



**The Australian Call Centre Industry -
Work Practices, Human Resource
Management and Institutional Pressures
National Benchmarking Report, 2005**

A Project between the Australian Graduate School of Management, UNSW and
Hallis, Pty, Ltd.

Table of Contents

Report on Australian Call Centre Industry	iii
Key Points of Interest	iii
Report Summary	vi
Part One: Call Centre Overview	1
1.1 Call Centre Categories	1
Part Two: Employee Demographics & Human Resource Management	8
2.1 Employee Demographics	8
2.2 Hours of Operation	15
2.3 Recruitment	18
2.4 Education and Training	21
2.5 Turnover, absenteeism and tenure	28
2.6 Salaries	39
2.7 Performance Management	49
Part Three: Key Performance Indicators	50
3.1 Operational Performance	50
3.2 Cost and Revenue	56
3.3 Customer Satisfaction and Customer Contact	57
Part Four: Call Centre Technology and Monitoring	66
4.1 Call Centre Technology	66
4.2 Call Monitoring	69
Part Five: Call Centre Work Arrangements	75
5.1 Work Arrangements	75
5.2 Call Centre Relations	79
5.3 Employee Discretion	80
Part Six: Institutional Facilities and Pressures	85
6.1 Extent of use of federal, state or local public resources	85
6.2 Organisations and Networks	90
6.3 Consultant activities	91
6.4 Institutional Pressures	92

Report on the Australian Call Centre Industry

This report is the outcome of a project between the Australian Graduate School of Management (AGSM), which is a school of UNSW and Sydney University, and Hallis, Pty Ltd who are a leading recruitment and research organisation in the call centre industry. This report also constitutes the Australian segment of a wider international study by Cornell University in the US and Sheffield University in the UK. This international study involves the fielding of the same survey used to compile this report in 20 countries around the world.

This report is the first large-scale national benchmarking survey of work, human resource practices and institutional pressures (organisations or other external pressures which influence call centres) in the Australian call centre industry. It is based on a survey of call centre managers in a sample of 83 call centres, fielded in 2004. Call centre and human resource managers provided information on the types of customers and industries served and the competitive conditions they face. They also provided detailed information on such management practices as the types of call centre technology used, skill requirements of jobs, organisation of work, training and development policies, staffing and compensation strategies, pay levels, and performance outcomes such as turnover and sales growth.

The survey was administered online and was also distributed as a Word document to call centre managers. The survey data were analysed and this report was prepared by Professor Steve Frenkel (AGSM), Dr. Catriona Wallace (AGSM), Dr. Marc Orlitzky ((University of Auckland, New Zealand), Ariane Zouroudis (UNSW) and Mark Stephens (University of Auckland, New Zealand).

Key Results of Interest

This benchmarking report has highlighted some interesting aspects of work, human resource management practices, performance and the impact of institutional pressures on the Australian Call Centre industry. These points are noted below.

1. Strategy and Work

The majority of call centre managers indicated that the strategic focus of their call centre was service differentiation and the primary customer interaction involved agents providing service only or service and sales. Perhaps inconsistent with this are the findings that only a small percentage of interactions involved the agent building a rapport with the customer and that a considerable percentage of the agents' work is scripted. Another result which is perhaps not aligned with a primary focus on service is an Abandon rate of 6%.

The way work is structured for call centre employees appears fairly rigid and there is only a small amount of discretion in the work they perform. The call centre Managers indicated that their agents have little influence over the tasks they perform, the pace of their work, timing their breaks or revising work methods. Few agents are involved in self managed teams or quality or improvement

groups and less than a quarter of agents have any flexibility in regard to being able to job share or tele-commute.

2. Performance

The performance of call centres appears to be unproblematic with call centre managers reporting high levels of customer satisfaction, good relationships with employees and increasing levels of sales.

3. Human Resource Management

Call centres have been traditionally criticised for having poor human resource management indicator results, such as absenteeism, tenure and turnover. However, an encouraging finding in this study is that the figures reported appear to indicate better performance in these areas than has been previously noted.

In this study call centre managers reported generally very good relations with employees in the call centre. Employee resignation rates are reported at 16%, compared to previously reported rates of 26% (Hallis Turnover and Absenteeism Survey, 2003). On an average day 7% of agents are absent which is a similar level to the all-industry national average and the length of tenure for call centre employees is 30 months which is an increase on the length of tenure of 22 months reported by callcentres.net (2004).

4. Technology

Technology is used to interact with the customer (e.g. 9% IVR and 47% email interaction). However, direct voice to voice communication is still the primary method of interaction. Technology is used to monitor agents regularly. Of note, although it is perceived that the information gathered is used mainly to assist agents improve their performance it is also thought to be used to discipline workers.

5. The Role of Institutions

There does not appear to be a high level of institutional pressure felt by the call centre managers. That is, the degree to which institutions such as the government, trade unions or consultants, amongst others, influence call centre operations, is minimal.

Finally, the analysis revealed that of the key institutions that influence call centres, corporate head offices had the greatest impact. Consultants and call centre associations had the least influence on aspects such as designing jobs with discretion and using sophisticated HR practices in the call centres.

Organisation of this Report

The preliminary section of this document, *Report Summary*, provides summary statistics on all key areas studied in the survey.

Part One of this report, *Call Centre Overview*, provides information on the sectors, industries, work functions, scope, size and strategies of the call centres which participated in this study.

Part Two of the report focuses on *Employee Demographics & HRM* including staffing levels and types, recruitment, wages, turnover rates, tenure and education and training.

Part Three of the report, *Key Performance Indicators*, details call centre performance and statistics, costs and revenues and customer contact and satisfaction data.

Part Four, Technology, briefly covers technology usage and monitoring functions of the call centres.

Part Five of the report, details the *Work Arrangements* of the call centres, covering aspects such as teams, agent job discretion, unionism and relations with management.

Part Six, the final section of the report, titled *Institutional Pressures*, provides information on the degree to which the call centre managers felt pressure from institutions such as governments, unions, consultants, vendors and head office, in the shaping of operations and practices in the call centre.

Definitions

An understanding of the following definitions will assist in the interpretation of the tables, graphs and statistics presented in the report.

1. **N** refers to the total number of cases in a data set (e.g., the total number of call centre managers who responded to a particular question).
2. **Mean** provides a measure of the central tendency of a data set. It is similar to an *average* and is obtained by dividing the sum of all the values in a data set by the number (N) of cases in the data set.
3. **Std. Dev** stands for Standard Deviation and is a statistical measure of spread or variability. It is calculated by taking the square root of the arithmetic average of the squares of the deviations from the mean.
4. **Min** stands for Minimum value and refers to the lowest numerical value in a data set.
5. **Max** stands for Maximum value and refers to the highest numerical value in a data set.

Report Summary

The following summary data is a result of the analysis of responses of 83 call centre managers in Australia. The key findings of the survey are:

Overview of Call Centres: The majority of the 83 call centres handled in-bound calls (94%) and were in-house call centres (93%) as opposed to sub-contractors or out-sourced call centres. 62% of the call centres serviced an Australia-wide market and a key element in their call centre strategy was service differentiation (45%). Most of the call centres serviced the general mass market (74%) and the call centres' key customer interaction was the provision of service and sales to customers (76%). The mean number of seats in the call centres participating in the study was 98.

Employee Demographics and Human Resource Management (HRM): The mean number of full-time customer contact employees working in the call centres was 63. 68% of call centre employees are women. The call centres were open for business, on average, for 15 hours per weekday, 8 hours on a Saturday and 7 hours on a Sunday. The average cost to recruit, screen and train an employee is \$8,811. 59% of call centre employees are selected using systematic testing. Only 26% of applicants who apply for call centre jobs are hired. 69% of call centre managers and 26% of employees have tertiary qualifications. The average number of days for the initial training of new recruits is 21. It takes, on average, 14 weeks to become a competent call centre agent. On any one day, 7% of call centre employees are absent and employees take about 9 days sick leave per year. 16% of employees resigned within the last year and there was a total turnover rate (resigned, promoted out of the centre, dismissed or retired) of 27%. The average length of tenure for employees is 30 months and for managers is 6 years. The average employee salary is \$36, 526 and the average manager's salary is \$62, 467. 93% of call centre employees have a regular performance review.

Performance Indicators: 93% of call centres have a target time or ratio (Average Speed of Answer, (ASA) for answering calls. 73% of call centres have an ASA target of answering calls within 1-30 seconds. 80% of calls are answered within the target time. The average abandon rate of calls is 6%. The average duration of calls is 4.59 minutes and the average number of calls an agent handles per day is 70. Labour costs constitute 71% of total call centre costs. 76% of centres have a formal customer satisfaction measurement system. According to call centre managers, 94% of customers report they are satisfied or very satisfied with service at the call centres. 80% of call centres have a formal customer complaints handling system. Only 25% of interactions involve the agent building a rapport with customers. 18% of customer interactions involve problem solving and 65% of interactions involve a moderate level to a lot of selling.

Call Centre Technology: 9% of calls are handled entirely by an IVR or VRU (Voice Response Unit). To communicate with customers: 47% of call centres use email; 54% use fax; 0% use media blending and 7% use speech recognition. 29% of call centres use workflow management software; 10% use electronic customer relationship management (CRM); 3% use Voice Over IP and 2% use web enablement (e.g. instant chat). 33% of all work activity in the call centres is continually monitored. 47% of employees receive daily feedback from monitoring. 41% of employees are

monitored monthly and 6% are monitored daily. 35% of employees perceive information from monitoring is used for disciplinary action; 86% perceive information from monitoring is used for performance improvement and 80% perceive that this information is used to identify training needs.

Work Arrangements: 20% of call centre employees work in self-managed or autonomous teams. 13% of employees are involved in quality or improvement circles. 24% of staff have flexible work arrangements (e.g. job sharing). 13% of call centre employees are members of a trade union. 56% of call centres recognise a trade union for collective bargaining; 48% have a formal staff association and 59% have a joint staff-management consultative committee. 96% of call centre managers report good to very good relationships with their call centre employees. Measures of work revealed that call centre agents may not have a high level of discretion in the work they perform. The following percentages reflect the responses of call centre managers who perceived, for their employees, there was “none to a little” level of discretion in: the work tasks that employees’ performed (75%); the pace or speed of work they do (51%); what they say to customers (31%); the scheduling of breaks (83%); revising of work methods (49%) and the settling of customer complaints (17%). 67% of call centres have a formal staff suggestions system. 44% of call centres use scripts a moderate level to a great deal of the time.

Institutional Facilities and Pressure: Call centres use public resources (federal, state or local) at a “moderate level to a great deal” for the following: 26% for recruitment; 29% for training; 8% for site location assistance; 11% for incentives for locating in a certain area; 9% use tax concessions and 9% use special loans and grants. 21% of call centre employees are participating in a government subsidised training program. 11% of employees are currently in university or college programs. 37% of call centres are involved in a local networking group. 50% of call centres belong to an industry or trade association. 59% use consultants for training; 23% use consultants for quality management and 38% use consultants for technology adoption. The presence of a skilled workforce is the most important determinant in selecting a location for a call centre.

Institutional pressure can come from various sources and can influence the way a call centre operates. In particular, pressure can come from the government, consultants, trade unions, corporate head office, from skill shortages, best practice call centre examples and call centre associations. The institutions that have the greatest impact on operations in the call centre, such as designing jobs with discretion, bargaining with trade unions and using sophisticated human resource management practices, in order of most to least influential are: 1) corporate head office, 2) governments, trade unions, 3) best practice call centre examples, 4) skill shortages, 5) consultants and lastly 6) call centre associations.