

**The Indian Call Centre Industry:
National Benchmarking Report**

Strategy, HR Practices, & Performance

*Rosemary Batt, Virginia Doellgast, Hyunji Kwon,
Mudit Nopany, Priti Nopany, with Anil da Costa
Cornell University*

July, 2005

A Report of the Global Call Centre Industry Project,
Coordinated by R. Batt, Cornell University; D. Holman, University of Sheffield,
UK; and Ursula Holtgrewe, University of Duisburg, Germany

Introduction

The dramatic growth of the call center industry is a world-wide phenomenon, fueled by advances in information technologies and the precipitous decline in the costs of voice and data transmission over the last two decades. As part of this global industry, call centres in India have experienced spectacular growth in the last five years. They generate seventy percent of the revenues of the Indian Business Process Outsourcing (BPO) industry, according to estimates by Mckinsey (www.nasscom.org).

This rapid growth has also brought managerial challenges in terms of recruitment, staffing, training, and retention of workers and managers with the requisite skills and abilities to provide quality service. This report focuses on these critical human resource issues and presents systematic benchmarking data for managers. It is based on an on-site survey of 60 call centres located in cities: Bangalore, Bombay, Chennai, Delhi, Hyderabad, and Kolkata.

This Indian report is part of a larger global call center research project. Comparable national reports are being conducted in twenty countries in North America, South America, Europe, Asia, Australia, and South Africa.

In this study we examine such questions as:

- How do call center management practices differ across centres serving the domestic and international market?
- What types of technologies and work practices are being adopted?
- What are the pay levels and compensation strategies for employees and managers?
- What human resource practices contribute to lower turnover and absenteeism?

Achieving competitive success in call centers is a difficult task. Managers must balance quality and customer service while keeping costs under control. While call center technologies create efficient methods for handling service interactions, customers often become frustrated by overly standardized menus and procedures. Similarly, many employees find call center jobs to be routinized and boring, leading to high levels of employee dissatisfaction, absenteeism, and turnover. Employee dissatisfaction, in turn, can lead to lower service quality and customer dissatisfaction. With turnover rates at 30 to 50 percent a year, managers find themselves in a vicious circle – just as employees become proficient in the job, they quit. Managing the workforce is a constant cycle of recruitment, selection, training, and retention strategies.

In addition, while call center jobs are often portrayed as ‘low-skilled’ or ‘clerical’ in nature, they in fact require considerable knowledge and skills. Frontline employees confront on-going changes in product and service offerings, pricing and packaging, legal regulations, work methods, and technical processes. Thus, they need to regularly upgrade their knowledge and skills in order to serve customers well.

This report addresses these and other issues of concern to managers and employees in the call center industry. We would like to thank the managers at 60 worksites who gave generously of their time during a lengthy on-site survey interview. We would also like to thank the Center for Advanced Human Resource Studies at Cornell University for funding for this project.

**For information or additional copies, contact Rosemary Batt
387 Ives Hall, ILR School, Cornell University, Ithaca, NY 14853. (rb41@cornell.edu)**

What's in this report?

In this rapidly growing industry, managers have experimented with a wide range of practices. In this report, we examine:

- ❑ Selection and staffing strategies
- ❑ The skills of the workforce and investments in training
- ❑ Adoption of new technologies
- ❑ Adoption of "high involvement work practices" such as quality improvement and self-directed work teams
- ❑ Compensation levels and strategies
- ❑ Institutional supports, such employer networks and consulting services

What we found...

Management strategies & practices...

- ❑ *Education:* While the typical call centre employee holds a Bachelor degree, almost 30 percent of managers report that they primarily hire employees with a secondary degree.
- ❑ *Selection:* The average centre serving international customers hires 1-in-10 applicants while the average domestic-oriented centre hires 1-in-4.
- ❑ *Training:* Initial training averages 6 weeks in international centres, but it takes over 3 months for employees to become proficient on the job, on average. Centres serving the domestic market provide 2.3 weeks of initial training and it takes 7 weeks to become proficient at work.
- ❑ *New technologies:* Over 60 percent of centres reported use of Customer Relationship Management Technologies, but far fewer use Voice over Internet Protocol.
- ❑ *Customers per employee per day.* The typical centre serving international customers handles 90 calls per employee per day, while the typical domestic centre handles 100.
- ❑ *Work organization and teams:* Call center employees have very low levels of discretion over daily tasks, procedures, pace of work, schedules, and how to handle unexpected customer inquiries or complaints. Between 60 and 75 percent of managers report that their employees have little or no discretion in these areas of work. In addition, a substantial minority of international centres (41 percent) rely heavily on scripted texts, while only 13 percent of domestic centres do. The use of problem-solving groups and teams is also infrequent, with fewer than 10 percent of employees involved in such initiatives.
- ❑ *Pay levels:* The annual pay of the typical call center worker in 2004 was INR 121,044 in international centres and INR 94,861 in centres serving the domestic market.

- *Pay for performance:* Individual commissions account for 17.5% of call center workers pay in international centres and 15 percent in centres serving the domestic market. This reflects the large proportion of centres involved in sales, particularly outbound sales.
- *Turnover and absenteeism:* Turnover averages almost 30 percent, according to the reports of managers in this study. Absenteeism averages 5.6 percent in international centres and 8.6 percent in domestic centres. Poaching is common among international centres, with managers reporting that almost 40 percent of their current workforce came from other call centres.
- *Tenure and Internal Promotion:* Over 50 percent of call centre employees in this study have less than 1 year of tenure with their employer. Seventeen percent of employees in international centres and 11 percent in domestic centres have been promoted to higher positions in the call centre. However, beyond the call centre, only 1 percent of employees are promoted to higher positions in the larger corporation. Thus, call centre jobs do not serve as a meaningful point of entry to higher level positions in companies.

Regarding managerial employees...

- *Supervisor's pay:* In 2004, supervisors in centres serving the international market averaged INR 293,142 in annual pay, including performance based pay. Those in centres serving the domestic market earned on average INR 146,541 in 2004.
- *Managerial pay:* In 2004, the average manager in an international centre received a salary of INR 388,728 per year, while the average manager in a domestic-oriented centre received INR 222,101.

Regarding the institutional environment...

- *Employers association and local networks:* Managers from international centres make considerable use of local networks, with 59 percent involved in local networking groups and 39 percent in employers associations. These are sources for exchanging ideas on business strategies and best practices. They also make widespread use of management consultants in the areas of technology, training, and quality management.