

# Employment and Industrial Relations in the Dutch Call Center Sector

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## Executive summary

This report focuses on employment and industrial relations in the Dutch call center sector. This fairly new industry has grown dramatically over the last decade, employing an estimated 2,5 percent of the country's workforce. The information presented in this study is based on extensive field study, site visits, interviews, and large-scale surveys (a.o. data from the 7th National Contact Center Benchmark Survey administered by the NCCBP)

According to the 2004 NCCBP survey, 28 percent of Dutch call centers are subcontractors. Still, the overwhelming majority of Dutch call centers are in-house centers – that is call centers that serve customers of the parent company (72 percent in 2004). The vast majority of the in-house call centers identify customer service as their main activity (86 percent). Only 13 percent of the Dutch in-house call centers perform sales as their main activity. Subcontractors, on the other hand, focus more on sales (59 percent) than on services (38 percent). Differences in type of service are reflected in the type of calls made. In-house call centers mainly deal with inbound calls (94 percent). Subcontractors on the other hand show a mix of making mainly outbound calls (36 percent), making mainly inbound calls (34 percent), and doing both inbound and outbound calls (28 percent). Half of the Dutch call centers serve the mass market alone, whereas 8 percent deals with business-to-business contacts only.

The Dutch call center industry is quite internationally oriented. About a third of all Dutch call centers handle international calls. Subcontracting call centers clearly are more internationally oriented than in-house call centers (55%). 60 percent of call centers have fewer than 100 employees; 28 percent have between 100 and 300 employees; and 12 percent have over 300. On average, a Dutch call center employs 172 employees. In-house call centers are smallest in size, averaging 127 employees (agents, supervisors, and supporting staff) at a worksite. Subcontractors, by contrast, average almost 300 employees per center, which is more than twice the level of in-house call centers. Approximately 40 percent of Dutch call centers is more than ten years in business. More than a quarter is younger than 3 years; 5 percent even is less than one year old.

### *Human Resource Management*

To estimate how much call center employers are investing in human resources, we measured their investment in skills and training, personnel management and

incentives: Using these measures, we distinguished between three groups of call centers:

- 1) Low-quality system: 20 percent of in-house call centers and 33 percent of subcontractors;
- 2) Intermediate system: 61percent of in-house call centers and 56% of subcontractors;
- 3) High involvement system: 19 percent of in-house call centers and 11 percent of subcontractors.

By these measures, investments in human resource systems are more substantial in in-house call centers than compared to subcontractors.

### *Technology*

Most call centers use several channels to communicate with their customers. Virtually every center uses telephone contact. Surprisingly, contact by postal mail and fax is still quite popular, particularly in the in-house retail, media, and tourism industry (93 percent). Modern modes of communication such as email or web mail also is widespread: 85 percent of call centers use email or web mail. Internet or co-browsing is in use by 30 percent of call centers, whereas 8 percent uses text messaging. The Dutch call center market is mature and technologically advanced. Almost 80 percent of call centers uses Interactive Voice Response (IVR) or Voice Response Units (VRU). Speech recognition is not widespread in Dutch call centers (8 percent). Similar to U.S. call centers, only a minority of call centers have invested in Voice over IP (VOIP) technology. Overall, subcontractor call centers invest more in new, advanced technologies compared to in-house call centers.

### *Organization of Work: Discretion, Participation, and Teamwork*

The organization of work in call centers typically focuses on the individual employee (the agent) as the unit of analysis. Efficiency is measured by the number of calls handled per hour or by individual call handling time. The in-house call centers in this study handled on average 12 calls per hour, both for inbound and for outbound calls. The average call handling time (including processing the call) is about 270 seconds. There is relatively low use of scripts. Call center workers generally have some discretion at work. For example, on average, 75 percent of managers perceived that their agents have much discretion over what they say to a customer; 71 percent said that agents have much discretion in handling additional requests or problems that arise unexpectedly; and 69 percent believed that agents have much discretion in settling customer complaints without referral to a supervisor or other expert. It should be noted that continuous agent monitoring is practically absent in the Netherlands.

### *Workforce*

The majority of call center workers is between 25 and 50 years of age. Subcontractors report having the youngest workforce: on average, 39 percent of their agents are 25 years or younger. While call center jobs are often viewed as low skilled or 'clerical' jobs, in fact they typically require employees to be able to absorb

changing product knowledge, manipulate databases, and have good communication skills. Thus, the educational level of call center workers is higher than is often portrayed in the popular press. Women constitute 70 percent of the call center workforce in this study. Dutch call center agents work 26 hours per week, with a range of 21 hours per week for agents in subcontracting call centers and 30 hours per week for those in the in-house financial services industry. On average, 21 percent of call center agents has a temporary contract.

In the Netherlands, temporary work agencies (*uitzendbureaus*) play a significant role in call center employment. For example, about 65 percent of Dutch call centers work with agents who are employed by these agencies. Part of this can be explained by the unique nature of contingent Dutch employment laws. Overall, 19 percent of the agents is employed by a temporary work agency.

In-house call centers on average pay about 3 euros per hour more than subcontractors. In addition, agents working in in-house call centers receive more fringe benefits compared with those in subcontracting call centers. Compared to other sectors of industry, the annual absenteeism rates for call centers are quite high, roughly 10 percent. Unlike the situation in call centers in other countries, personnel turnover is not a major problem for Dutch call center managers. Total employee quit rates are around 13 percent. Quit rates are highest for agents working in subcontracting call centers (19 percent) and lowest for agents working in in-house call centers in the retail, media, and tourism industry.

### *Training*

Agents dealing with inbound calls on average receive more training than agents dealing with outbound calls: 72 versus 46 hours. In general, agents employed by in-house call centers receive more training than agents who work in a subcontracting call center regardless of whether the agents are inbound and outbound. In contrast, outbound agents in the subcontracting firms hardly receive any initial training. Most training is on product knowledge and conversation skills. On average, it takes 37 working days before inbound agents are proficient for their job. However, in in-house call centers it takes much longer before a worker is adequately productive in the job than in subcontracting call centers. For outbound agents, it takes much less time to become adequately productive on the job: 19 days. For those employed in a subcontracting call center, it takes on average only 13 days. This again illustrates the lower skill needs in jobs for outbound agents whose phone conversations are much more routine than the conversations of inbound agents that are more difficult to predict.

On average, inbound agents receive 40 hours of on-going training in 2003. In comparison inbound agents, outbound agents receive much less training. Again, most training focuses on product knowledge, followed by conversation skills and work procedures. Probably these are the key skills of call center agents that need to be regularly updated.

### *Industrial Relations*

Industrial relations in Dutch call centers have several layers, and they shape the flexible employment strategies that employers can implement. First, company or sector level agreements define the working conditions for workers who are employed by an in-house call center. Second, workers on flexible contracts are usually employed at a temporary work agency. These workers are covered by the temporary agency sector agreement. Third, workers employed by a subcontracting call center are covered by the collective agreement for these call centers. This is quite unique compared to other countries. The in-house call centers are represented in the employers' organization, VCN, which is not a partner in collective bargaining as in-house call centers have their own company or sector level agreements. The employers' organization for subcontractors, WGCC, on the other hand, is involved in collective bargaining.