

## Executive Summary for Web Release

### **EXECUTIVE SUMMARY**

Our summary highlights the important similarities and differences in our sample, by regional and organizational characteristics, that may affect the type of employment system that management adopts, and in turn, employee outcomes.

#### **Geographical Distribution:**

The contact centres in our sample are distributed across Canada with the largest centres concentrated in the Maritimes and the majority located in Ontario.

#### **Organizational and Market Characteristics:**

Inhouse centres, that is, centres serving the customers of the parent company, represent 62.3 percent of the centres in this study, and outsourced centres, those operated by subcontractors to serve customers of one or several companies, represent 37.7 percent. In this study, 19.9 percent of centres are unionized. Union presence is more common in inhouse centres than in outsourced centres: 8.9 percent of outsourced centres are unionized while 26.6 percent of inhouse centres are unionized. The centres in our sample serve a largely national and international market with 33.1 percent of centres handling calls from an international market, and a sizeable subset of those solely handling calls destined for and originating from U.S. customers. The average size of centres in this study is 142.9 seats, but the size of the typical centre included in this study (that is, half are larger and half are smaller), is much smaller at 55.0 seats.

#### **Workforce Characteristics, Skills and Training:**

In this study, women constitute 69.1 percent of the customer service workforce. 54.1 percent have completed some post-secondary education. The average select rate (percentage of applicants hired) is 29.6 percent. Annually, newly hired agents receive an average of 26.2 days of initial training, and 8.7 days of ongoing training. Upon hiring, it takes an average of 21.5 weeks for an agent to perform competently. The hiring cost incurred by recruiting, screening, and selecting a new employee averages \$3,495 (CAD). The average tenure of a customer service representative is 5.7 years.

#### **Operational Characteristics:**

Across all centres in our study, the workforce handles, on average, 99.5 customers per day, with an average call handling time of 5.5 minutes. The majority of centres (50.6%) operate on an extended hours schedule (open more than twelve hours per day) as opposed to a twenty-four hours per day, seven days a week schedule. Contact centres are moving from voice-only to multi-channel centres and 26.1 percent have adopted voice over internet protocol (VoIP) technology.

#### **Turnover and Absenteeism:**

Total turnover including quits, dismissals, promotions within the business, and retirements averaged 29.9 percent. The average quit rate annually is 14.2 percent while the average dismissal rate is 6.2 percent. Outsourced centres experience quit rates twice that of their inhouse counterparts – 20.8 percent compared to 10.3 percent. Non-union centres report the highest dismissal rates (7.1%) whereas unionized centres report the lowest (2.4%). On average, 5.8 percent of agents are absent annually. Agents employed in centres that operate twenty-

four hours per day, seven days a week have an absenteeism rate (6.4%) that is almost twice that of centres operating within business hours (3.8%).

### **Strategies Associated with Lower Turnover:**

Several strategies are associated with lower turnover rates. Contact centres with at least 30.0 percent of the workforce in problem-solving teams had 43.0 percent lower quit rates than those with less than 30.0 percent of the workforce in these teams (quit rates of 16.9% v. 11.5%). Centres with at least 30.0 percent of employees in self-directed teams have 70.0 percent lower average quit rates than those with less than 30.0 percent of workers in these teams (quit rates of 16.5% v. 9.2%).

### **Unions, Turnover and Absenteeism:**

Non-union centres have twice the average turnover rates (including quits, dismissals, promotions within the business, and retirements) of unionized centres in comparable markets: 33.6 percent compared to 16.1 percent. Non-union centres have over three times (16.5%) the average quit rates of unionized centres (5.0%). No significant differences in the percent of agents absent on a daily basis exist between union and non-union centres.

### **Customer Service Representative (CSR) and Managerial Compensation:**

In this study, annual pay includes base pay and variable pay (individual and group-based incentive pay), and excludes overtime pay. On average, agents earn \$31,468 (CAD) annually, with agents employed in unionized centres earning 36.0 percent more than their non-union counterparts. Considering variable pay, 30.1 percent of centres use individual-based incentives whereas 27.8 percent offer group-based incentives. Full-time agents receive a comprehensive set of benefits, but only 5.3 percent of centres offer daycare benefits. The typical manager (excluding supervisors and team leaders) earns an average salary of \$59,017 (CAD). Managers receive an average of 8.9 percent of annual pay based on individual-based incentive pay and 3.1 percent consists of group-based incentive pay.

### **Economic Development and Employer Networks:**

Contact centres make an important contribution to the economies of the cities or towns where they are located. Municipal and provincial governments often offer incentives to attract firms. These incentives may include site location assistance, tax incentives, and special loans. Sixty percent of the centres in our study have received at least one type of incentive, and 25.5 percent have received two or more. Despite these efforts, 45.7 percent of contact centre managers reported that the presence of a skilled workforce was the primary reason for the location of their contact centre.

### **Canada in the Global Context:**

In many ways, our findings show that contact centres in Canada share some similarities with their counterparts in other countries participating in the Global Call Centre Project. The majority of contact centres operating in Canada are inhouse, non-union, and handle inbound calls, while the frontline service workforce employed in these centres is predominantly female.

At the same time, some important differences are present in the emerging Canadian contact centre industry (Holman, Batt & Holtgrewe, 2007). First, along with India and Ireland, Canada is a major recipient of contact centre work from the U.S., with approximately 30.0 percent of centres in this study serving U.S. customers. The presence of a skilled workforce, the

cost savings associated with a national health care system, proximity to the U.S., common time zones, and although it is not the current case, a historically low exchange rate when compared with the U.S., contribute to Canada's attractiveness as a destination for global outsourcing. Second, across all of the centres in the global study, 40.0 percent are covered by a collective agreement (Holman, Batt & Holtgrewe, 2007). Only 19.9 percent of centres in Canada have union representation, well below the average for the global study. At the same time, union presence in Canadian centres still has an effect on employee outcomes (e.g. pay, tenure, and turnover).