select rate' is very similar across different sectors, which could mirror the overall pressure of the high unemployment rate (about 10 percent) in the French case.

Figure III-10 Select rate



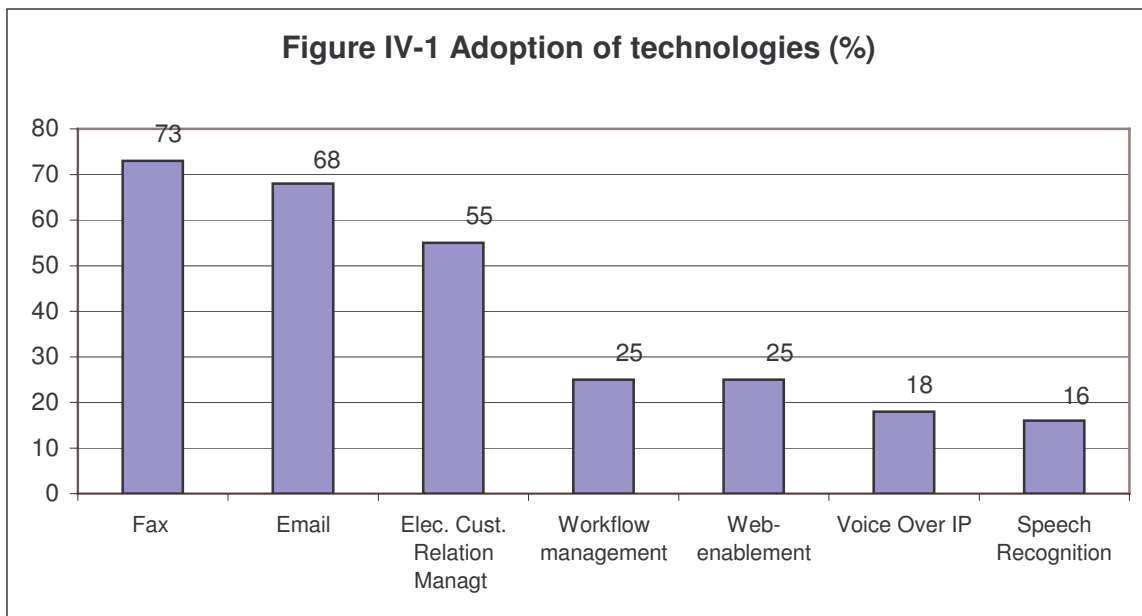
IV – Technology and Work Organization; Skills and Incentive Mechanisms

IV – 1 Adoption of technologies

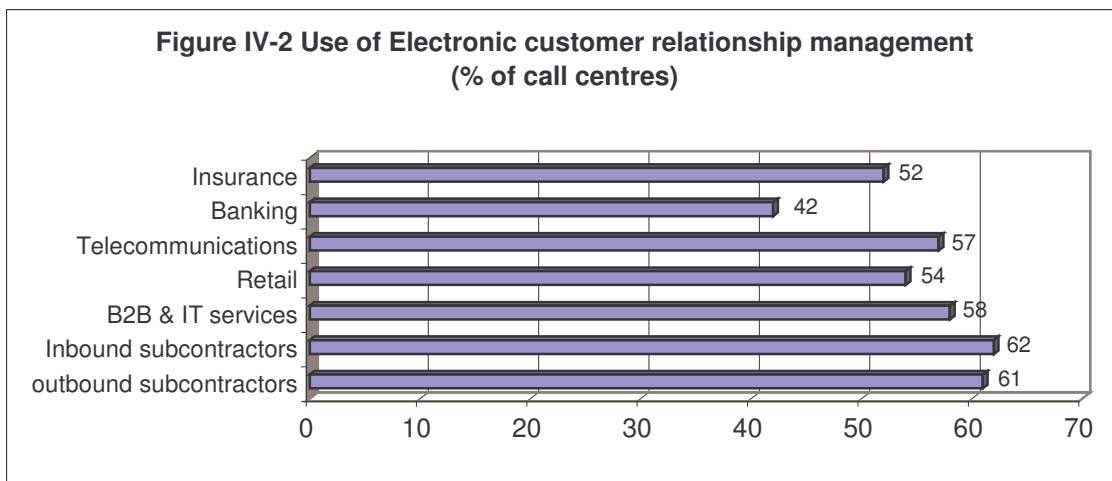
Information technology is constantly changing. It is the main reason why call centre workers need to continually learn on the job. Advances in information technologies enable call centres to move from voice-only channels (telephones) to multiple channels, such as email, fax, internet, and voice over internet protocols, for customer interactions. These technologies are complements to the skills of the workforce in that they allow employees to serve customers through a variety of means.

Our survey revealed (Figure IV-1) that nearly 70 percent of the centres in our sample used email and fax as well as telephones for customer communications. Moreover, 55 percent of them used electronic customer relationship management and 25 percent used web-enablement and workflow management. However, technologies such as interactive speech recognition (16%) or voice over internet protocol (18%) were used much less in French call centres.

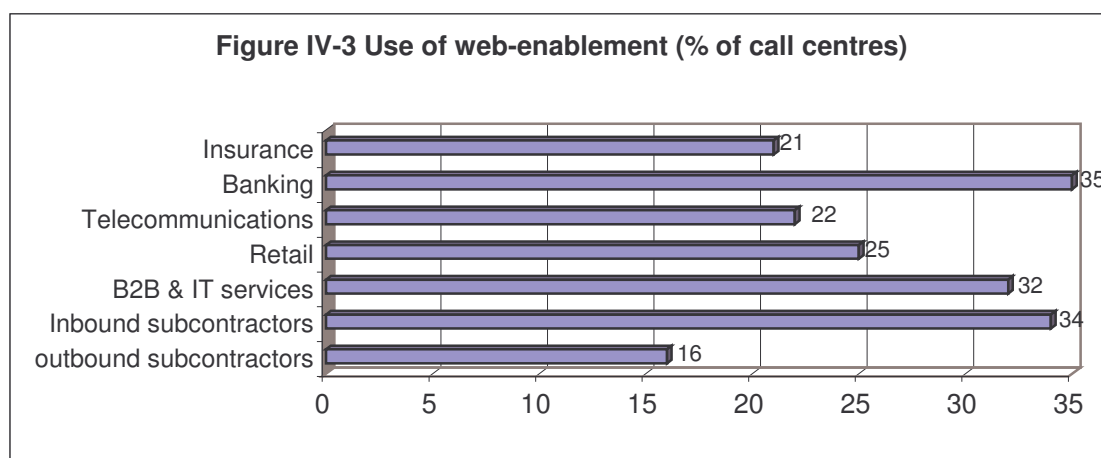
Compared to the US call centre industry, centres in the French industry are less equipped with most of the latest information technologies, except electronic customer relationship management equipment. According to the US report (Batt et al. 2004), 85% of US centres used email and fax as well as voice, while 56% used web enablement.



Across different industries and market segments, investments in new technologies tend to be reinforced. In the French case, investments in equipment for electronic customer relationship management are noticeably expanded (see Figure IV-2 and figure IV-3). There is a high rate of use of this technology, particularly in outsourced call centres. This is perhaps because they are newer centres and able to invest in new technology, or perhaps they consider it to be a competitive strategy to attract new clients.



A non-negligible percentage of call centres are also investing in new technologies such as web-enablement. In particular, call centres in banking and business and IT services, as well as inbound subcontractors, have a higher rate (with more than 30 percent adoption rate), compared to those operating in insurance, telecommunication services, or as outbound contractors (see Figure IV-3).



IV - 2 Skills and training

As stated above, most call centre workers in the French study have graduated from a college or university (diploma of Bac+2 years - two years schooling after a Baccalaureate in tertiary education). Beyond a general basic knowledge they acquire at school, call centre workers also need to develop occupational knowledge, such as telephone communication and negotiation skills, and firm-specific knowledge concerning the firm's products, customers, and work processes.

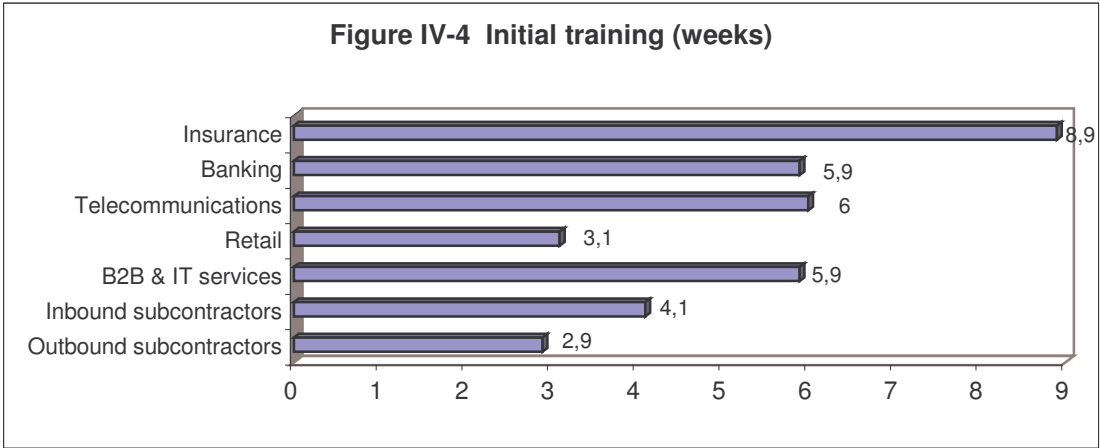
The former eventually allows call centre workers to move from one firm to another, since these are general and 'transferable' skills. The latter is what is often referred to as 'firm-specific knowledge'. This firm-specific skill is important because call centre workers have to manage the boundary between the firm, the market or customer, and the structure of the customer's buying habits.

In short, they need customer-specific knowledge regarding the demand characteristics of particular segments and how to use that knowledge to negotiate customised offerings. Call

centre workers also require specific knowledge of the structure and content of the firm's information systems, to ensure maximum customer satisfaction.

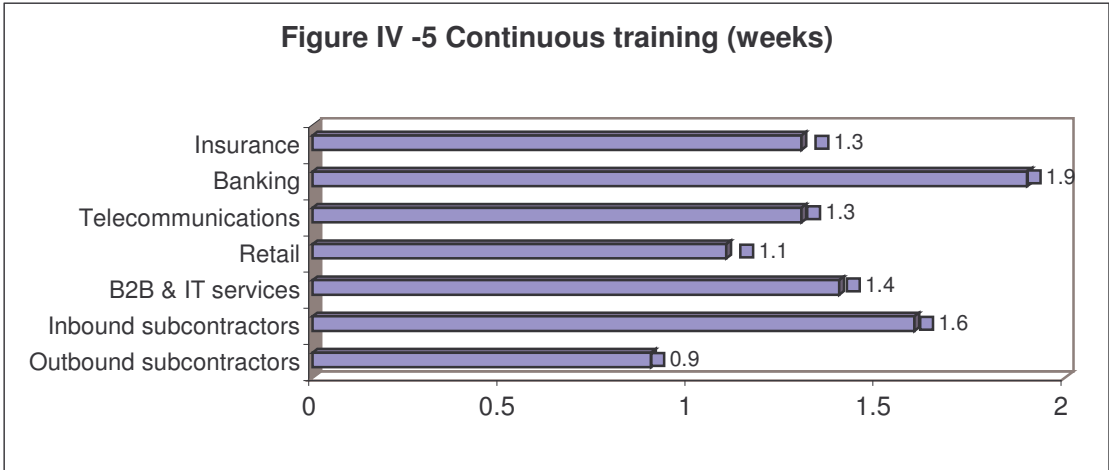
Initial training

To understand better the process of skill-formation in the call centre industry, we questioned managers about the number of weeks of initial training the typical new hire receives. On average, call centres provide 5.4 weeks of initial training to new employees. Call centres in insurance make the largest investments in initial training, at 9 weeks. This may be due to the hurdle of learning different products and legal regulations. Banking, telecommunications, and IT services sectors have relatively high training rates (around 7 weeks). At the other end of the spectrum, call centres in retail and outbound subcontractors provide only three weeks of initial training (see Figure IV-4).



Continuous training

Call centre managers are concerned about the continuous amelioration of employees' skill, since the products, technologies, and services that they handle are changing at a rapid pace. Thus, call centres are often obliged to provide employees who service and sell these products with formal training and opportunities to upgrade their knowledge and skills.

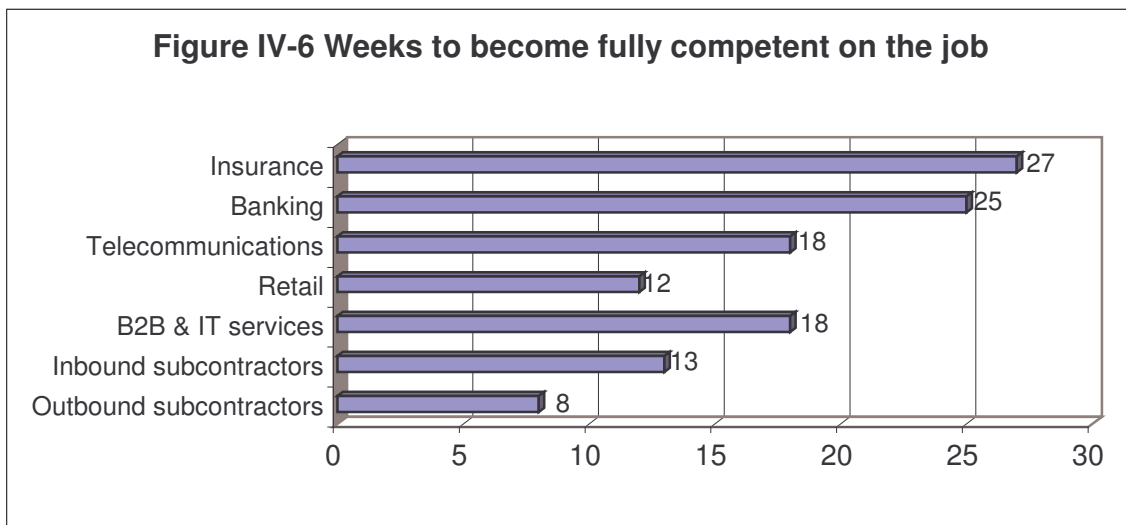


According to our survey (Figure IV-5), call centres in France provide, on average, about 1.3 weeks of continuous training each year. That just clears the national median level, and represents the average time allocated to continuous training at the national level, in spite of the knowledge-intensive nature of these jobs. French call centres provide less training than the American call centre industry, where ongoing training averages 2 weeks per year.

This provision of on-going training does not vary much across the industries and sectors in the study, except that outbound subcontractors provide noticeably less training.

Time to become proficient

We asked managers to report how long it takes a newly hired employee to become proficient on the job. Here, also, we find that large business and IT service centres are similar to those in telecommunications and financial services. Managers estimate that it takes on average about 17 weeks to become proficient in these jobs. Yet among call centres in retail, inbound subcontractors, and outbound subcontractors, the estimated times are only 12, 13, and 8 weeks respectively (see Figure IV-6).



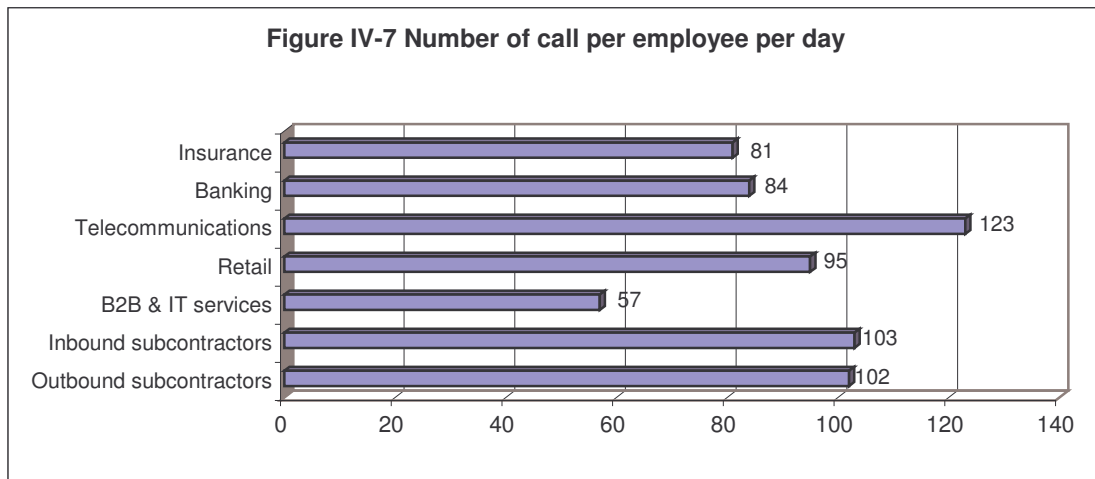
This issue is often central in call centres because some of them typically experience high turnover rates. The longer it takes for employees to become competent, the greater the cost of lost productivity associated with high turnover.

IV - 3 Work Organization: pattern, autonomy, teamwork

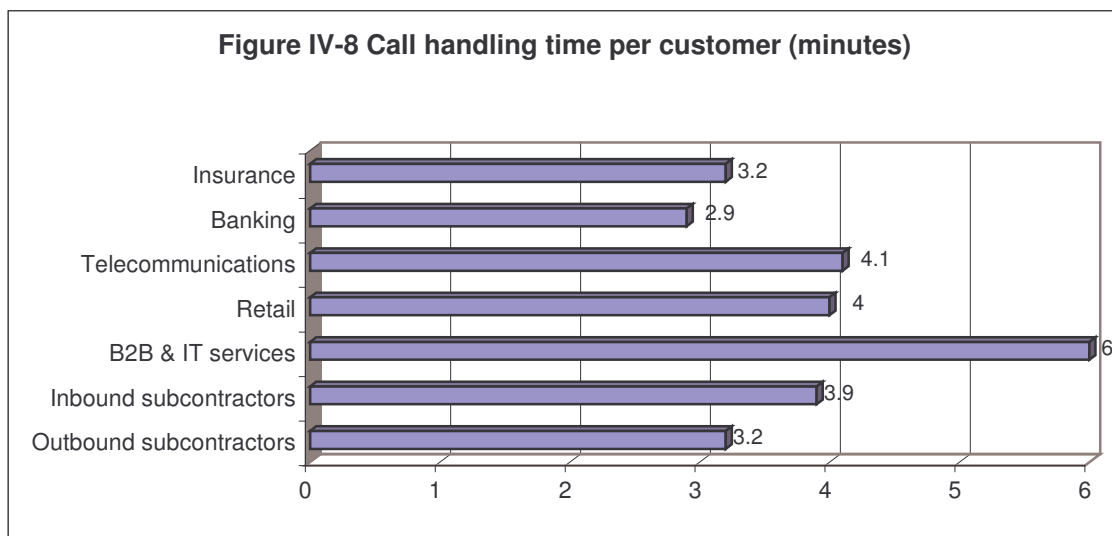
The organization of work in call centres classically focuses on the individual worker as the unit of analysis. Efficiency is often measured by call handling time or the number of customers served per employee per day. The common use of these metrics is designed to maximize individual efficiency, and by doing so, revenues per call.

Number of calls per day

The call centres in our sample reported receiving an average of 90 calls per employee per day. The average call handling time was 3.8 minutes, quite short in comparison with the US. Nevertheless, as noted above, these metrics were different across centres serving distinct segments and industries. The number of calls per day ranged from 57 in IT service and business centres to 95 in retail centres and approximately 100 in outsourced centres (Figure IV-7)



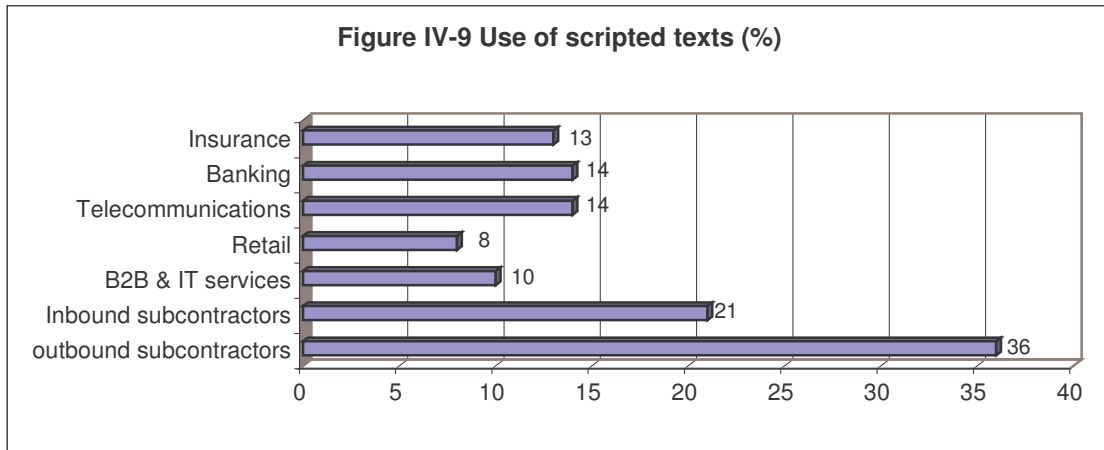
The average call handling time for customers showed a similar pattern. Call handling time reached 6 minutes, on average, in call centres serving business or providing IT services. By contrast, handling time averaged 3 minutes in financial services centres and in outbound contractors, which was nearly half of the time with regard to the former sector (Figure IV-8).



Discretion on job

In principle, new technologies such as electronic customer relationship management and web-enablement allow call centre workers to have greater discretion to utilize the information in databases and to react quickly to customer preferences. Our survey suggests, however, that employees are limited in the discretion they can exercise at work.

In our survey, managers were asked about how much discretion call centre workers have over certain aspects of their work: work methods and interactions with customers. They were asked to rate the discretion of their employees on a scale of 1 to 5, where 1 is very low and 5 is high. We then consider the average of managers who responded 4 or 5 on the scale as an indicator of relative autonomy at the workplace.

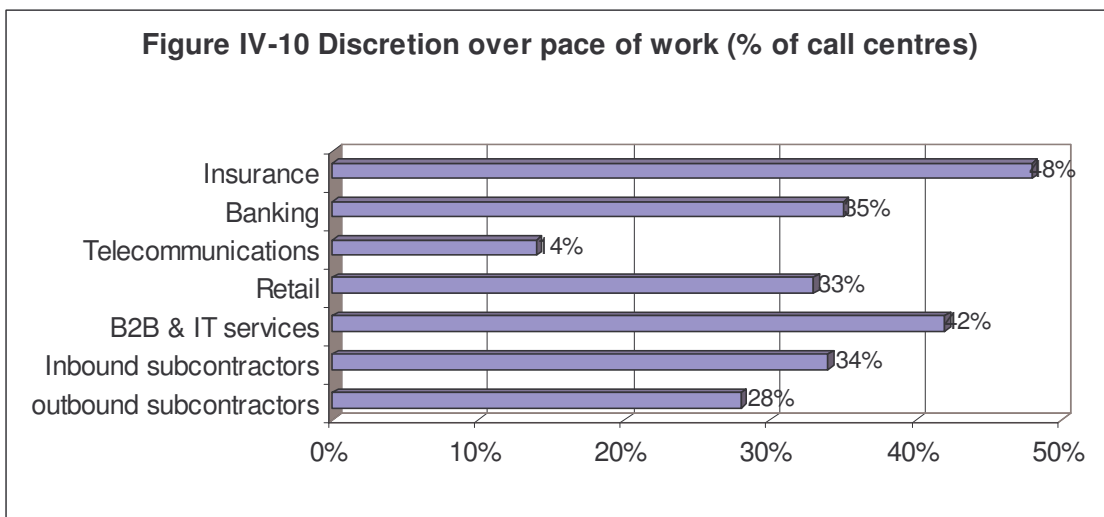


Use of scripted texts

One indicator of discretion at work is the extent to which call centre workers are required to use scripted texts. The decision to use predetermined scripts in call centre operations is based on a number of considerations, including how easy it is to standardize a certain kind of call and the ability to rely on other forms of performance management. In our study, only 17 percent of call centres made substantial use of scripted texts. Yet, there was important variation across centres: while outsourced centres rely heavily on these scripts (20 - 36 percent), only 8 of retail centres and 10 percent of IT and business services centres depended on them (Figure IV-9).

Discretion over the pace of work

In general terms, call centre workers have low levels of discretion at work. For instance, on average, only 24 percent of respondents said their employees had discretion over the tools they use; only 31 percent reported employee discretion over when they can take their lunch breaks; and only 36 percent said that workers had discretion over the pace of their work. These percentages are suggestive of the overall high levels of standardization in call centres – even in those serving large businesses and high end clients.

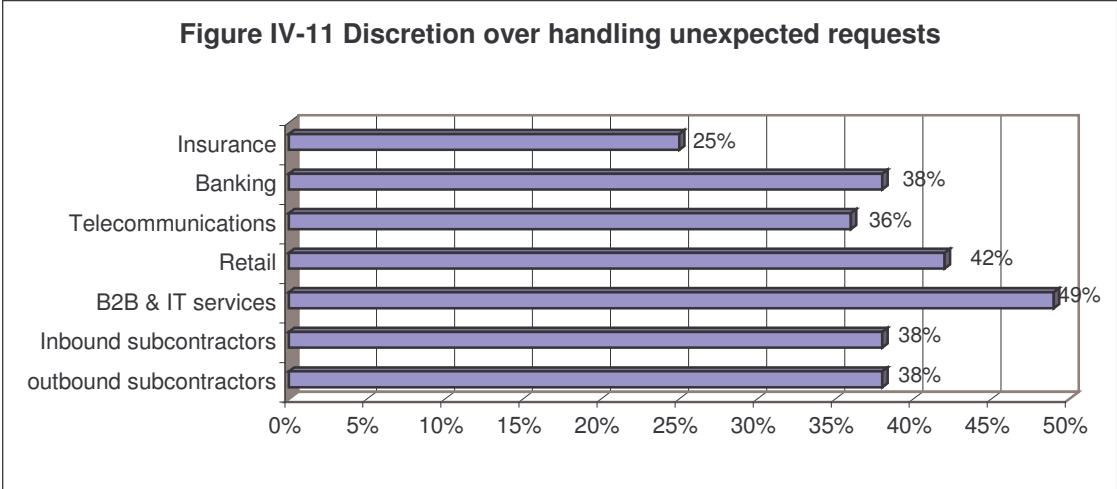


Our survey revealed, through various sectors and segments, some variation in the amount of discretion that employees have over their pace of work. More than 40 percent of centres serving business customers or providing IT services and in insurance reported that their operators had some or a lot of control over their pace of work. The comparable figure for

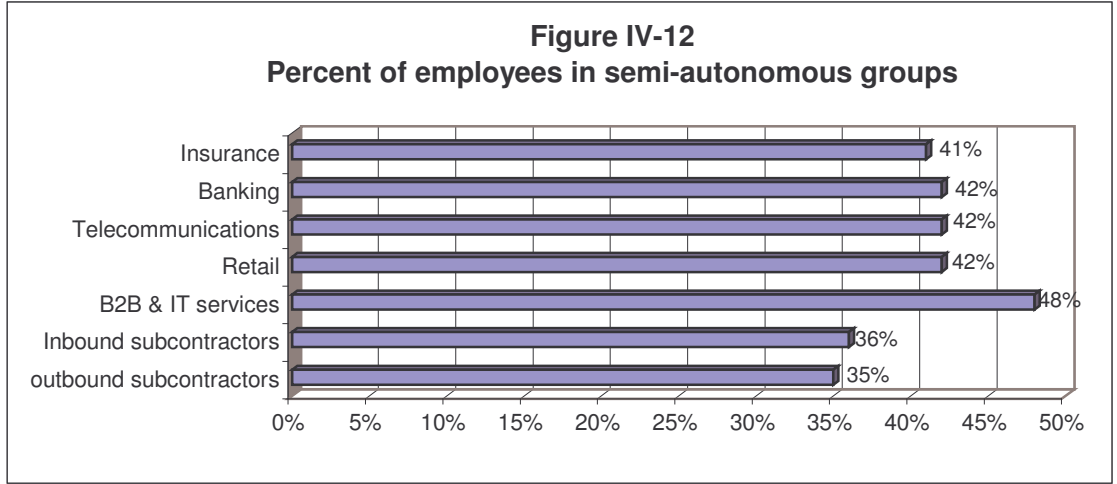
outbound subcontractors was 28 percent, and for telecommunication centres, 14 percent (Figure IV-10).

Discretion over handling unexpected requests

According to Figure IV-11, we found that the percentage of call centres allowing operators to handle unexpected requests from customers was similar to the discretion rate for work methods (37 percent). However, the pattern of variation is very different from the previous figure IV-10. Surprisingly, 38 percent of outsourced centres reported providing discretion to employees to handle unexpected customer requests – a level similar to those found among in-house centres providing services in IT, telecommunications, banking and retail. By contrast, the insurance sector is an exception with very little discretion (25 percent).



Another indicator of discretion at work is the use of semi-autonomous groups, where employees assume the responsibility of organising the work and managing themselves.



According to our survey, around 40 percent of managers reported making any use of semi-autonomous work teams. The percentage of employees involved in these teams was higher in centres providing IT and business services (48%), while this figure is the lowest in the outsourced centres (35 percent), as shown in Figure IV-12.

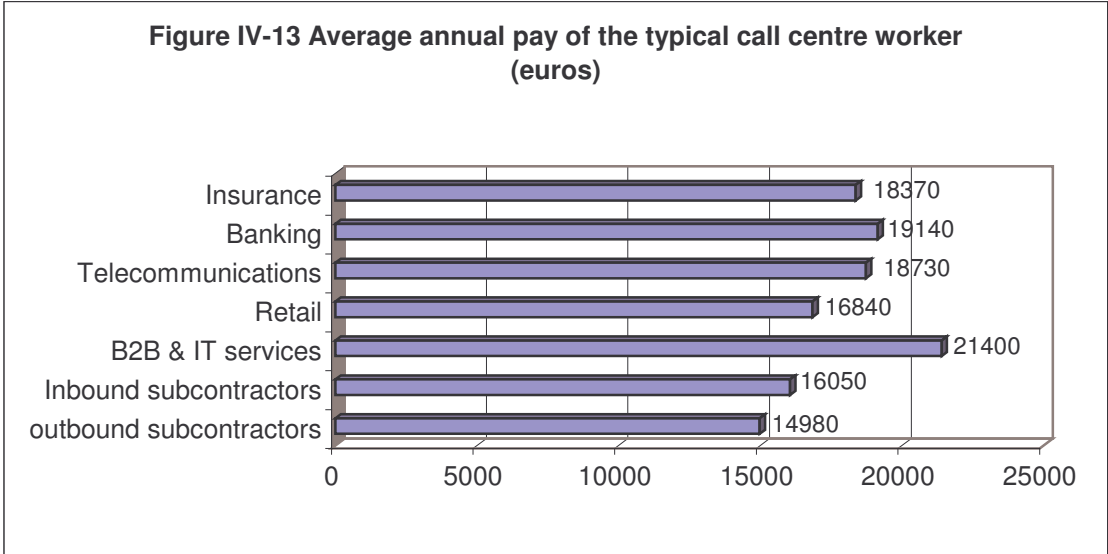
IV - 4 Annual pay levels in call centres

The diversity in patterns of skill and work organization across centres serving various market segments and sectors is also mirrored in pay differentials. To measure pay levels, managers were asked to report the annual pay of the ‘typical’ or median employee in the call centre – meaning that about half were paid more and about half were paid less. Annual pay was defined to include all pay for performance, such as individual commissions, group bonuses, and profit sharing, but excluded any overtime pay.

Average annual pay

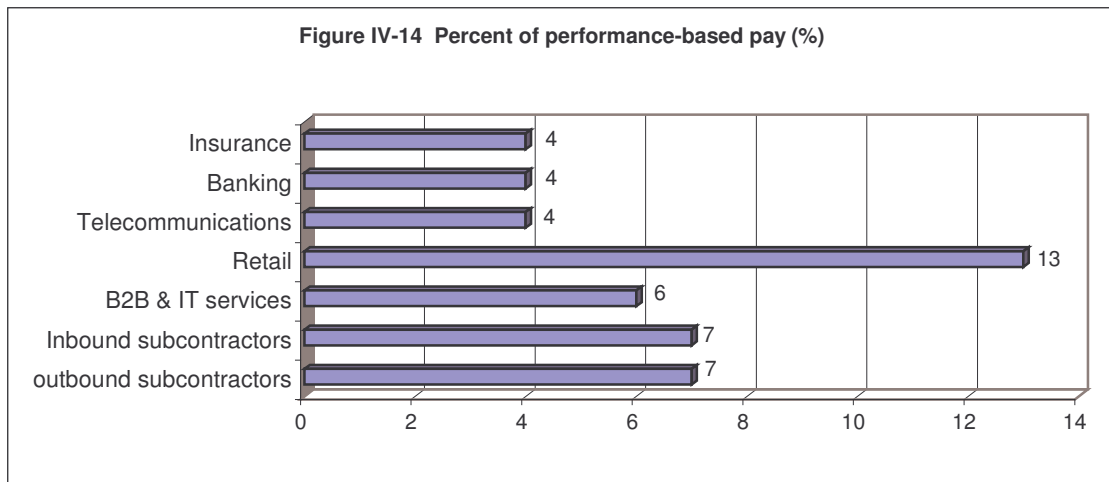
On average, managers reported that the typical call centre worker earned 17,940 Euros in 2004. Nevertheless pay levels varied significantly by customer segment or sector, and between in-house and outsourced centres.

As shown in Figure IV-13, call centre workers serving business customers or offering IT services averaged 21,400 Euros. At the opposite side of spectrum, those in retail call centres earned only 16,840 Euros, inbound contractors 16,050 Euros, and outbound contractors, 14,980 Euros. Pay in in-house centres ranged from 18,370 Euros in insurance to 18,730 Euros in telecommunications, and 19,140 Euros in the banking sector.



Percent of individual performance-based pay

According to Figure IV-14, performance-based pay is not as prevalent in the French call centres as it is in the U.S.: the average rate is about 6 percent. More than 60 percent of in-house centres - except those in the retail sector – do not have any individual incentive system. Call centres in retailing, however, were an exception, with 13 percent of annual pay performance-based.



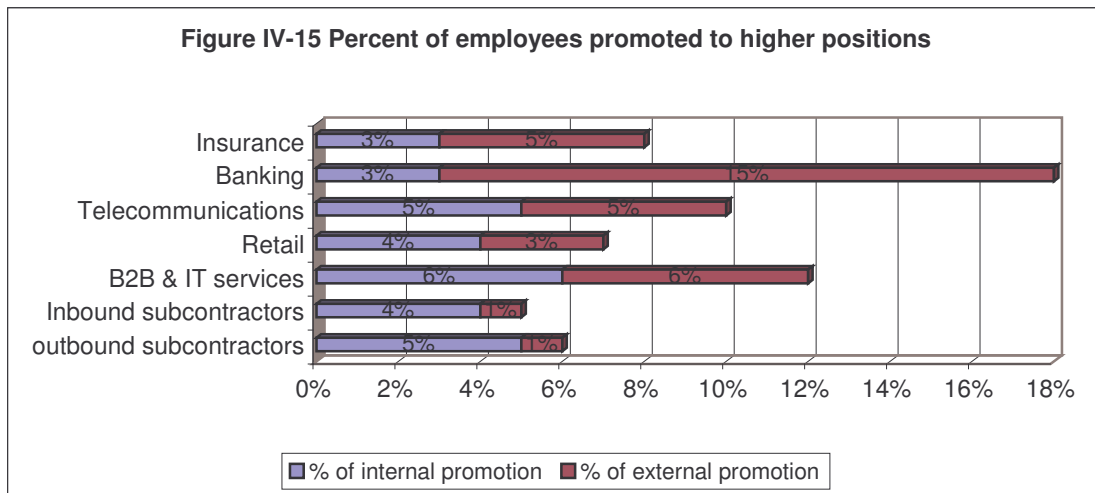
IV - 5 Turnover and employment stability

Call centre managers often face major recruitment problems because turnover rates are high in this industry. A high level of turnover leads to high recruitment and screening costs as managers are continuously search for new employees. Moreover, they must be trained, which imposes a non-negligible training cost.

One technique to lower these costs is to improve employment stability. Organisation of job ladders is a traditional approach to offer promotional opportunities to employees and encourage them to stay in call centres, although call centres are flat organizations with few levels of management (see figure I-7). The mobility pattern (internal versus external mobility) is a good indicator of how call centre managers deal with these fundamental issues of human resource development.

Promotion to higher positions

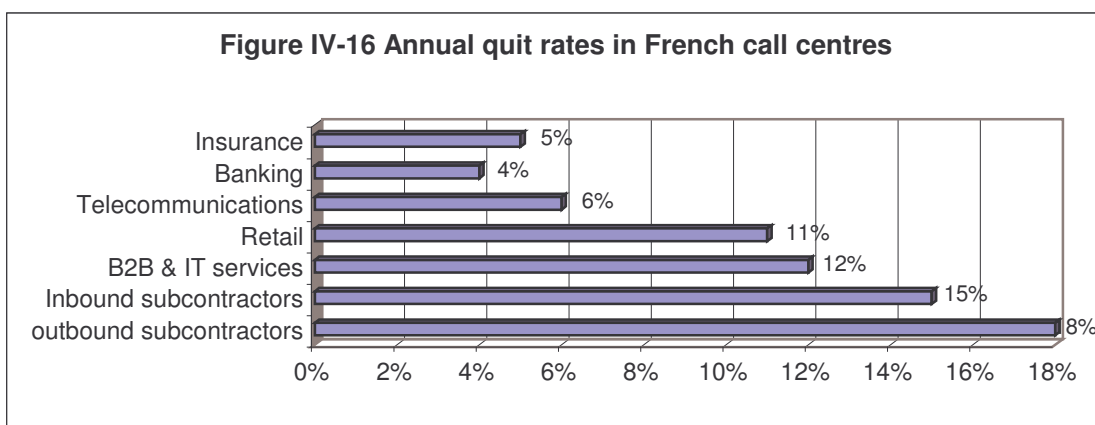
Managers in our French sample report that they promote about 4 percent of their employees to higher positions within the call centre and 5 percent of employees to higher positions in the larger organization. As far as internal promotion is concerned, the promotion rates do not differ significantly across sectors, ranging from 3 percent to 6 percent. By contrast, external promotion rates fluctuate considerably between in-house centres and outsourced centres. The banking sector has the highest rate of external promotion (15 percent), followed by IT and business services (6 percent), telecommunications services (5 percent) and insurance (5 percent). In outsourced centres, the external promotion rates are the lowest, at less than 1 percent (Figure IV-15).



Quit rates in French call centres

External mobility is often call centre workers' last choice if they are not satisfied with their jobs and do not see prospects for better opportunities in their current organizations. According to Figure IV-16, the average annual quit rate reported by managers was slightly less than 10 percent annually. Compared with the American case, this rate appears quite low. Yet, we observed an important sectoral disparity in the percentage of turnover. In our sample, outsourced centres experienced the highest quit rates: 18 percent for outbound call centres and 15 percent for inbound call centres. They were followed closely by call centres in IT and business services (12 percent) and by retail call centres (12 percent). It is noteworthy that high-end jobs and low-end jobs experienced the highest turnover rates.

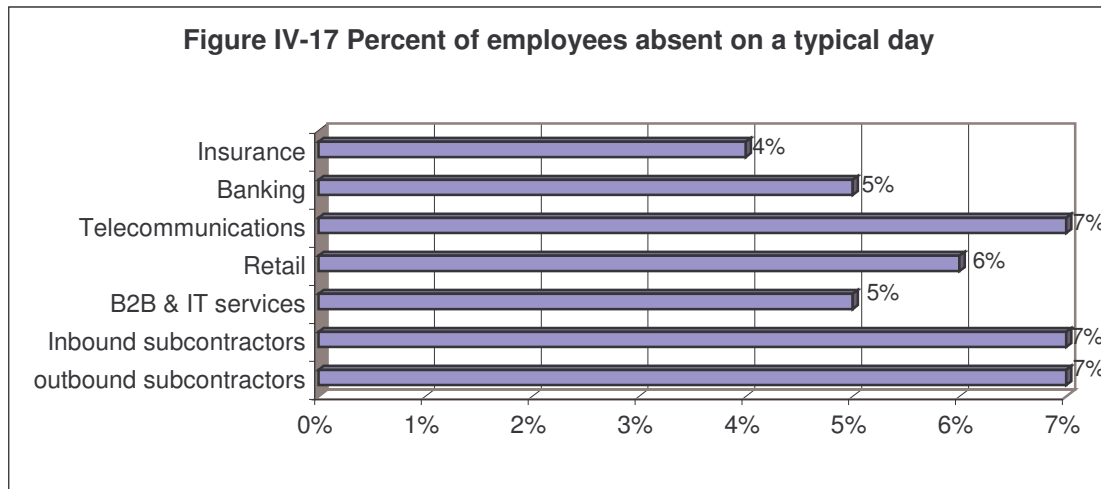
At the low end, only about 5 percent of workers in insurance and banking call centres leave their jobs, while 6 percent in the telecommunications industry quit. In call centres within these sectors, employees seem to have better career prospects in large organisations.



Absenteeism rate

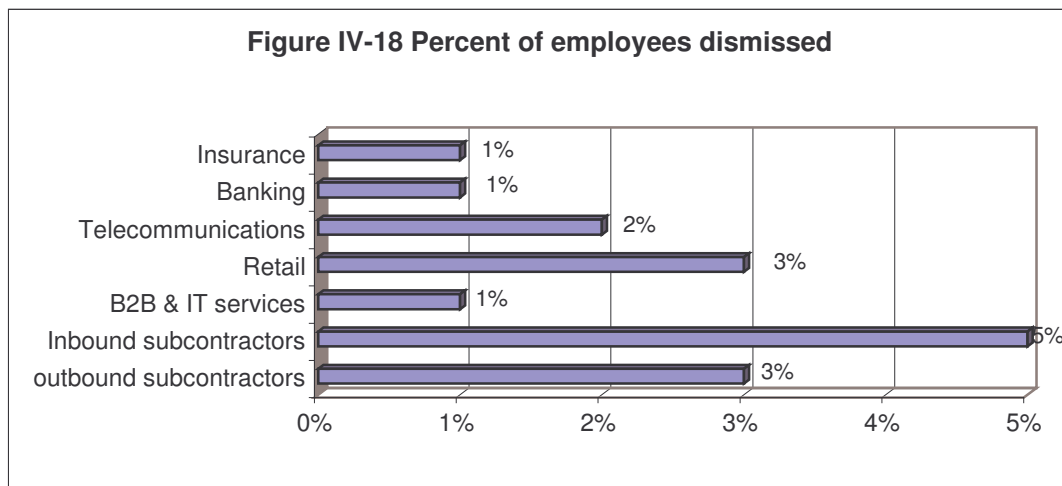
Another classical indicator of worker dissatisfaction is based on the absenteeism rate. In our survey, managers were asked to report the percent of the workforce absent on a 'typical work day'.

Contrary to the quit rates examined above, the absenteeism rates showed little difference across segments or sectors, besides the fact that outsourced call centres had (or: experienced) slightly higher rates (see figure IV-17).



Dismissal rate

Dismissal rates are another way to measure the degree of ‘mismatch’ between an employer’s expectation and a worker’s skill or behaviour. According to our survey, a very small percentage of call centres workers in France were concerned with such a measure; less than 2 percent of workers were dismissed in 2003-2004. Nevertheless, outsourced and retail call centres had the highest – and most significant – dismissal rates. As shown in Figure IV-18, inbound subcontractors dismissed 5 percent of their workers and in 2003, while retail and outbound centres dismissed 3 percent.

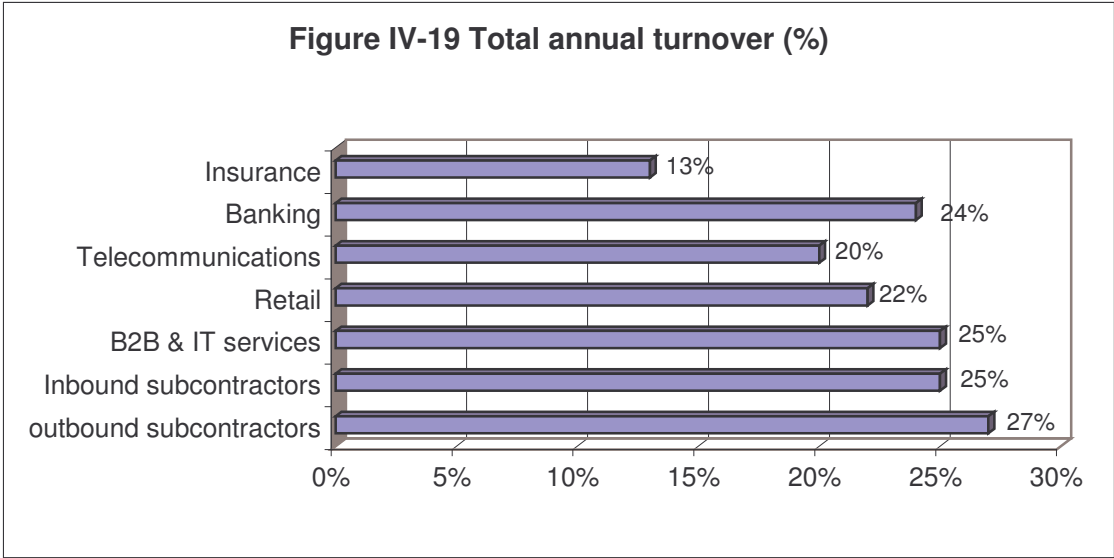


Total annual turnover

Total turnover, as measured in this study, comprises employees that quit the organisation, left for better jobs inside of the organization, were dismissed, or retired. This captures the level of ‘churn’ that the call centre must deal with – the percentage of the workforce that must be replaced for whatever reason.

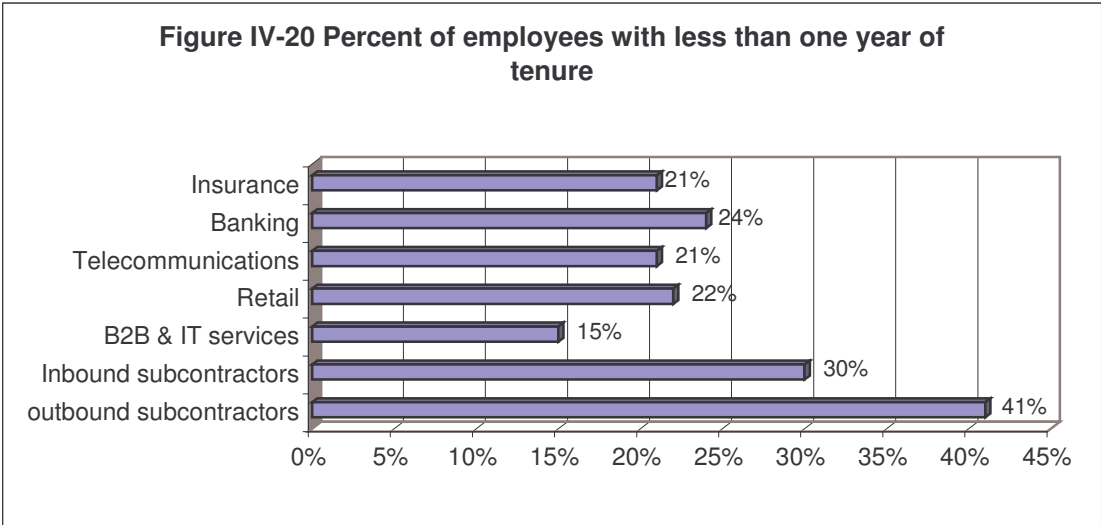
Total turnover in our sample (Figure IV-19) is around 22 percent, with a low of 13 percent in the insurance call centres and highs of 25 percent in call centres in IT and business services and inbound subcontractors, followed by outbound contractors (27 percent).

In other words, a majority of call centres in France need to substitute approximately one quarter of their workforce every year.



Percent of employees with less than one year of tenure

Very consistent with what we have examined above, turnover and quit rates translate directly into tenure rates. Those centres with high rates of ‘churn’ have low rates of tenure. Figure IV-20 shows that almost 40 percent of the workers in outbound subcontractors and 30 percent in inbound subcontractors had less than 1 year of experience on the job. By contrast, all in-house centres had about 20 percent of employees with less than 1 year of tenure.



V – Managers in Call Centres

V – 1 Some characteristics of managers

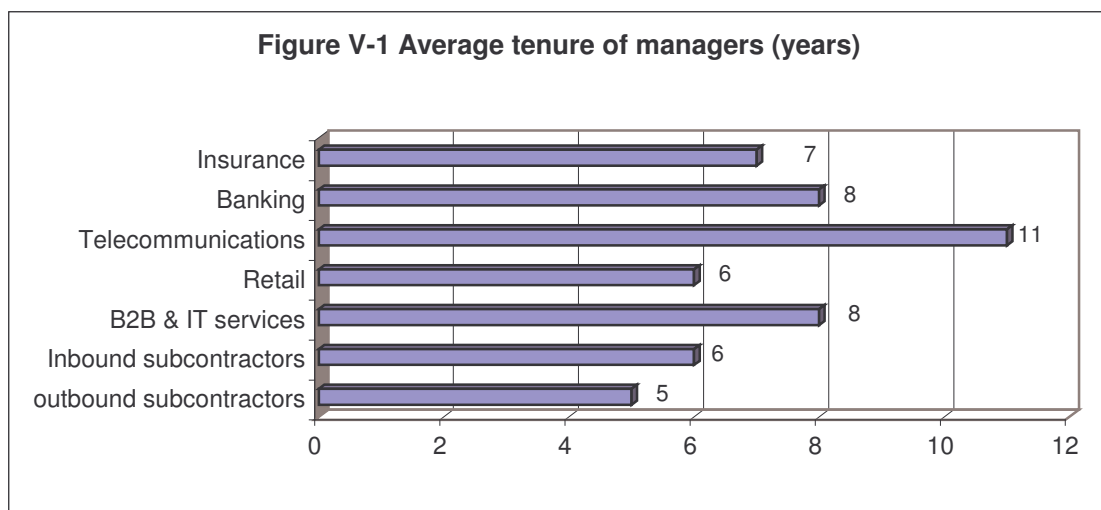
The effectiveness of a call centre operation depends naturally on the skills and motivation not only of the frontline operators, but also of managers. The managers of call centres in this study - those in positions above first-line supervisors - have relatively high levels of formal education and experience in the industry.

Academic background of managers

Our survey revealed that almost all managers obtained a post-graduate college degree (equal to or more than Bac + two years in tertiary education) and 57 percent had a bachelors degree (Bac + 4 years).

Years of tenure

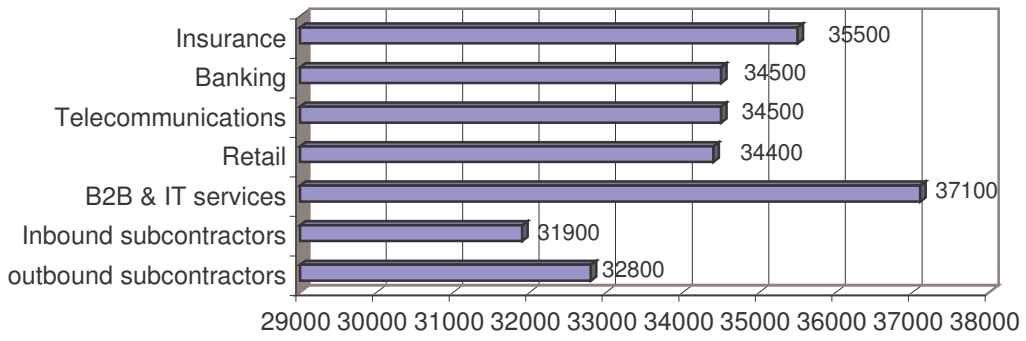
Managers in our study reported having, on average, 7 years of tenure with the same company, and 52 percent of them have more than ten years of service. According to Figure V-1, average tenure was longer in call centres offering financial services (8 years), telecommunication services (11 years) and IT services (8 years). By contrast, managers in outsourced centres and retail centres have shorter tenure.



Annual pay of managers

As to management pay, call centre managers earned annually an average of 34,600 Euros. The pay ranged from a high of 37,100 Euros in centres offering IT and business services and 34,500 Euros in those serving financial, retail and telecommunication segments, to a low of 31,900 Euros in inbound subcontractors. Their salary levels across sectors showed relatively little differentiation, despite the fact that along many other organisational dimensions, our survey found significant differences. There are two exceptions to this pattern: the IT and business services sector where the salary level was significantly higher and the inbound outsourced call centre sector where management pay was much lower(see Figure V-2).

Figure V-2 Annual pay of managers in call centres (Euros)



VI - The Institutional Setting: public support and union effects

VI-1 Public sector support for call centres

The rapid fall in voice transmission costs and the technological advances in IT are diminishing the geographical constraints imposed on the locational choices for call centres. Decisions concerning where to locate new operations turn out to be more complex than in the past, since a variety of locational options is becoming available.

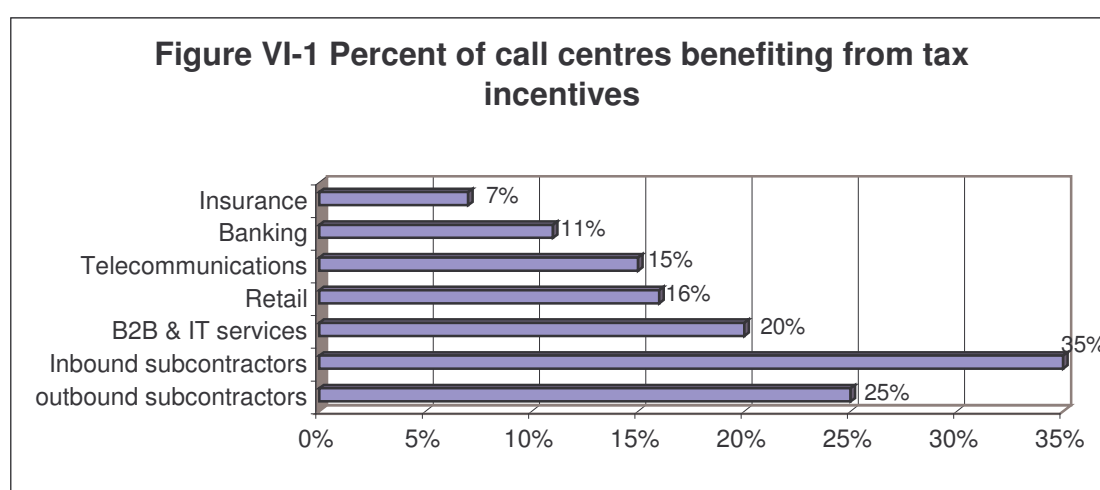
However, it is amazing to observe, as we have already mentioned (see Figure II-5), that call centres continue to cluster in certain regions, where core call centre companies have been present for many years.

Call centres can make an important contribution to a region's economy. Local and state governments often compete to offer incentives to new companies seeking to locate call centre operations. In doing so, they expect to profit from the creation of new jobs as well as other spillover effects in the local economy.

Tax incentives

Among different incentive measures (site location assistance, tax incentives, loans, and incentives for locating in targeted zones), tax incentives appear to be most frequently preferred in the French context. Other measures were used in only a small percentage of call centres (ten percent).

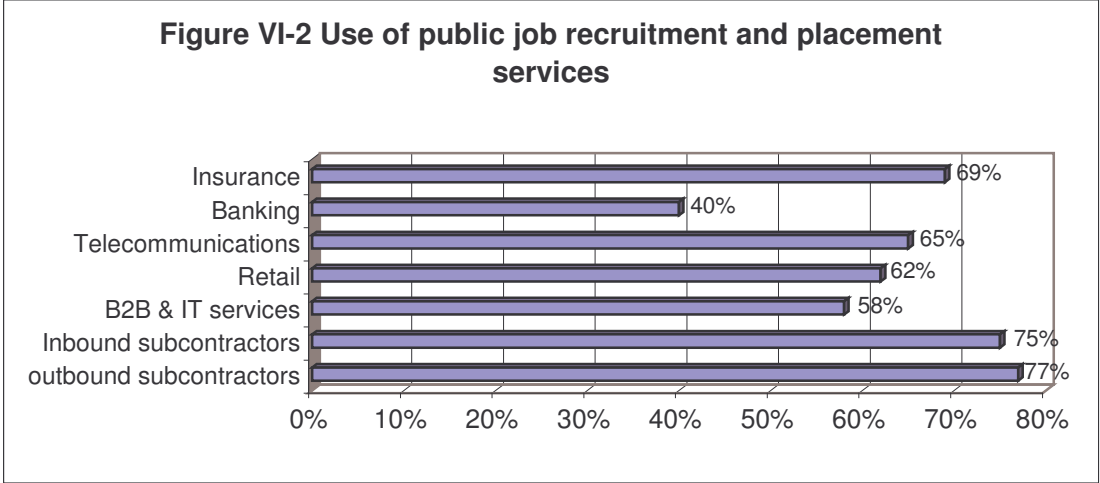
Nearly twenty percent of call centres in our sample reported having benefited from tax incentives. In particular, 35 percent of inbound subcontractors and 25 percent of outbound subcontractors have received tax incentives for locating in a particular region. These figures were significantly higher than those of in-house call centres. It may be that local governments tend to target outsourced centres, which are usually larger units that create a greater number of jobs (Figure VI-1). Alternatively, it could be that in-house centres have been established for a longer period of time, and have not attempted to relocate their operations in recent years.



Local supports in staffing and recruitment

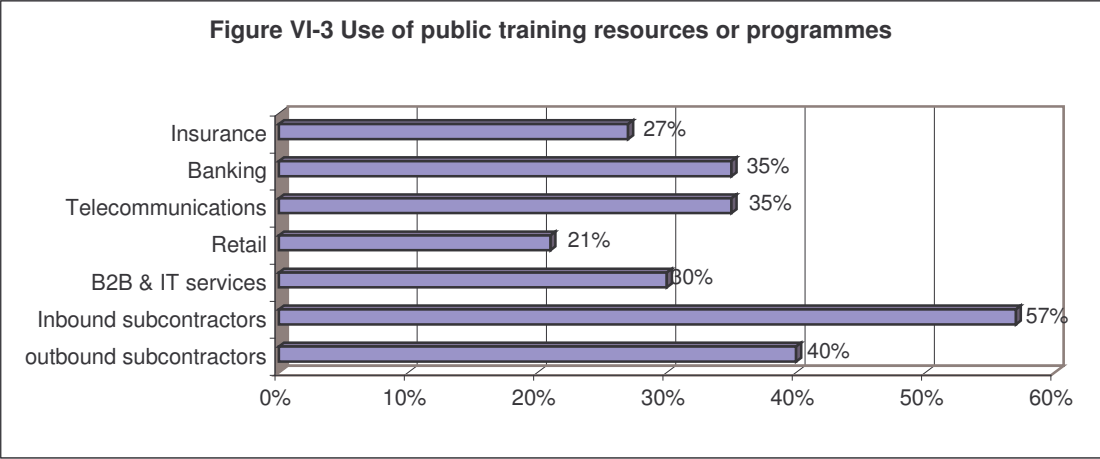
Our survey showed that call centres often found support for their staffing and training needs from public organizations in the regions where they were located. Moreover, local economic development agencies coordinated placement and recruitment services when they

were searching for the establishment. Local training providers and ‘lycees professionnels’ - community colleges - were also sources of new recruits, screening and training residents for call centre jobs. On average, 68 percent of managers in our survey reported that they use public job recruitment and placement services (Figure VI-2).



Local resources in training

Call centre managers often help to establish these programs and continue to serve on advisory boards, assisting with curriculum development. Temporary agencies, local non-profit training organisations, and other smaller community-based workforce development organisations partner with individual call centres to train and screen potential recruits. While these resources are available in most regions or towns, there is variation in the extent of their use. On average, 37 percent of managers in our survey reported that they use public training resources or programmes (Figure VI-3). In particular, inbound call centres are the most likely to use these services, followed by both banking and telecommunications sectors (see Figure VI-3).



III-2 Union effects on call centre practices and outcomes

In France, the unionisation rate traditionally has been very low at the national level. According to OECD estimates, the figure was around 8 percent of wage earners at the beginning of the 2000s. More recent data shows a very similar percentage: in 2003, the union

density was 8.2% for the global workforce, but only 5.2% in the private sector – ranging from 3.5% in small companies to 8.7% in the largest (DARES, 2004).

However, French industrial relations have some specific features. Collective bargaining takes place at different levels (national, industry, company), but a very large percentage of employees is covered by industry level negotiations. Agreements at this level are frequently followed by an ‘extension clause’, which allows any agreements concluded between the employers association and labour unions to apply to ‘non-unionised’ establishments - contrary to US practices where unions typically negotiate individual firm - or establishment-level agreements. In this way, 93.7% of wage earners were covered by an industry level agreement, a permanent statute (public enterprises), or a company agreement.

French call centre workers are primarily covered by different sector-level collective bargaining agreements (CBA), including a banking sector CBA, insurance sector CBA, telecommunications sector CBA, software industry CBA, and remote marketing/selling sector CBA. Outsourced call centres are covered by the ‘B to B in the service sector’ CBA. In the largest companies, a company level agreement frequently complements the industry agreement.

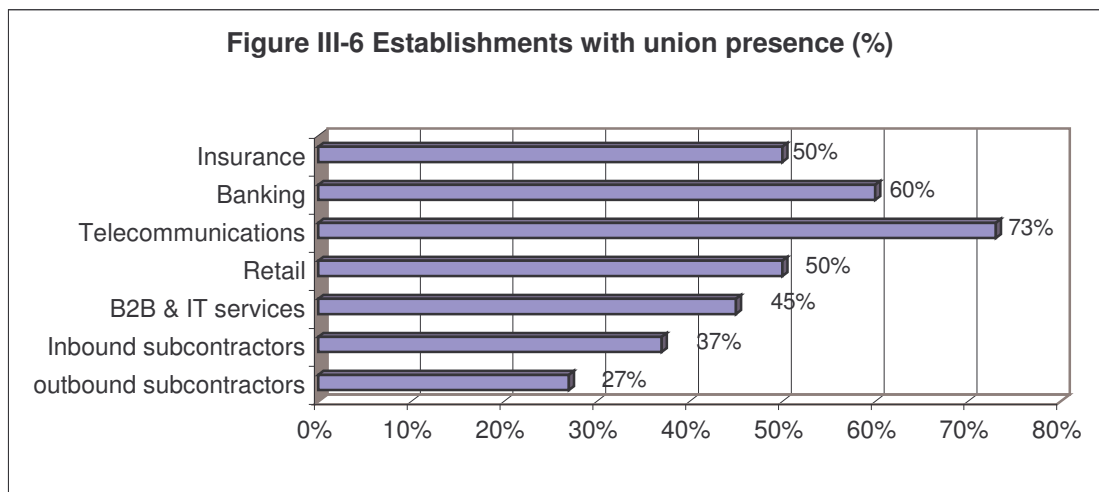
Given this national context, we can assume that the great majority of call centre workers are ‘covered’ by one of these CBAs -- a situation that is paradoxical given the overall weak unionisation rate in France.

Union presence in call centres

Another paradox of the French industrial relations system is that union representation at the company level can exist, despite a very narrow unionisation rate of employees. With a union density of 5.2% in the private sector, 41.9% of all companies and 31.2% of workplaces (establishments) had a union representative in 2003. Call centres in this study are frequently establishments with more than 50 employees. In the private sector, such workplaces maintain a union representative in many cases (41.3% of establishments with between 50 and 99 employees and 63.4% with between 100 and 499 employees). The call centre industry seems to follow the same trend.

In this study, we asked call centre managers if there is any union representation - formal as ‘section syndicale’ and informal - at the workplace level. Half of French call centres in our sample reported having a union present. The percentage of establishments with union presence varies significantly across sectors. The telecommunications sector recorded the highest level of union presence (73 percent), followed by the banking sector (60 percent), insurance sector (50 percent), and retail sector (50 percent).

In contrast, union presence was very limited in outsourced call centres, especially in outbound call centres, where three quarter of establishments do not have any union. Union presence is also lower than the average in call centres in the IT and business service sectors (see figure III-6).

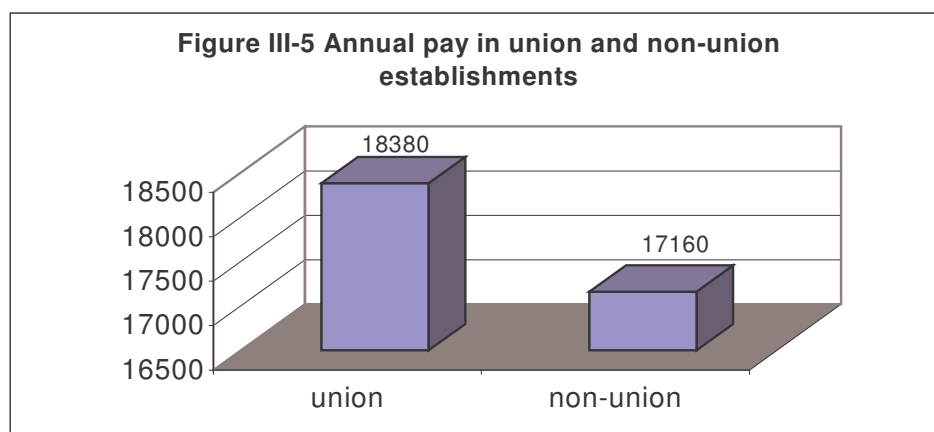


Unions' direct presence in call centres may influence a number of management practices and outcomes, although minimum working conditions are 'guaranteed' by the sectoral collective agreements and minimum pay levels by state-administrated rules (national minimum wage rate). For this analysis, we compared union and non-union call centres in terms of pay levels and outcomes such as turnover and absenteeism.

Pay differentials

According to Figure III-5, median annual pay in centres with union presence is, on average, only 7 percent higher than that in non-union centres (18,380 Euros versus 17,160 Euros). This simple comparison, of course, fails to take into account the complexity of jobs across industries and to control for the qualification levels of individuals. If union and non-union centres are compared, many other variables being equal, the union wage premium could be yet lower.

However, compared with the US case, the level of wage premium due to the union presence appears relatively small, which suggests the 'levelling effects' exercised by the CBA in France.

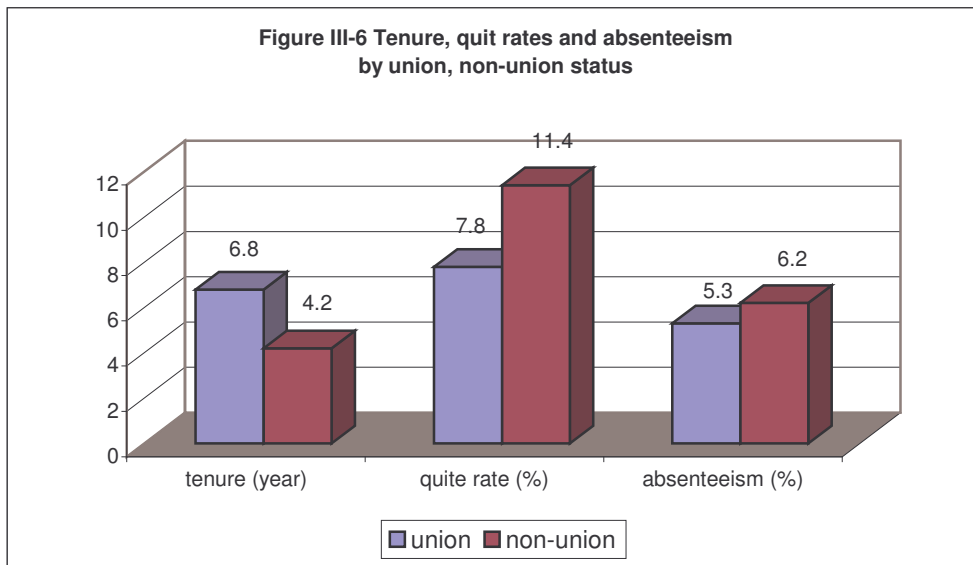


Union effects on quit rates, tenure, and absenteeism

Contrary to small 'union effects' on wage differentials, unions may influence on the amelioration of working conditions, which, by increasing the job satisfaction of employees, can contribute to lowering the turnover and providing substantial savings in selection, recruitment, and training.

First of all, quit rates were approximately 50 percent higher in non-union centres than in centres with a union presence. As to absenteeism rates, there was not a significant split in union and non-union sites.

However, lower quit rates translate directly into a more stable workforce in call centres with union presence. The median tenure is 50 percent longer in call centres with union presence, compared to non-union centres.



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**Appendix A:
Dimensions of Work: In-house Centres & Subcontractors Compared**

Dimensions of Work	In-house		Subcontractors	
	Mass Market & Small Business	Large Business	Mass Market & Sm. Business	Large Business
Customer-Employee Interaction				
Customers per employee per day	88	61	110	80
Avg. length of call per customer	3.5	6.3	3.5	3.7
Technology Use				
% calls completed by VRU	7.7	8.0	6.7	12.3
% call centres using fax	74.8	75.0	72.7	56.3
% call centres using e-mail	69.9	80.0	56.8	62.5
% call centres using web-enablement	21.9	40.0	25.0	25.0
% call centres using workflow	22.5	35.0	23.2	37.5
% call centres using Elect. Cust. Rel. Mgmt.	50.4	60.5	61.4	62.5
% call centres using interactive voice recognition	17.2	15.0	13.6	12.5
% call centres using voice over IP	13.1	35.0	22.7	25.0
Customer Characteristics				
% whose market is national	53.7	55.0	68.2	75.0
% whose market is international	8.1	25.0	15.9	0
Selection and Staffing				
% that use systematic selection	52.8	61.1	70.1	76.6
% of applicants who are hired	24.9	27.9	24.0	23.5
% of workforce: female	72.2	48.0	78.9	68.2
% of workforce: 4 yr. degree	2.1	10.0	12.5	6.7
% of workforce: some college (Bac+2)	61.5	65.0	47.5	60.0
% of workforce: high school diploma	30.3	20.0	35.0	33.3
% of workforce: part-time	13.3	5.7	16.6	10.7
% of workforce: temporary	12.0	17.4	41.5	25.6
% of workforce: permanent & fulltime	74.7	76.9	42.0	63.6

**Appendix A:
Dimensions of Work: In-house Centres & Subcontractors Compared**

Dimensions of Work	In-house		Subcontractors	
	Mass Market & Small Business	Large Business	Mass Market & Sm. Business	Large Business
Training				
Weeks of initial training	6.3	4.9	3.7	3.1
Weeks to become qualified	19.8	18.2	7.1	11.8
Weeks of on-going training/year	1.4	1.4	1.3	1.4
Work Design				
% with flex working arrangements	22.7	14.5	38.5	21.9
Discretion Over Work Methods (%)				
Daily tasks & assignments*	22.7	35.0	9.0	25.0
Tools & procedures*	26.8	25.0	27.2	12.5
Pace & speed at work*	41.5	35.0	38.6	12.5
Setting lunch & rest breaks*	32.5	30.0	32.7	25.0
Discretion in Handling Customers (%)				
Handling additional requests*	40.2	45.5	34.1	50.0
Settling customer complaints*	35.0	30.0	24.1	31.3
Use of scripts to answer calls	12.9	15.0	25.0	31.3
Participation in Teams				
% who participate to problem-solving group	22.0	25.2	23.5	26.7
% who use self-managed teams	40.9	53.4	36.8	26.2
Average Compensation of Typical (Median) Worker**				
Annual pay (euros)	18,414	21,344	15,447	15,768
Annual overtime pay (euros)	186	720	77	310
Benefits as a % of annual pay	3.1	2.1	1.3	1.9
Total Compensation (pay & benefits)	18,989	21,799	15,651	16,076
% of pay that is performance-based (individual)	6.5	5.3	7.2	5.8
% of pay that is performance-based (group)	1.4	2.6	3.7	2.9
Ratio of pay: 90th/10th percentile	1.5	1.8	1.4	1.2

**Appendix A:
Dimensions of Work: In-house Centres & Subcontractors Compared**

Dimensions of Work	In-house		Subcontractors	
	Mass Market & Small Business	Large Business	Mass Market & Sm. Business	Large Business
Promotion, Tenure, and Turnover				
% absent in a typical day	5.6	4.1	5.9	8.9
% promoted from within	3.5	5.7	3.5	8.4
% with -1 year of tenure	19.0	19.8	33.8	41.9
% with + 5 years of tenure	35.1	25.7	10.1	11.0
Average years of tenure	6.5	4.9	2.3	2.2
% annual quits	6.4	13.3	17.7	13.2
% promoted outside location	7.3	4.9	0.5	1.9
% dismissed	1.4	1.4	3.3	4.4
% retired/ voluntary buy-out	0.6	0.2	0.1	0
% total turnover	19.2	25.5	25.1	27.9
Managers of call centres				
Managers as % of workforce	6.0	8.1	5.1	4.6
Supervisors as % of workforce	5.9	9.8	6.7	8.0
Managers annual pay (euros)	34,373	40,839	31,881	34,511
% manager pay that is performance-based	4.7	6.7	4.2	3.2
Sample	123	20	44	16

* % of workers with discretion: 4 or 5 on 5-point scale

** Compensation definitions: Annual pay is the average for all workplaces of the gross annual pay for the typical, or median, worker. By typical or median worker, we mean that 50% of workers at a worksite are paid more and 50% are paid less. Annual pay includes overtime pay, commissions and bonuses. Total compensation includes median pay and the costs of benefits.

Appendix B: Dimensions of Work by Job Function					
Dimensions of Work	Inbound			Outbound	
	Service & Sales	Service Only	IT Help, Tech support	Tele-marketing	Research, Collections Marketing
Customer-Employee Interaction					
Customers per employee per day	85	100	47	103	97
Avg. length of call per customer	3.4	4.1	6.0	2.8	3.8
Technology Use					
% calls completed by VRU	10.5	4.5	18.0	4.1	0
% call centres using fax	77.6	64.8	85.0	70.3	87.5
% call centres using e-mail	70.1	66.2	90.0	54.1	62.5
% call centres using web-enablement	22.4	28.2	40.0	18.9	12.5
% call centres using workflow	18.5	29.0	55.0	16.2	12.5
% call centres using Elect. Cust. Rel. Mgmt.	56.7	46.5	75.0	59.5	50.0
% call centres using interactive voice recognition	21.2	15.5	25.0	5.4	0
% call centres using voice over IP	18.2	16.9	20.0	13.5	50.0
Customer Characteristics					
% whose market is national	58.2	53.5	65.0	59.5	75.0
% whose market is international	7.5	9.9	30.0	8.1	12.5
Selection and Staffing					
% that use systematic selection	56.3	58.7	56.3	65.1	50.0
% of applicants who are hired	23.6	25.0	29.1	27.1	16.0
% of workforce: female	73.9	70.7	42.6	78.5	87.0
% of workforce: 4 yr. degree	4.5	4.3	0	11.1	0
% of workforce: some college	58.2	55.1	65.0	58.3	100
% of workforce: high school diploma	34.3	30.4	30.0	27.8	0
% of workforce: part-time	11.3	20.2	5.3	10.8	5.2
% of workforce: temporary	10.8	27.0	8.2	49.6	71.4
% of workforce: permanent & fulltime	78.0	62.8	86.4	39.6	23.8

Appendix B: Dimensions of Work by Job Function					
Dimensions of Work	Inbound			Outbound	
	Service & Sales	Service Only	IT Help, Tech support	Tele-marketing	Research, Collections, Marketing
Training					
Weeks of initial training	6.0	6.2	5.6	2.9	3.3
Weeks to become qualified	20.3	18.8	15.7	9.7	5.6
Weeks of on-going training/year	1.5	1.3	1.5	1.1	1.1
Work Design					
% with flex working arrangements	20.8	29.1	17.3	26.2	25.8
Discretion Over Work Methods (%)					
Daily tasks & assignments*	29.8	18.2	10.0	10.8	50.0
Tools & procedures*	25.3	28.0	25.0	16.2	50.0
Pace & speed at work*	44.8	33.7	35.0	27.0	62.5
Setting lunch & rest breaks*	31.3	29.5	50.0	21.6	50.0
Discretion in Handling Customers (%)					
Handling additional requests*	50.0	33.8	65.0	29.7	50.0
Settling customer complaints*	50.7	26.7	35.0	16.2	0
Use of scripts to answer calls	7.5	21.1	10.0	27.0	37.5
Participation in Teams					
% who participate to problem-solving group	20.3	27.8	30.7	11.8	36.0
% who use self-managed teams	51.5	37.6	29.9	27.2	63.0
Average Compensation of Typical (Median) Worker**					
Annual pay (euros)	18,063	18,166	20,480	15,873	16,500
Annual overtime pay	213	167	799	65	251
Benefits as a % of annual pay	2.9	3.2	1.1	1.6	0.1
Total Compensation (pay & benefits)	18,582	18,751	20,699	16,131	16,517
% of pay that is performance-based (individual)	6.9	4.3	3.8	12.1	0
% of pay that is performance-based (group)	3.0	1.2	1.9	2.4	0.4
Ratio of pay: 90th/10th percentile	1.5	1.5	1.7	1.4	1.8

Appendix B: Dimensions of Work by Job Function					
Dimensions of Work	Inbound			Outbound	
	Service & Sales	Service Only	IT Help, Tech support	Tele-marketing	Research, Collections, Marketing
Promotion, Tenure, and Turnover					
% absent in a typical day	5.2	5.7	5.2	6.2	11.4
% promoted from within	3.7	3.6	6.7	4.2	5.2
% with - 1 year of tenure	20.2	21.4	16.4	39.2	26.8
% with + 5 years of tenure	32.1	29.9	24.1	13.6	34.6
Average year of tenure	6.3	5.6	4.6	2.3	5.6
% annual quits	7.7	7.9	11.6	15.7	18.4
% promoted outside location	5.4	6.3	4.1	5.3	0
% dismissed	2.3	1.6	1.2	2.3	2.0
% retired/ voluntary buy-out	0.5	0.5	0.2	0.1	0
% total turnover	19.6	19.9	23.8	27.6	25.6
Managers of call centres					
Managers as % of workforce	6.4	5.0	7.9	4.8	6.9
Supervisors as % of workforce	5.9	7.1	8.9	6.3	11.9
Managers annual pay	32,527	36,283	36,087	33,316	38,300
% manager pay that is performance-based	6.4	2.5	5.4	5.8	5.0
Sample	67	71	20	37	8
<p>* % of workers with discretion: 4 or 5 on 5-point scale</p> <p>** Compensation definitions: Annual pay is the average for all workplaces of the gross annual pay for the typical, or median, worker. By typical or median worker, we mean that 50% of workers at a worksite are paid more and 50% are paid less. Annual pay includes overtime pay, commissions and bonuses. Total compensation includes median pay and the costs of benefits.</p>					

Appendix C: Technical Notes

The sample of 204 call centres is a stratified random sample drawn from the list of the French Association of Centres for client relations (AFRC). We extracted about 320 call centres out of 900 listed over all sectors.

The telephone survey was carried out in mid-2004 during three months (May - July). The telephone interview averaged 45 minutes, and yielded a 60% response rate. Respondents were asked to answer questions as they pertain to the 'core' workforce in their establishment - the largest group of employees who carry out the primary work activity at that location. In call centres, the customer contact employees typically have job titles such as télé-conseiller, télé-opérateur, télé-vendeur (sales agent), or chargé de clientèle (sales rep.).