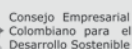# *Sustainability*and*CallCenters*
*in*Latin*America*

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**FORUM
eMPRESA**

RED DE RSE DE LAS AMÉRICAS

FORUM EMPRESA is an alliance of CSR-based business organizations that promotes corporate social responsibility (CSR) throughout the Americas. Its mission is to articulate and reinforce the Forum Empresa Network's member organizations in their objective of fomenting Corporate Social Responsibility in their respective countries, favoring interaction and exchange between them. It also works on common projects with international organizations with the purpose of promoting CSR in a specific country or region.

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Executive Summary

Multinationals are a key factor in the effective implementation of best practices in sustainability in the Call Centers in Latin America.

In the Call Center (CC) industry, there is a strong and positive business case for high-quality responsible labor practices based on the virtuous service-profit chain linking more productive service representatives (SRs) to more satisfied customers and higher profitability. Smart labor practices can drive efficiency and reduce labor costs, thereby contributing to firm competitiveness and growth.

Forum Empresa Network that promotes corporate social responsibility (CSR) in the Americas presents this study with the aim of suggesting solutions and best practices that will minimize labor problems that arise frequently in the CC industry and create a number of risks, both for companies and SRs.

This study was conducted from an extensive review of academic and business updated literature and the application of a specially designed survey for this research, which was applied to a group of companies in Latin America. Figure 1 shows the companies studied and operations in the study.

Best practice solutions to common SRs complaints include continuous and tailored training, realistic and positive performance incentives, multiple career advancement opportunities, and workplace benefits and other amenities.

Our review of academic and business-oriented literature and our original Forum Empresa survey of CCs in Latin America suggest a series of best practice solutions to labor issues that frequently arise in the industry and that create a series of risks for both contracting and executing firms.

Figure 1. Participating Multinationals and Call Centers

Multinational Name	Multinational Name	Call Center Location
Telefónica	ALLUS	Colombia
	Atento	
BAC Credomatic	In-House CC	Honduras
SESA Select	Telerecursos	Argentina
	In-House CC	
Banco Pichincha	TATA Consultancy Services (TSC)	Ecuador
Kimberly Clark	Master Center	Perú
	In-House CC	
Petrobras	SESA Select	Argentina

Building partnerships with local governments is one means of reducing the costs of training. At a time when governments worldwide are seeking to increase employment among young people, CCs are well positioned to approach governments with a cost-sharing proposition. Public-private training institutes can also be effective in establishing high industry standards.

Best practice techniques for enhancing employee empowerment include encouraging staff input into work schedules, consultations over performance metrics, personalizing work stations, sharing of corporate information, and team building.

Due to the nature of Service Representatives (SRs) work, close attention to ergonomics is essential to employee well-being and high performance.

In the CC industry, common philanthropic initiatives include staff monetary donations to local charities. But active personal participation in community activities brings additional returns.

Building on industry competencies, CCs and their employees can effectively assist non-governmental organizations in their fundraising drives and telethons, or facilitate humanitarian assistance after natural catastrophes.

Multinationals have a large role to play in incentivizing and ensuring that these best practices solutions are effectively implemented. Powerful CSR programs that are well integrated with companies' purchasing practices can drive solutions to many supply chain sustainability challenges.

Our research found varying degrees of multinationals' involvement in managing their CC supply chains, with wider variations found in supply chains that involve outsourced CC operations. Multinationals should include their code of conduct language in contractual agreements with suppliers, train suppliers on their standards, and conduct social audits to ensure that standards are implemented. Companies should also consider providing positive incentives for CC suppliers who exceed expected social and environmental performances to drive continuous improvement.

71% *The survey found that 71% of the Call Center workforce is **female***

Identifying the Risks and Rewards

Call Centers (CCs) are proliferating rapidly around the world, including in Latin America. By creatively integrating computer information and telecommunications technologies (ICTs), CCs allow firms to concentrate ICT functions in specialized locations. The service provider may be in-house (captive) or outsourced (remote). The outsourcing may be to national or international (off-shore) locations; indeed, the majority of outsourcing volume remains within domestic boundaries. The CCs may be fully independent, third-party service providers or may be owned by the contracting firm. Another important distinction in the CC world is between in-bound and out-bound operations, between receiving in-bound customer-driven calls and originating out-bound marketing calls from within the Call Center.

CCs are part of a larger transformation of business process outsourcing (BPOs) that includes finance/accounting, engineering,

procurement, human resources, and other back office functions. Out-sourcing firms seek to increase their competitive edge by lowering costs, especially labor costs, by driving growth, or by seeking to achieve both cost savings and revenue expansion simultaneously.

The Call Center Service Representative

CC Operators or Service Representatives (SRs) are a new brand of worker, falling in between the categories of white-collar office employee and blue-collar factory laborer. On the one hand, SRs work in a clean office setting and typically enjoy their own cubicles and video display monitors; in developing countries, the average SR has acquired some tertiary education. On the other hand, SRs work in a more traditional factory-like setting exhibiting occupational density and 24/7 operations; where tasks are broken into brief, discrete segments and are highly structured, predictable and routine; the completion of one task is immediately followed by another stacked in the queue; and performance is closely monitored by proximate supervisors as well as via electronic devices – giving rise to the derogatory labels "electronic sweatshops" and "cyber coolies." As in traditional "maquila" manufacturing processes, the typical CC operator is young and female.

One large-scale survey of CCs around the world found that the typical CCs employs 49 workers. However, the majority of SRs (75%) work in CCs that have 230 total employees or more. CCs are flat organizations, with managers comprising only 12% of employees. The survey found that 71% of the CCs workforce is female (Global Call Center Network, 2007).

Figure 2. The Out-Sourcing and Off-Shoring Decision

Decision to:		Offshore the function?	
		No	Yes
Outsource the CC?	No	In-house operation	Captive unit (subsidiary)
	Yes	On-shore third-party provider	Remote third-party provider

Source: Based on ILO (2010, 5)

- In-house operation: The company decides to maintain CC operations internally and in the same location where it provides services to its customers.
- Captive unit (subsidiary): The company decides to locate the CC away from where it provides services to its customers, but maintains control and management of the CC operations.
- On-shore third-party provider: The company outsources the CC operation to a third-party service provider, but chooses to maintain operation within the same country where it provides services to its customers.
- Remote third-party provider: The company outsources the CC operation to a third-party service provider and chooses to take the CC operations outside of national boundaries, usually in an effort to reduce costs.

Old and New Risks in the Call Center Industry

The new and largely uncharted nature of CC work creates new types of risks for employers in the space of labor standards and social risks. Yet, because CCs are relatively new, and because the work style falls between traditional categories of white vs. blue collar, relatively little attention has been paid to CC employment and the specific challenges it raises. There is only a modest if growing academic literature on CC employment. For its part, the CC industry has published little on labor standards as compared to other industries with global supply chains, such as apparel, toys, agricultural commodities (coffee, cocoa, bananas and sugar) or electronics. A select list of the more useful academic and industry publications appears under "references" on page 25.

The academic literature emphasizes the challenges created by the CC work environment for customer service representatives. The work is described as stressful, monotonous and sometimes unpleasant, especially when SRs must cope with hostile customers over the phone. Ergonomic problems, including backaches, headaches and voice loss, are underscored. Some studies emphasize worker disempowerment and alienation. Non-traditional work shifts can cause disorientation and family disruption; night shifts present security threats, especially to women. These difficult labor conditions are judged to be the causes of expressed employee dissatisfaction, high industry employee turnover rates and, indirectly but significantly, suboptimal customer service.

Industry publications typically recognize the labor issues inherent to CCs within the overall context of good, well-paying jobs and tend to showcase "best practice" solutions.

Importantly, largely absent from the CC literature are treatments of CCs in the context of global supply chain management, e.g., what are the opportunities and obligations of contracting firms with regard to the labor practices in out-sourced CCs. Compare this lacuna to the voluminous attention paid to national and international labor standards in manufacturing supply chains.

We believe that CCs present a variety of employee-related business risks to contracting firms. Risks include: loss of customer service quality, client non-acceptance (whether consumers or businesses), operational inefficiencies, loss of management control over operations, cultural misfit, employee turnover, reputational damage, and political backlash in either the home or off-shore country location.

Figure 3. The Virtuous Service-Profit Chain In Call Center Labor Practices

Responsible Business Practices

More Productive SRs

Higuer Quality Service

More Satisfied Customers

Higher Profitability
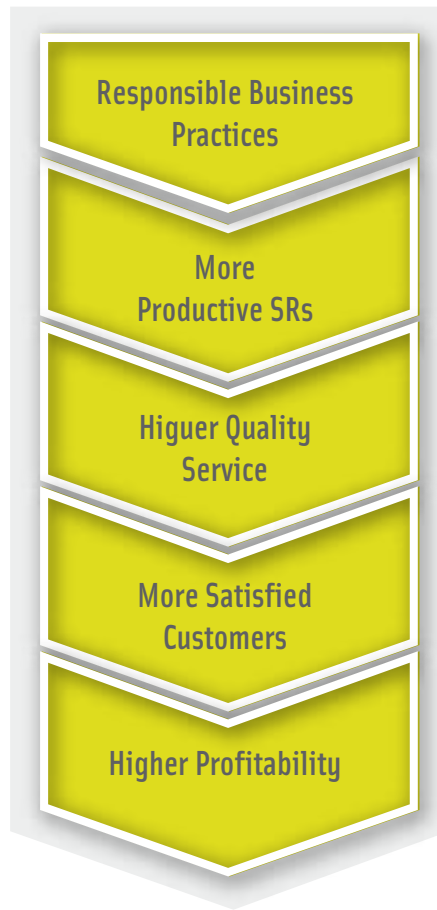
The Business Case for Sustainable Labor Practices

We also believe that there is a strong and positive business case to be made for high-quality responsible labor practices that:

1) Are carefully tailored to the special circumstances of CC service operators and,

2) Are embedded in a firm-wide strategy of sustainable business practices.

The business case for best practices derives from the equations:

Responsible business practices ➡ more productive SRs ➡ higher quality service ➡ more satisfied customers ➡ higher profitability.

Smart labor practices can drive efficiency and reduce labor costs, for example by reducing turnover and raising staff motivation, thereby contributing to firm competitiveness and growth. Critically, sustainable business practices are also essential for mitigating downside risks attendant to CCs.

Study Methodology

The present study aimed to describe characteristic aspects of hiring and labor practices of 6 multinational companies with their suppliers CCs in Latin America.

We reach these conclusions based on: 1) a review of the academic literature, 2) a survey of business-related publications and on-line traffic, 3) our prior observations of CCs, 4) our professional knowledge of global supply chain management and sustainable business practices, and 5) our own original Forum Empresa survey of CCs in Latin America.

The Forum Empresa survey encompassed six large multinational companies. Forum Empresa, through its member network of 21 corporate social responsibility associations and more than 3,400 affiliate companies, issued a public request for proposals for project participation. Selected multinationals fit into the following criteria:

• Presented a high usage level of CCs and were leaders in their respective industries. Companies within the utilities sector were prioritized.

• Maintained contracts with CCs operating in Latin America.

• CCs were crucial to the success of their operations.

While it was acceptable for multinationals to have CC operations outside of Latin America, our research looked to investigate the link between the multinational and CC supply chains located in the region. Therefore, the selection process also looked for a broad representation of Latin American countries housing CC operations to account for local political, social, and economic variations. Figure 1 (page 3) displays the multinationals and their CC counterparts

selected to participate in the study and the location of their CC operation.

To survey these multinationals' supply chains and CC operations we developed five thorough surveys calling for quantitative and qualitative responses that were administered by in-country researchers. Surveys were directed at:

• Corporate responsibility managers at the multinational's headquarters,

• Corporate responsibility managers located in the country where Call Center operations were being studied,

• Purchasing managers also located in the country of study,

• Call Center managers,

• Call Center Service Representatives.

Researchers also provided valuable analyses on the selected multinational firm, its basic business goals and practices, supply chain management programs, paying special attention to labor standards and to the firm's utilization of CC.

We recognize that a selection process where companies proactively choose to participate in the study risks an endogeneity problem. The choice to participate in the study itself can be seen as a leadership attribute of companies, which in turn could signify they are actively addressing social and environmental issues in their CC supply chain vis-à-vis their peers. This makes our assessments of CC specific issues and the emphasis on best practices contained in this report even more deserving of attention.

To honor firm confidentiality, only aggregate data is presented in this report.

Challenges to Sustainable Social Practices

In general, CCs can readily comply with the minimum national labor standards of the countries where they operate and with the fundamental labor standards embedded in the core conventions of the International Labor Organization (ILO). Because of the very nature of CC work, it is clearly in the self-interest of firms to uphold such core labor standards as no child or forced or compulsory labor and timely payment of minimum wages. Indeed, a recent publication of the ILO concludes that "overall, jobs in the BPO industry in developing countries are of reasonably 'good' quality by local standards in terms of their working and employment conditions." (ILO, 2010).

With regard to occupational safety and health (OSH) conditions, CCs do not face the many potential risks that are common in manufacturing, but as we will discuss below, OSH issues are vitally important in the labor productivity equation.

Workers' rights to free association and to organize and bargain collectively arise in the context of CCs. But the youthfulness of most SRs and their high turnover rates impede unionization. Moreover, the work organization of CCs, with SRs alone in their own cubicles and under the side-by-side listening of supervisors, further complicates any unionization drives. Moreover, SR salaries generally exceed minimum wages and surveys record that most SRs are reasonably satisfied with their jobs. Thus, unions are not present in most CCs, although some form of collective association is not uncommon in BPOs.

Overall, the self-interest of CCs and core international labor standards are strategically aligned. Hence, legality alone is less in question and while a potential risk factor is one that CCs can readily avoid.

Rather, the more salient labor issues in CCs go beyond the minimum national and ILO standards to reflect the specific nature of CC employment, situated between traditional blue-collar and white-collar activities. These more upscale labor issues, which may or may not be addressed in national labor codes, nevertheless can have an important impact on employee satisfaction and on labor productivity and therefore on customer satisfaction and profitability.

Existing literature and surveys by academics and business-oriented consultants and associations find a number of common complaints among SR operators that can be grouped into three categories:

• Workplace stress and emotional boredom,
• Perceptions of disempowerment,
• Ergonomic risks.

The adverse outcomes of these common SR workplace issues are early burnout, psychological and physical ailments, and high rates of absence and staff turnover – all of which add up to higher costs, lower labor productivity, and more unsatisfied clients for the multinationals contracting the CCs.

Figure 4. The Generation Y

The term Generation Y (Gen Y) refers to professionals born in the mid-1980s, who are currently in their 20s and are just entering the workforce. This generation is characterized by the following:

» *Tech-savvy: Gen Yers grew up with technology and rely on it to perform their jobs.*

» *Family-centric: Gen Yers are willing to trade high pay for fewer billable hours, flexible schedules and better work-life balance. In contrast to older generations, Gen Yers prioritize family over work.*

» *Achievement-oriented: Gen Yers are confident, ambitious and achievement-oriented. They have high expectations of their employers, seek out new challenges and are not afraid to question authority.*

» *Team-oriented: As children, Gen Yers participated in team sports, play groups and other group activities. They value teamwork, want to be included and involved, and seek the input and affirmation of others.*

» *Attention-craving: Gen Yers crave attention in the forms of feedback and guidance. They appreciate being kept in the loop and seek frequent praise and reassurance.*

Workplace Stress and Emotional Boredom

CC employees often express dissatisfaction with performance requirements that, in their view, demand unrealistic average talk times and quantities of calls per hour. Especially disconcerting for some SRs is excessive management focus on quantity rather than quality of calls, for which in turn CC managers cite harsh contracts with multinationals as a causal factor. Even more stressful is a combination of requirements that demand a high quantity of calls and a high quality of customer service. Employees who feel rushed to "wrap up" a call worry that they are compromising customer satisfaction. Management that fails to take into account this quantity-quality dilemma and that set unrealistic performance metrics in their work contracts, and then with their workforce, compromise worker morale.

When working in-bound calls, many SRs find it difficult to cope with irritated, hostile customers, some of whom even engage in sexually abusive discourse, especially if they become aware that the multinational has outsourced the CC to an international location. When working out-bound marketing calls, SRs are confronted with frequent rejection and hostility from potential customers. The results can be SR loss of self-esteem, emotional depression and exhaustion, and declining productivity.

Some workers experience boredom from the repetitive nature of CC work. After a month or two on the job, the more intelligent workers may complain about the routine types of problems and scripted responses that they encounter over and over throughout the day.

Disempowerment and Distress

The highly scripted and monitored work in CCs can lead to feelings of disempowerment, especially among the university-educated Generation Y (or Gen Y). Easily disillusioned Gen Yers, who thought they were entering a modern office setting, will bridle at factory-like standardization.

The flat structures of CCs, with most SR employees at the wide bottom rung, can produce feelings of under-appreciation and low status.

Management styles that may pretend to solicit – but are perceived to neglect - staff inputs to organizational design add to feelings of powerlessness.

Devoid of motivation and brand loyalty, these distressed employees will under-perform and contribute to costly turnover rates.

Ergonomic Risks

Studies of BPO work structures typically remark on the multiple ergonomic risks that SRs face in completing their routine daily tasks. Muscular-skeletal symptoms result from long periods of stationary activity and carpel-tunnel syndrome is a common manifestation of repetitive keyboarding. Audio-visual demands can tax SRs' eyesight, hearing, and voice. Taken together, these strains can produce digestive and other physical disorders and emotional stress, which in turn impair labor productivity and the quality of customer service.

Confirmations of Common Challenges

The SR questionnaires utilized in this study looked for evidence of these common challenges. Surveys were built based on an extensive academic literature review and covered general questions regarding targets and goals, perceptions regarding employee's influence on business decisions, overall employee satisfaction, and potential physical and psychological consequences of the job. Our survey also looked at training requirements and employee benefits and programs to better understand what drives employee satisfaction.

Our Forum Empresa survey of SR opinion confirms many of these common complaints. Fifty-three percent (53%) of respondents reported that they were sometimes unable to meet the goals set by management (Respondents averaged 82 calls per day). Sixty-nine percent (69%) reported that the system of calls in their workplace caused some degree of personal stress. Fifty-six percent (56%) reported that they occasionally experienced feelings of boredom.

Despite experiencing a series of workplace problems, many SRs nevertheless do not engage their supervisors or managers. Some feel that management would not respond affirmatively. SRs report feeling that they have little input into the decisions that determine their daily experience.

SR respondents to the Forum Empresa survey reported a number of physical maladies, including headaches, voice loss, coughing, and digestive disturbances. Fifty-three percent (53%) believed that these problems were impacting negatively on their labor productivity. Nonetheless, only twenty-three percent (23%) of respondents have actually talked to management about these health issues.

Figure 5. Work-Related Stress

Work-Related Stress		
Question	Answer	Total Number of Respondents
Do SRs have to meet goals regarding call length or number of calls per day?	85% said yes	13
Is the SR's salary level related to meeting these goals?	55% said yes	11
Does the system of calls cause employees some form of stress?	69% said yes	13
How stressing is the SR job?	46% said it was stressful	13

We know that these SR workplace issues can be costly to CCs, particularly given that labor represents a high portion of total costs in CCs. Costs are manifested in declining productivity and in high turnover. According to one large-scale study, on average replacing one SR equals 16% of gross annual earnings of an SR – that is, the simple replacement costs of one SR equals about two months of a typical SR's pay. If lost productivity is taken into account, replacing one worker equals between three and four months of a typical worker's pay. (Global Call Center Network 2007, xi.).

Researchers have identified a "spiral of incivility," where service employees who report high levels of discourteous treatment from customers engage in rising levels of incivility toward customers – a damaging escalation of tensions that CC management should take proactive measures to avoid. (van Jaarsveld et al. 2010)

The sustainability of CCs requires managers to foresee and prevent these common problems from arising. When posed in this manner, managers agree. In the Forum Empresa survey, CC managers responded affirmatively to two key questions: "Do you agree that satisfied employees are more productive?" and "Do you agree that good working conditions can improve employee morale and thereby improve client satisfaction?" Now, let us address measures to raise SR productivity and thereby initiate the virtuous sustainability cycle.

Figure 6. Physical Maladies Reported by Interviewed Service representatives

100% *of respondents said they suffer from headaches several times a month.*

77% *of respondents said they feel mentally tired several times a month.*

62% *of respondents said to have lost their voice or feel pain in their eyes at least two times in a year.*

54% *of respondents said to have digestive disorders at least twice a year.*

Total number of respondents: 13 SRs

Best Practice Solutions

Best practice solutions to common SR complaints include continuous and tailored training, realistic and positive performance incentives, multiple career advancement opportunities, and workplace benefits and other amenities.

Too often, CCs under-invest in employee training, both during orientation and once on the job. A root cause of SR anxiety and under-performance is inadequate preparation.

- **Adequate training and continuous skills acquisition** are key drivers of SR success and quality customer service. Firms focusing on cost savings are especially prone to under-invest in staff training. The common two-week training orientation creates a troublesome entry for SRs who must struggle to master customer relations on the job. Inadequate training will result in SR stress; but well-trained workers who have mastered the necessary competencies and who feel confident in their jobs report less stress. On-the-job training and skills enhancement classes raise productivity and employee motivation and loyalty. Well-trained workers will generate higher customer satisfaction.

- **Specialized training in handling difficult customers** is vital to prevent the "spiral of incivility" identified by researchers. For example, trainers can engage SR trainees to practice the appropriate protocols by using mock customer calls. SRs who have experienced "customer abuse" can be offered extended work pauses and with opportunities to share their frustrating experiences and creative solutions with their peers. Providing quality customer service and products (minimizing incorrect billing, timely

installation of equipment, avoidance of computer difficulties and systems failures) will help to avoid customer irritation in the first place.

- **On-line training** offers an efficient channel for reaching employees on a wide variety of subjects that can be accessed at times convenient to the employees.

- **Building partnerships with local governments** is one means of reducing the costs of training. As part of their national competitiveness strategies, governments have an interest in attracting CCs that provide good jobs as well as generate fiscal and foreign exchange revenues. Partnerships between publicly-funded technical institutes and local industry associations can generate efficient solutions to the training dilemma (each firm under invests out of fear that the worker will transfer his/her new skills elsewhere). At a time when governments worldwide are seeking to increase employment among young people, CCs are well positioned to approach governments with a cost-sharing proposition.

- **Public-private institutes can also be effective in establishing high industry standards.** Training institutes can make sure that CCs remain up-to-date on the latest techniques and technologies, facilitating continuous updating and improvement. Training institutes are a good venue for building awareness of such leading global codes of conduct as the Global Reporting Initiative (GRI) and the Global Compact of the United Nations (UNGC). Institutes can also introduce managers and supervisors to industry standards and trends in corporate responsibility.

Creating Incentives for High-Productivity Service Representatives

An effective and positive incentive structure drives SR motivation and performance.

- **Firms should present employees with realistic and clearly communicated performance metrics.** In the context of CCs, there must be explicit agreement between the contracting firm and the Call Center with regard to key deliverables, timeframes, and performance targets. These metrics must be carefully explained to CC employees.

  In setting performance targets, contracting firms should take into account their impact on operators. If metrics are unrealistic and fail to consider the quantity/quality trade-off, the results may be counter-productive SR stress and lower customer satisfaction.

  One CC reported in the Forum Empresa survey that it considers 6 hours to be an optimal work day, since it found that labor productivity declines thereafter.

- **Positive performance incentives** can be used to encourage best practices and raise employee morale. The close supervisor-SR relationships in CCs create propitious conditions for individual coaching, regular affirmative feedback, and skill building. The effective supervisor sets clear targets and clarifies individual and team goals. Firms can select among the many employee awards strategies, varying from financial bonuses to non-cash staff recognition announcements.

- **The relatively flat structures of CCs** present a challenge for firms seeking to use career advancement opportunities to encourage outstanding performance and to reduce staff turnover.

- **Career advancement solutions** include: rotating staff among different skill stations (lateral progression); building some hierarchies among SRs; promoting from within to the supervisory and managerial levels; and offering training for other BPO skills where applicable such as accounting/finance. Where CCs are located in-house, firms can offer SRs promotional opportunities in the larger firm.

- **Experts differ as to whether wages are a key driver of SR** satisfaction and job search. Even before social media networks, CC employees were well aware of their industry's competitive wage scales and the wages being earned by their peers in near-by firms. Perhaps because CC pay scales tend to converge in a given location, employees can focus on a variety of workplace variables when selecting their place of employment.

- **Enhancing SR competency in a second language** (typically, English) is one path to higher pay, as dual-language SRs receive significantly better remuneration. For SRs from working-class backgrounds with a high school degree, learning a second language not only promises higher income but also a powerful status enhancer in some cultures.

Common Benefits and Amenities

There are many **common benefits and amenities to improve SR motivation** and performance. In the Forum Empresa survey, SRs reported the provision of several benefits: (Figure 7)

Other common amenities include bath and shower facilities, relaxation rooms, yoga classes, intra-mural sports tournaments, off-days for birthdays, child care centers and nursing rooms, and psychological counseling. (ContactCenterWorld.com, 2008, 16-17). Designated smoking areas are a must in some cultures.

To make the CC more comfortable, some firms contract buildings that offer natural light. Waterfalls and aquariums are other proven stress-reduction features.

Ultimately, solutions to these issues must be tailored to the functions, staffing, and location of each CC. Key variables to watch for include language requirements (which drive staff educational levels), in-bound/out-bound calling, in-house/ out-sourced workplace, and the local work culture.

Figure 7. Common Benefits and Amenities

Benefits and Amenities to Improve SR Motivation		
Question: What facilities and services does the Call Center provide to employees to relax and rest?		
Restaurant	7%	54%
Room to rest	7%	54%
Garden	10	77%
Gym	3	23%
Sports facilities	7	54%
Game room	6	46%
Cafeteria	12	92%
Total Number of Answers		*13*

Employee Empowerment

Interestingly, there are often differing perceptions between managers and operators with regard to staff empowerment. In responses to the same questions in the Forum Empresa survey, managers perceived that their staffs were being consulted on various workplace issues - whereas the employees reported feeling that they had little to no influence. Divergent perceptions of employee empowerment were most noticeable in policy areas ("changes in internal policies," "incentive mechanisms," "selection process"). In contrast, employees perceived somewhat greater influence over training programs.

These divergent perceptions underscore the importance of training managers and supervisors in "people management" skills. The rapid expansion of the Call Center industry has created a shortage of well-trained personnel with sufficient awareness not only of ICTs but also of human resource management. Managers and first-line supervisors must be provided with team-building skills, awareness of social sustainability practices, and thorough knowledge of national and international labor practices.

Techniques for enhancing employee empowerment include encouraging staff input into work schedules, consultations over performance metrics, the personalizing of workstations, sharing of corporate information, and team building.

• Among the empowerment issues of greatest concern to many SRs is input into their work schedules. For SRs still completing their university studies, shorter shifts and flexible scheduling are particularly important for successful hiring and retention.

Figure 8. Comparing Managers and Service Representatives Perceptions

Perceptions on Employee Empowerment

Question: How much influence do employees have in the following business decisions?		
Decisions:	SR Managers General Answer	Employees General Answer
Establishing targets and goals	Moderate	Moderate
Changes in internal policies	Moderate	Few
Incentive mechanisms	Moderate	Few
Facility and office equipment improvement	Moderate	Moderate
Shift schedules	Moderate	Moderate
Training programs	Moderate	Bastante
Task distribution	Moderate	Moderate
Selection process	Moderate	Few
Staffing	Few	Few
Number of responses	9	13

Especially where CCs require night work, the best practice is to allow workers a degree of choice and certainly advance notice regarding their work schedules. Non-conventional shift workers should be provided with regular health check-ups and should receive specialized instruction to be alert to sleep disorders and coping mechanisms for disruptions to family relations.

• As relatively well educated workers and as members of Gen Y, SRs can be provided with information regarding the company's overall structure, purposes and practices (ILO 2010). Such information sharing will bestow a greater sense of control over the workplace environment and increase employee feelings of corporate loyalty.

• Workers can be consulted with regard to the monitoring systems and metrics that are vital to their sense of accomplishment and self-esteem as well as to their career advancement.

• Properly constructed and presented, periodic surveys of employee satisfaction (for example, that measure employee well-being against variables that are correlated with delivering high-quality service) can persuade employees that their voices are being heard.

• Permitting employees to decorate their cubicles – a common practice among leading firms in Silicon Valley – allows a touch of individual expression and hence personal empowerment.

• Some CCs dislike unions. However, the large-scale survey by the Global Call Center Network (2007) found that CCs with union coverage have 40% lower turnover rates than those without coverage: 14% annual turnover in union workplaces compared to 24% in nonunion sites.

In Latin America as elsewhere, employees seek feelings of solidarity (compañerismo) with their fellow workers. Such positive connections – which can be important to employee retention and recruitment – can be generated through staff associations and workplace team building.

Some employees are simply ill-suited to the demands of the CC workplace. More through recruiting and screening is a common strategy among firms seeking to reduce staff dissatisfaction and turnover. (ContactCenterWorld.com, 18-21). Psychometric testing that looks for a positive disposition toward life and work is effective. SRs with positive affectivity better handle challenging customers and are less likely to experience emotional exhaustion.

Ergonomic Solutions

Close attention to ergonomics is essential to the well-being and high performance of SRs.

• An integrated approach to ergonomics addresses workstation design – including ergonomic chairs, tables, keyboards and VDT screens – as well as thermal comfort environment and a well-scheduled work-rest regime made feasible by realistic production goals.

• Advanced OSH practices include expert surveys of workstations and ergonomic instructions to employees.

Corporate Social Responsibility and Volunteering

"We cannot ignore social responsibility initiatives and environmental sustainability. At the end of the day, the places where we operate are as important as the job we do. So we strive to always leave a positive footprint on our way." – Atento (2011)

Corporate responsibility not only enhances the firm's public relations but also strengthens firm loyalty among participants. In our Forum Empresa survey, the overwhelming percentage of SRs agreed that their social service opportunities enhanced the work environment.

A survey of CCs active in community engagement report these business benefits: improved staff morale, stronger team spirit, higher company profile, and networking opportunities; as well as lower staff turnover, decreased absenteeism, and improved customer retention. (ContactCenterWorld.com, 284-288). Community voluntarism also helps to break the routine and daily stress of SR life.

CCs typically offer employees opportunities to contribute to their communities. Common initiatives include staff monetary donations to local charities. But active personal participation in community activities brings additional returns: communities visualize the firm's interests in their welfare, and participating staff build teamwork and corporate pride.

Firms can enhance staff empowerment by giving staff input into project selection and by seeking staff feedback as a measure of the success of community programs.

In the Forum Empresa survey, firms neglected to positively encourage philanthropy on the grounds that voluntarism should be "voluntary." Nevertheless, it is the firms' interests for employees to engage in community service. To encourage participation in community outreach projects, firms can grant paid time off and can schedule events at times relatively convenient for staff. In the United States, it is common for firms to match staff donations to select charities

Corporate social responsibility occurs when firms select projects linked to core business products and customers, such as when computer vendors encourage their employees to teach IT skills to underprivileged youngsters, when cosmetics companies sponsor charities that target women, or when pharmaceutical firms encourage visits to children's hospitals. CSR is likely to make the most efficient use of staff skills; participating staff will feel most productive in familiar settings.

Building on industry competencies, CCs and their employees can effectively assist non-governmental organizations in their fundraising drives and telethons, or facilitate humanitarian assistance after natural catastrophes.

Figure 9. The Value of Community Programs

Employee Engagement in Community Programs

Question	Call Center Manager Answer	SRs Answer
Does the company have any community program in which employees can participate?	78% said yes	77% said yes
Do these programs improve SR satisfaction and the work environment?	100% said yes	90% said yes
Total number of respondents	*9*	*13*

Supply Chain Management and the Role of Multinational Firms

Multinationals have a large role to play in incentivizing and ensuring that these best practices solutions are effectively implemented. To better understand multinationals' approach to establishing responsible business practices among their CCs and addressing the common challenges of this supply chain, we developed a detailed survey to identify best practices in supply chain management programs. Specifically, we sought information on mechanisms multinationals have in place to identify potential risks in CCs, tools to mitigate such risks, and programs targeting improved employee morale, lower turnover rates, and thus lower costs, and improved customer satisfaction.

Powerful CSR programs that are well integrated with companies' purchasing departments can drive solutions to many supply chain sustainability challenges. For example, in our research we found that CC managers argue that too often ambitious goals set in contracts with clients can be detrimental to the work environment, due to the stress unrealistic expectations cause to SRs. Five of the nine interviewed CC managers considered that the work of CC employees is stressful and can ultimately affect the quality of customer service. But only two of the surveyed companies had mechanisms in place for employees to deal with work-related stress. While multinationals analyze the capacity of CCs to fulfill call volume, call time, and other technical goals, they may lack specific methodologies to assess how goals impact employee performance and the ability to provide good quality customer service.

Staffing levels are an important variable in this sustainability evaluation.

To understand this relationship among multinationals and CCs, the selection, and evaluation of suppliers, in-country researchers also administered surveys to purchasing managers of participating multinationals. Surveys examined procurement requirements and factors that go into initial and ongoing supplier assessments.

A robust corporate responsibility program that envelops CCs in addition to more traditional suppliers not only makes business sense, as seen from the productivity and customer service enhancement standpoint, but also places multinationals in a leadership position to tackle the next frontier in labor standards management and mitigate the often ignored risks of the "electronic sweatshop".

In our research we find varying degrees of multinationals' involvement in managing their CC supply chains. As expected, when CCs are a division housed within the multinational firm, policies governing social standards, training, and other investments in the labor force are easily adapted to the CC reality and effectively put in place. Multinationals with in-house CCs that participated in the study tended to have internal auditing mechanisms, also applicable to CCs, which assess social and health and safety risks. Often, these multinationals have obtained social and environmental certifications. Evidently, it

is also less challenging for multinationals to implement their social standards among "captive" CCs in which they have an equity stake. The participation of multinationals in international frameworks, such as the UN Global Compact and the GRI, also has a direct effect on social and environmental requirements for the company as a whole and thus for its Call Center operation.

The variation in management practices becomes more evident when the supply chain involves outsourcing the CC operation to a "remote company" that is not a related party of the multinational firm.

A few surveyed companies failed to enforce a social and environmental sustainability code of conduct with its CCs; contractual relationships were confined to ethical standards governing corruption and legality of financial relations. At a minimum, multinational firms should demand, in the form of contractual language, that local labor laws be respected in the countries where their suppliers operate. Further, multinationals should consider setting the expectation that all suppliers comply with the same ethical, social, and environmental standards practiced by the company internally.

Some surveyed companies took environmental and social standards compliance a step further. In addition to including their code of conduct language in contractual agreements, these companies trained suppliers on their standards, required that CC employees be informed about their rights as part of this international supply chain, and conducted social audits to ensure that standards were effectively implemented. Three of the four CCs that stated having received some form of code of conduct on social and environmental standards from multinationals stated they had also been trained on complying with these standards. As part of the social auditing procedures, multinationals also followed remediation protocols for non-compliances and, according to interviews, proceeded to eliminate CCs from their value chain when zero tolerance issues were found (i.e. underage labor).

Multinationals can set the pace for continuous sustainability improvements by providing positive incentives for CC suppliers who exceed expected social and environmental performances. Distributing recognition awards, or highlighting exemplary community outreach activities on year-end CSR reports are ways to compensate suppliers for going beyond legal requirements and investing in their labor force. Four of the eight surveyed CCs that excelled in implementing responsible social practices had already received recognitions or awards for their achievements, though these did not necessarily come from contracting companies. Contract terms, possibly including duration of purchasing guarantees and pricing margins, can also serve as incentives to high social standards.

Figure 10. Public Reporting And Call Centers

Reporting on Social and Environmental Issues by Multinationals	
Question	**Corporate Responsibility Managers**
Does the company issue a public report on supply chain issues?	100% said yes
Do these reports encompass social and environmental issues at Call Centers?	40% said yes
Total number of respondents	5

Figure 11. Robust Supply Chain Management

Multinationals should also consider continuous engagements of stakeholders as a means to understand the challenges faced by CC operations and their employees and foresee potential supply chain risks. The opportunity to identify challenges together with supply chain partners is also an opportunity to communicate best practices and inform stakeholders about successful programs that have led to improved employee satisfaction and customer service.

As an example, one of the Call Center companies surveyed in our study hosts annual meetings to share best practices among its offices, focusing on topics like employee management and employee retention rates. Multinationals can employ a similar platform to share experiences among suppliers.

• On the home front, multinationals located in countries hard hit by the recent economic crisis with high unemployment rates should consider contracting their CC operations with locally based companies. CC jobs are considered to be good quality, decent pay employment opportunities. A company's reputation stands to benefit when multinationals focus on fulfilling the needs of local constituents.

• Multinationals often require a certain level of training of the CC workforce on procedures and products to ensure proper customer service. Multinationals should include the company's codes of conduct and other CSR topics as a training module. These training modifications can added at modest marginal costs to the multinational and the CC (Figure 11).

- Ensuring that the selection of suppliers that comply with corporate codes of conduct is part of the job responsibilities of purchasing managers and their performance evaluation goes a long way to avoid conflicting messages from CSR departments and those negotiating supplier contracts.

- By establishing confidential grievance mechanisms for those employed in their supply chain, like employee hotlines to denounce egregious non-compliances, multinationals can create a "fire-alarm" mechanism that further compels CC managers to respect corporate standards.

Figure 12. Supply Chain Management Best Practices Example: The Electronic Industry Citizenship Coalition

The Electronic Industry Citizenship Coalition (EICC) promotes an industry code of conduct for global electronics supply chains to improve working and environmental conditions. The EICC Code of Conduct has the purpose of ensuring worker safety and fairness in employment relations, environmental responsibility, and business efficiency by covering the following five critical areas of CSR performance:

*1) **Labor:** this area includes standards avoiding child and forced labor, working hours, wages and benefits, humane treatment of workers, non-discrimination, and freedom of association.*

*2) **Health and safety:** standards govern occupational safety, emergency preparedness, occupational injury and illness, industrial hygiene, physically demanding work, machine safeguarding, sanitation, and food and housing.*

*3) **Environment:** guidelines on this topic encompass environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, air emissions, and product content restrictions.*

*4) **Management system:** this area of the code includes standards related to company commitment to sustainable practices, management accountability and responsibility, legal and customer requirements, risk assessment and management, improvement objectives, training, communication, worker feedback and participation, audits and assessments, corrective action process, and documentation and records.*

*5) **Ethics:** the code also includes standards on business integrity, disclosure of information, intellectual property, fair business practices, advertising and competition, and protection of identity.*

Members of the EICC include large electronics corporations such as Dell, IBM, Lenovo, Acer, Oracle, LG, Microsoft, Philips, Sony, Xerox, and many others. In addition to complying with the standards set forth by the code of conduct, companies that join the initiative must:

- *Maintain management commitment*
- *Train staff*
- *Establish and promote the Code of Conduct*
- *Integrate the Code of Conduct into procurement processes*
- *Emphasize continuous improvement*
- *Work with EICC to standardize industry tools*

Conclusion

By integrating these best practice solutions to the common maladies of employee stress, disempowerment, and strain into corporate strategies, CCs can place themselves within the virtuous service-profit chain linking labor productivity with consumer satisfaction and rising competitiveness and profitability. But there is another gain: workers who perceive that they are benefiting fairly from their participation in the transnational industry of CCs may come to better appreciate the positive values of globalization. As a result, the risks of political backlash will diminish, for the particular Call Center and for global supply chains more generally.

In the future, multinationals should attempt to implement pilot projects following examples of best practices in conjunction with a robust monitoring and evaluation program for tracking the effectiveness of their investments in social and environmental improvements. In this way, companies can better assess investment returns in terms of lower turnover rates, increased sales, and improved customer satisfaction as working and environmental conditions in-house and along their supply chain improve.

This combination of responsible practices and evaluation mechanisms can help multinationals identify deficiencies along operating processes and become the engines of continuous improvements for their supply chain.

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