

# Economic and Social Implications and Sustainability of Call Center Jobs in India

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**Abstract** India is an important Information Technology Enabled Services (ITES) destination and undisputed leader in the world with respect to Call Center industry. Since call center forms an important constituent of ITES, the paper presents a brief account of ITES in the first part while a detailed analysis of economic and social implications and sustainability of call center jobs have been discussed in the latter part. In spite of the hefty salary and other service benefits in the call center jobs, there exists high rate of attrition in call center industry. The study aims to understand why the call centers jobs are not sustainable and what may be the probable reasons for it. The paper is based on the perception of call center employees. For this purpose, the data was generated through a field survey which was carried out in call centers located in the National Capital Region of Delhi. The study reveals that the monotonous and stressful nature of work, disruption in social and family life and lack of career growth may be held major factors for low sustainability in call center jobs in India.

**Key words** business process outsourcing industry, information technology enabled services industry, call centers, post-fordism, sustainability of call center jobs

## Introduction

Information Technology Enabled Services (ITES) commonly known as Business Process Outsourcing (BPO) Industry refers to the outsourcing of business services through telecommunication technology and internet. It is a fast growing global industry and many organizations or companies outsource services to ITES providers in other countries. Both the outsourcing company and the service providing country are benefited through this arrangement as the former saves a substantial amount of money while the latter creates a large number of jobs for its unemployed people. This boosts the economic progress of the country providing ITES services. When one country outsources the business processing to another country, it is referred to as cross-border or offshore outsourcing. Thus the international trade in business services has given rise to ITES industry.

The emergence of ITES industry in developing countries may be explained in the framework of post-fordism,<sup>1</sup> the socio-economic paradigm of post 1970s (Amin, 1994). It involves a vertically disintegrated production chain which today transcends national borders and allows the use of resources including human resources available anywhere in the world. The change in organization of production activities associated with post-fordism has also been related to a division of type of work or labor at global scale, termed as “new international division of labor,” where the developed countries outsource the standardized

business activities such as manufacturing assembly, routine data entry or call center work to developing countries (Wright, 2002). In post-fordist arrangements, the labor is not employed but is contracted, in order to adjust to the competitive needs of the employer (Webster, 2002). Further, a dualistic model of labor force prevails where managerial staff forms the core staff and the rest are peripheral workers who are flexible and replaceable. There is no lifetime employment and no job security, especially for the latter. The ITES industry in India provides such employment opportunities to Indian workforce. Bhagwati (2007) noted that in a highly globalize economy there is no job security, especially where there is a lapse in skill building. Further, ITES companies appear to have adopted a revolving door policy in which the fresh recruits are retained for a few years and then are replaced before they become too expensive (Upadhyya and Vasavi, 2006). Ramesh in his study (2004) maintained that employment in BPO was a host of insecurities and vulnerabilities. Further, ‘sweat shop’ scenario of export processing zone (Kiely, 2005) is now replicated in the call centers in India where the services are provided for the developed countries by a cost effective labor force.

India has emerged as the most important ITES destinations in the world and according to National Association of Software and Services Companies (NASSCOM), it provided 37% of total offshored business processing services in 2006–07 (NASSCOM-Everest, 2008). This has been possible due to the concerted efforts on the part of

the government, emergence of software parks and above all the English speaking capability of its educated works force. Based on lower wages and other operational costs, India provides cost effective business processing services mainly to developed countries (especially the United States and the United Kingdom). The ITES industry creates job opportunity with a handsome salary and promotes modern youth culture in India. A large segment of English speaking youths mostly belonging to the middle and upper middle class of Indian urban society came forward and joined the jobs in this sector for the said reasons. According to NASSCOM, in 2007-08, about seven hundred thousand people were employed in ITES, and in 2012, ITES industry provided employment to 2.8 million people directly and to 8.9 million people indirectly. The total export revenue generated was US\$ 10.9 billion during 2007–2008 and the annual growth rate was about 30%. The growth rate, however, slowed to 17.4% in 2008–09 in wake of economic recession that plagued the world economy.

Despite providing plentiful job opportunities and contributing immensely to the country's GDP and export, ITES industry is plagued with high rate of attrition. The attrition rates in the industry range between 25 and 40 percent (NASSCOM, 2005). Such a high rate of attrition may be attributed to the unconventional working hours and over work, depression, mental stress, health and social life (Sridhar, 2013). Besides, there is a constant threat of loss of job either due to termination or closing down of the company itself (Ramesh, 2004; Bhagwati, 2007).

A variety of services provided through the ITES including call center, medical transcription, bio-tech research, data processing, insurance claim, accounting, credit card processing, etc. Call center, among many others, is considered an important component of ITES industry.

The present study has made a modest attempt to understand the economic and social implications of call center jobs and their sustainability in India.

## Data Collection and Methodology

The present study is based on primary data collected from 23 offshore call centers in the National Capital Region (NCR) of Delhi during the years 2006–2007. A well structured questionnaire was prepared to register the response of 245 employees. The respondents included customer care executives (80.8%) while the others were managerial staff including team leaders, assistant managers, quality analysts, and trainers (19.2%). The composition of the sample was in accordance with the organizational

structure of the call centers. Out of the total employees, 97 (39.6%) were migrants from various parts of the country, while 148 (60.4%) were natives of the NCR. About three-fourth (75.1%) of them were below the age of 25 years and the remaining 24.9 per cent were above this age group. The female employees had 31.8 per cent representation in the sample. The study included employees belonging to major religious groups of India with Hindu being in majority. Almost 15 per cent were undergraduates and 61 per cent had non-professional graduate degrees. There were only 24 per cent with post graduate and professional degrees. Most of them hailed from educated middle class families of urban India.

The employees' responses were collected on the two major heads: *Economic Implications* and *Social Implications* of call center jobs. The nature of employment, nature of work, skill enhancement was studied under Economic Implications while Social Implications included psychological pressures, health and social ramification.

The response for various propositions related to employee's perception of call center jobs (as listed in table 1 and 2) was recorded on a five point *Likert scale* (strongly agree, agree, doesn't matter, disagree and strongly disagree). The responses for positive and negative propositions were given scores in opposite manner, so that, higher the score on a five point scale, more positive is the perception. The data thus obtained was analyzed using Statistical Package for Social Sciences (SPSS). Statistical techniques used include mean, standard deviation, One-way analysis of variance (ANOVA),<sup>2</sup> Duncan's multiple range test,<sup>3</sup> Students' *t* test<sup>4</sup> and Discriminant function analysis.<sup>5</sup>

The analysis has been carried out at two levels - at *aggregate level* the perception of employees have been studied as a single group while at *disaggregate level* an attempt has been made to see if the perception differs among various groups of employees based on the gender, education, migration status and occupational status/designation.

## Economic Implications

The call centers offer lucrative entry level salaries to their employees. The study reveals that about 59.2 per cent of employees started with a monthly salary between Rs 8,000 and Rs.10,000 and 32.2 percent between Rs. 10,000 and Rs. 12,000. For the rest, the entry level salary was more than Rs. 12,000. The employees also enjoy many non-cash incentives including transport, free or subsidized food in the office, medical reimbursement, and company sponsored insurance facilities. Therefore overwhelming

majority of them considered call center jobs as a definite advantage. Only a few of them did not find their salaries to be high enough especially when weighed against the amount of work they were doing. While some employees considered call center employment as a step towards a bright career, others considered it as a complete cul-de-sac in one's career. Such contradictory views emerged because career opportunities were limited only for a few, while there was no definite career path for majority of them.

The results of various propositions shown in Table 1 reveal that the mean score for higher salary and fast increase in salary were 4.14 and 3.90 respectively, meaning thereby the call center jobs are high salaried and also there is fast increase in salary. The reason for both the incentives was to attract and retain the employees. It was observed that the salary increase in this industry was 17.9% which none of the Indian industries could match (The Economic Times, June 28, 2006). On the other hand, the employees hold different views regarding the career opportunities offered by this sector. This can be observed from the lower mean score (3.15) and a higher standard deviation (1.17) which significantly indicate that the perception of career growth opportunities is less positive and more variable than the perception of the salary (Table 1).

The mean scores for the loss of jobs due to closing down of company and termination of jobs were 3.28 and 2.76 respectively. Since call centers in India use contrac-

tual labor and do not employ them permanently, there is a constant threat to the employees for termination from the jobs. The low mean score confirmed this proposition while the closing down of company did not matter much to them as there is ample opportunity to get employment in other ITES companies.

To keep the cost low, the work pressure per person is maintained high. It was estimated that a customer care executive may have to attend 120–180 calls a day (Kulkarni, 2005). The results of the field study confirm the propositions of high work pressure, stressful and highly repetitive and monotonous. This can be seen from the mean scores 2.05, 2.14, 1.97 for all these propositions respectively, indicating an overall negative perception of employees about the nature of work in the call center. As this kind of work does not offer an intellectual growth a section of the employees was found not much satisfied.

It is to be noted that all the four propositions (i.e., process specific skill, language and communication skill, inter personal skill, confidential level) under skill enhancement indicated high level of satisfaction as the mean scores for them range from 4.11 to 4.25 (Table 1). The higher scores of these propositions confirmed that most of the employees believed that there exists opportunity for skill enhancement in call center jobs.

## Social Implications

A number of social implications are associated with call center jobs in general and particularly with the Indian context as these jobs are not considered prestigious. To understand various dimensions social implications have been studied under psychological pressure, health problems, and social ramifications. Altogether 15 variables were selected for testing. Except two of them (i.e. using alias and depressive state of mind), none of the variables mean score was found above 3. It shows that call center employees have negative perception of most of the social concern in the call center jobs. It is to be noted that the call center employees may have to adopt foreign names (alias), thus some of them might suffer from psychological pressure for losing their identity. The results of the present study did not fully confirm this apprehension as the mean score for this proposition was 3.33 with the standard deviation of 1.08. The rude behavior of the customers is another psychological pressure on the employees. Although more than one-fourth of the employees agreed with this proposition, majority of them preferred to ignore it and consider it a part of their job. Thus mean score 2.94 with standard deviation 1.08 only not partially confirm

**Table 1.** Economic Implications of Call Centre Jobs

Propositions	Employees response on Likert scale	
	Mean	SD
<i>Nature of employment</i>		
Higher salary than other jobs	4.14	0.84
Fast increase in Salary	3.90	0.89
Good career growth opportunities	3.15	1.17
Chance to work in foreign country	3.22	0.99
Threat of termination	2.76	1.20
Loss of job due to company closing down	3.28	1.18
<i>Nature of work</i>		
Pressure of work is high	2.05	0.88
Work is stressful	2.14	0.96
Work is repetitive and monotonous	1.97	0.89
<i>Skill enhancement opportunities</i>		
Process specific skills	4.11	0.89
Language and communication skills	4.24	0.92
Interpersonal skills	4.13	0.92
Confidence level	4.25	0.79

Note: SD=Standard deviation of scores

this proposition.

The call center employees might face depression due to the pressure of work, rude behavior of the customer, isolation from the society, and the worry about their future career. The mean score (3.0) and standard deviation (1.18) revealed that there were a significant variations in the employees' responses. Working at night, sitting in the same posture for long hours, continuously looking at computer screen, talking and typing are affecting the health of the employees. They often complain of backaches, chronic fatigue and sleep disorders. Other significant effect on health concerns are on eyesight, ear infection, digestive disorders, and sleep disorders. As shown in Table 2, the proposition of working at night being against the body clock has a low mean score of 2.01. Further, the lack of exercise, which is a result of sedentary nature of work and odd schedules leaving no time for physical exercise, leads to health problems. The mean score for this proposition is also low (2.19). The Table 2 shows that among specific health problems, except ear infection (with 2.98 mean score) the remaining propositions had scored equal to or less than 2.38 indicating that despite the variation of responses as shown by relatively high values of standard deviations, employees had an overall negative perception

**Table 2.** Social Implications of Call Centre Jobs

Propositions	Employees response on Likert scale	
	Mean	SD
<i>Psychological Pressures</i>		
Using an 'alias' means losing one's identity	3.33	1.08
Rude behavior of customers brings the morale down	2.94	1.08
Depressive state of mind	3.00	1.18
<i>Occupational health</i>		
Working at night is against the body clock	2.01	0.96
Lack of exercise leads to health problems	2.19	1.06
Chronic fatigue	2.38	1.10
Effect on eyesight	2.27	1.12
Ear infection	2.98	1.21
Backache	2.16	1.17
Digestive disorders	2.34	1.19
Sleep disorders	2.44	1.31
<i>Social ramifications</i>		
Imposition of western culture	2.51	1.10
Disruption of social life	2.20	0.99
Disruption of family life	2.24	1.06
Low social esteem	2.20	0.95

Note: SD=Standard deviation of scores

about health effects of call center jobs.

It is also important to know how working in call center affects one's personal and social life. The employees are vulnerable to behavioral changes and adopt a life style with late night parties as its integral part. This has been referred to as call center subculture by Upadhya and Vasavi (2006). As per the results of the field survey the mean score for this proposition was 2.51 which confirmed the imposition of western culture.

The call center employees face social isolation because of unconventional timings of work. They have to work even on Indian festivals and holidays and are absent from many family or social gatherings. The present study did confirm fully that call center jobs disrupt social and family life as both these propositions scored 2.20 and 2.24 points respectively.

The Table 2 also revealed the employees' agreement with the proposition of low social esteem of call center jobs. It was shown by a low mean score of 2.20 supporting the prevailing perception with regard to the call center jobs being low prestige venue of employment.

The average scores of all propositions related to various economic and social aspects of call center jobs provide an overview of employees' perception. The mean score of nature of employment (3.44) represent a combination of positive and negative aspects related to this dimension. The lowest mean score is that of the nature of work (2.24) which is perceived by the employees to be repetitive and stressful. The highest mean score for skill enhancement (4.18) reveals that this has been viewed as the positive aspect of working in an international call center. Thus the present study reveals positive as well negative economic and social implications of call center jobs.

## Economic and Social Implications- A Disaggregate Analysis

In the present section, an attempt has been made to study whether the perception of economic and social implications of call center jobs differs according to employees' gender, education, migration status, salary and occupational status/ designation in the call center. The statistical techniques of ANOVA, Duncan's mean range test, and Students' *t* test were used to study the difference of the mean score for different groups of employees. The *t* values in table 3 for gender wise difference in perception revealed that there was no difference in the perception of male and female employees except in case of nature of work. Generally, women are considered more suitable for call center job as it involves no physical work and

**Table 3.** Economic and Social implications: A Disaggregate Analysis

Economic and Social Implications	Difference in Perception of Employees				
	Gender (t value)	Education (F value)	Migration (t value)	Salary (F value)	Designation (F value)
Nature of employment	0.14	0.12	0.88	14.50**	7.67**
Nature of work	2.49*	0.61	0.57	8.42**	0.97
Skill enhancement	0.23	7.20**	1.50	2.82	4.04*
Psychological Pressures	1.54	0.64	0.43	4.65**	2.23
Occupational health	0.91	0.81	0.29	2.04	1.18
Social ramifications	.98	1.10	1.99*	5.56**	2.64

\* significant at 0.05 level

\*\* significant at 0.01 level

requires courtesy and patience. On the contrary in this study female employees had more negative perception than males regarding the nature of work which is considered to be strenuous and stressful. Again the *t* statistics showed that migrants and natives differed in their perception of implications of call center jobs only in case of the social ramifications. A more detailed analysis revealed that there was a difference in perception regarding the imposition of western culture. For most of the migrants, it was their first exposure to the lifestyle in mega cities like Delhi. Moreover, working in a call center was a cultural shock for them as here the work demanded donning a foreign lifestyle. The *f* value comparing mean scores of undergraduates, graduates, and post graduates/ professionals depicts that there was no difference in perception based on education, except in case of perception of skill enhancement. The undergraduates are most appreciative of skill enhancement opportunities in call center followed by graduates. The employees when classified according to salary (up to Rs. 14,000, Rs. 14,000 to Rs. 18,000 and above Rs. 18,000) revealed significant difference in their attitude towards call center jobs. The *f* value show that the greatest difference is in the perception of nature of employment, followed by nature of work, social ramifications and psychological pressures in that order. The higher the salary more positive is the perception. In the highest salary group, many employees hold managerial positions. They are better paid and better respected part of the work force, and therefore have a positive perception. It is also important to note that the salary do not affect the perception of occupational health which is low across all groups. Similarly the employees in different designation groups (customer care executives, senior customer care executives and managerial staff) differ with respect to their perception of nature of employment and, skill enhancement as revealed by *f* statistics and also in case of psychological pressures and social ramifications as concluded

by Duncan's mean range test. The employees holding managerial posts have more positive attitude than those at lower position in occupational ladder. Lastly, the perception of nature of work and occupational health show consistently low scores among all groups and the differences are not statistically significant. However, employees belonging to different hierarchical groups, both based on salary and designation, do differ in their perception on many aspects of working in call center indicating that the employment structure in call centers is essentially dualistic following a core/periphery model.

### Sustainability of Call Center Jobs

As mentioned earlier the rate of attrition in Indian ITES industry is quite high. It is also important to mention that the present study focuses on the reasons of attrition pertaining to an individual's decision to leave the call center industry on account of the nature of work and employment and do not consider the effect of performance of the industry on sustainability of this venue of employment. The above mentioned economic and social implications are related to sustainability of call center jobs for an individual. On account of paucity of career opportunities, absence of job security, health and social ramifications, many call center employees do not consider the call center a venue where they can build their career despite the economic benefits offered. Gera (2008) found that, almost 60 percent of the employees considered these jobs to be just a stop gap arrangement and not a long term career option. By using Discriminant Function Analysis she was of the opinion that there were three most important factors (dissatisfaction with career growth opportunity, disruption of family and social life, and stressful and monotonous nature of work) affecting the sustainability of call center jobs. Since these factors explained 95 per cent of total variance, these may be considered the most important

reasons for the high employee turnover or attrition in call centers of India.

## Conclusions

The above discussion revealed that the call center industry has been providing employment opportunity mostly to the English speaking people from the middle class families of urban India. The call center jobs are considered financially rewarding. But the paucity of career growth opportunities and lack of job security are the negative aspects related to nature of employment in call centers. The nature of work in a call center job is perceived to be monotonous and stressful and the pressure of work is perceived to be high. Nevertheless, the call center jobs are considered a means of enhancing the skills of Indian workforce. There is a general agreement regarding the health problems faced by call center employees. Working at night is considered to be going against the body clock. The most common health problems are backache, effect on eyesight, digestive disorders and sleep disorders. The psychological pressures related to call center jobs, although not negated completely, have been given lesser importance by employees than the effect on physical health. Besides the effect on physical and psychological health, the present analysis points towards other social ramifications of call center jobs. The call center jobs are perceived to be a source of imposition of western culture. The social and family life is adversely affected because of unconventional working schedules. Lastly, the results of the present study show that call center jobs are not held in high esteem by society in general. Although the study reveals wonderful adaptation by Indian youth to the demands of an economy that functions at global scale, yet for many of them the call center jobs are sustainable only for a short time. In the present study about forty percent of employees intend to consider their present job in call center as a long term career option, while others consider it a stop-gap arrangement. Thus the above mentioned economic and social implications of call center jobs are related to their sustainability. However, offshore call centers in India have been playing a significant role in revenue and employment generation. Issues related to the sustainability of call center jobs need to be adequately addressed. For this, there is a need to design employee's centric policies focusing on job security, career development, and working conditions including health standards and safeguards. Both the industry and the government need to work together to improve the employment and work practices in call center companies. Such cooperation would not only improve the employees

economic and social conditions but also the sustainability of call center industry in India

## Notes

1. Fordism and Post-Fordism are ideas to understand the changing nature of capitalism. Post-fordism involves a more flexible system of production to differentiate it from standardized mass production of fordist system. It involves vertical disintegration of production process and adoption of subcontracting or outsourcing to reduce costs.
2. One-way Analysis of Variance (ANOVA) is a method of statistical inference that evaluates whether there is any systematic difference among a set of means (Walsh, 1990). This procedure is called one-way because the difference among groups is explained in terms of one variable only. The ANOVA is used to find out the difference among three or more sample groups and the statistical value obtained is called  $f$  value at a specified significance level.
3. Duncan's multiple range test is a post *hoc* test related to ANOVA. Once a significant  $f$  value ascertains that the mean values among the independent groups differ, Duncan's test can give additional information by telling which means differ.
4. Student's  $t$  test for independent samples is used to determine whether two samples are drawn from populations with different means (Walsh, 1990). It is a technique for testing a hypothesis on the basis of a difference between sample means. The student's  $t$  test determines a probability that two populations are the same with respect to the variable tested. This is done using the appropriate degree of freedom and a chosen significance level.
5. Discriminant function analysis is used to distinguish between two or more predefined groups (Johnston, 1978). The analysis identifies those variables that contribute most to the difference between groups. Discriminant Analysis finds a set of linear combinations of the discriminating (independent) variables, whose values are as close as possible within groups and as far apart as possible between groups. The linear combinations are called Discriminant Functions.

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