

# **French Call Centre Industry Report 2004**

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## *Summary*

This report is the first comprehensive benchmarking survey of work and human resource practices in the French call centre industry. This survey has been carried out by the LEST (Laboratoire d'Economie et de Sociologie du Travail) group within the methodological framework set up by a research team led by Cornell University in the USA and Sheffield University in the UK. This work is part of The Global Call Centre Research Project, which involves some twenty countries in Africa, Asia, Australia, Europe, North America, and South America.

The survey is based on general managers' responses to a nationally representative sample of 204 establishments (over 10 employees), which corresponds roughly to 6% of 3,300 centres in 2004.

The general manager and human resource managers at each call centre provided detailed information on the types of customers and industries served; call centre technology; management practices such as skill requirements of jobs, organization of work, training and staffing policies and pay levels; and performance outcomes such as turnover and sales growth. They also described the institutional environment (local employer networks, union, training institutions etc.) in which they run the call centre operations.

The database thus constituted allows us to conduct benchmarking analysis of call centres serving a wide range of industries, including banking and insurance, telecommunications, IT services, retail, manufacturing, and logistics. In addition, we compare management practices between 'in-house centres' (those that are a part of the integrated services of a parent company) and 'outsourced centres' (those operating as subcontractors). In our sample, the former represents 72% and the latter 28% of call centres.

This benchmarking report highlights some interesting aspects of work, human resource management practices, technological adaptation, and the impact of institutional pressures on the French call centre industry. These points are underlined below.

### **Sectoral and organizational characteristics**

- French call centres are a relatively new creation (the average centre is 9 years old): The oldest centres are often found in the telecommunications services or retail sectors, while the most recent ones are in the banking sector and are subcontractors..
- Compared to the other countries, French call centres are rather small. The size of the typical centre in this study (that is, half are larger and half are smaller) is 38 employees. However, outsourced centres have recently been consolidating into larger and larger operations, and their average size is 87 employees.
- The typical call centre in this study serves the national market, rather than a local or international one. The exception is the retail sector (catalogue selling), which targets a European level market. This is due to the earlier development of call centres in the retail sector.

- ❑ The most popular business strategy reported by French managers is customer loyalty rather than service differentiation or service bundling. Price leadership is not a popular strategy.
- ❑ Call centres are characterized by a very flat organization, with managers averaging only 5%, and supervisors averaging 7%, of the total workforce. This means that there is little opportunity to be promoted in the organizational hierarchy.

### **Employee demographics, training and contract**

- ❑ Call centre jobs are often considered to be clerical and low skilled; and the work content is viewed as monotonous and repetitive. And the employees are portrayed as an unqualified, unskilled, and unstable workforce. However, this study shows that: The education profile of call centre workers is considerably higher than generally expected. The typical call centre worker has a diploma of Bac+2 (two years of tertiary education).
- ❑ Call centres employ a predominantly female workforce. In this study, 71% of employees are women.
- ❑ The average 'select rate' for call centres is 25 percent: that is, one worker in every 4 applicants is hired.
- ❑ Call centres provide an average of 5.4 weeks of training for newly hired employees, with a range of 9 weeks in insurance services and 3 weeks in outsourced and retail centres. In addition, call centres provide about 1.3 weeks of on-going training for experienced employees each year.
- ❑ For call centre employees, it takes on average about 17 weeks to become proficient in their jobs, with a variation ranging from 25 weeks in financial sectors to less than 10 weeks in subcontracted centres.
- ❑ In our survey, part-time workers represent 14 percent of the call centre workforce and temporary workers 25 percent. Yet, the percentage is very different by sector. Temporary workers represent half of the workforce among outbound subcontractors, one quarter among inbound subcontractors, and less than 10 percent in the insurance or IT services.

### **Working conditions**

- ❑ Call centre workers average about 90 customers per day, with a call handling time of 3.8 minutes per customer. The call load is higher than this average in outsourced and retail centres, and lower than this average in large business and IT service centres.
- ❑ Call centres are open for business on average for 12 hours per weekday, 10 hours on a Saturday. Ten percent of call centres in France are operating on Sunday.
- ❑ Call centre employees have relatively low levels of discretion over daily tasks and the pace of work. Only 36% of managers report that they have some or a lot of discretion in these areas. The use of problem-solving groups is also infrequent. On average, 40 percent of employees have some involvement in problem-solving groups.

- Call centres average 6% absenteeism on a typical day, and this rate does not vary across sectors.

### **Call centre technology**

- 70 percent of centres in this study used email and fax. Moreover, 55 percent of them used electronic customer relationship management and 25 percent used web-enablement and workflow management. However, technologies such as interactive speech recognition (16%) or voice over IP (18%) are used much less in French call centres.
- Call centres are clearly moving from voice-only channels to multi-channel operations. But, this technical shift is occurring slowly in France. Compared to the USA, French call centres are less equipped with most of the latest information technologies.

### **Human resource management practices**

- Total annual turnover (including quits, internal transfers, dismissals, and retirements) averages 22% among French call centres in our survey. However, the forms of mobility are very different, according to the sector. Outsourced call centres have the highest 'quit' rates (more than 15% by year). In addition, the 'dismissal' rate is high (5%) in this sector. By contrast, call centres in financial sectors or the telecommunications industry have the lowest 'quit' rates, with 4% and 6% respectively. Call centre workers in these sectors experience more internal mobility (promotions and internal transfers) compared to their counterparts in other industries.
- The recruitment in call centres is very active; almost 40 percent of the workers in outbound subcontractors and 30 percent in inbound subcontractors had less than 1 year of experience on the job. By contrast, in-house centres had an average of about 20 percent of employees with less than 1 year of tenure.
- The annual pay of the typical call centre worker averages 17,940 euros, with a high of 21,400 euros in centres serving large business and IT services and a low of 15,520 euros in outsourced centres and 16,840 euros in retail centres.
- In the French context, individual and group performance-based pay is not widespread. On average, only 6 percent of pay is performance-based. Most call centres do not have any individual incentive system, with the exception of call centres in the retail sector where 13 percent of annual pay is performance-based.

### **Call centre managers**

- Call centre managers are highly qualified: almost all managers have a post-graduate college degree (equal to or more than Baccalaureate + two years in the tertiary education) and 57 percent of managers in this study have a bachelors degree (Bac + 4 years).
- The typical call centre manager receives an average wage of 34,600 euros per year. Moreover, the variation in pay across different sectors is not large, ranging from 32,200 euros in outsourced centres to 37,100 euros in centres serving the large business and IT sectors.

### **Institutional environment of call centres**

- Local and state governments often offer incentives to firms seeking to locate call centre operations. In the French context, more centres benefit from tax incentives than from other forms of assistance (such as site location assistance or loans and incentives for locating in targeted zones). Twenty percent of call centres reported that they benefited from tax incentives. In particular, 35 percent of inbound subcontractors and 25 percent of outbound subcontractors received tax incentives for locating in a particular region.
- Call centres often find support for their staffing and training needs from public resources in the town where they are located. On average, 68 percent of call centres use public job recruitment and placement services and 37 percent of them use public training resources or programmes.
- Half of French call centres in our survey have a union present. This percentage varies across sectors. The telecommunications sector records the highest level of union presence (73%), followed by the banking sector (60%). By contrast, union presence is very limited in outsourced call centres, especially in outbound call centres where three quarters of establishments do not have any union.
- Non-union call centres have an annual ‘quit’ rate that is 50% higher than that of union centres: 11.4% compared to 7.8%. Call centres with unions have an average workforce tenure that is 50% higher than that of non-union centres: 6.8 years compared to 4.2 years. By increasing the job satisfaction of employees, unions may contribute to lowering the turnover and providing substantial savings in selection, recruitment, and training.

### **Summing-up**

The French call centre industry experienced a real take-off only in the last half of the nineties. This industry has grown rapidly in the last five years and has begun to define itself by institutionalising the sector’s boundaries and industrial relations practices. At the present stage, the national government and local authorities are striving to transform the high potential of this industry into a source of sustainable local development and job creation.

Due in part to the more recent development of French call centres, they tend to be much smaller, less rationalized, and less equipped with the latest IC technologies than call centres, for example, in the USA. As our survey shows, however, this industry is characterized by large heterogeneity across sectors and market segments – along such dimensions as market competition, strategy, work organization, and human resource management.

In addition, the call centre workforce is generally well-qualified, contrary to the typical image portrayed in the media. Thus, a central problem for human resource policy is that there is a ‘mismatch’ between the monotonous nature and low pay of the job, on the one hand, and the high skill level of employees on the other.. As a result, employee dissatisfaction and lack of promotion opportunities appears to translate into high quit rates.

Finally, the differences between ‘in-house’ call centres and ‘outsourced’ centres appear to be particularly pronounced in France.