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Croil, Spencer

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Your Call is Important to Us: Call Centres in Lethbridge, Alberta

Spencer Croil

Department of Geography
University of Lethbridge T1K 3M4
spence.croil@uleth.ca

Ian MacLachlan

Department of Geography
University of Lethbridge T1K 3M4
maclachlan@uleth.ca

In-bound and out-bound call centres have developed due to the spread of information and communication technologies and growing demand for information and technical support on a round-the-clock basis. Intense cost competition in the call centre sector has been the impetus for the decentralization of call centre activity to smaller peripheral cities in western Canada. Lethbridge, Alberta provides an apt case study venue with the birth of five call centres in just four years. Locational factors such as Canadian dollar exchange rates, time zones, and business climate are identified and evaluated based on interviews with management respondents. While call centre occupations have been traditionally viewed as low skilled, low paid, and “dead-end jobs,” the Lethbridge experience suggests some basis for a more optimistic view.

The information economy plays a growing role in the economic structure of western Canadian cities. Digital communication technologies have created new occupational profiles with varying levels of education and information skills as traditional employment in resource extraction and transformative industries has been displaced. Local economic development agencies that once sought urban economic diversification by attracting manufacturing plants have turned to the information economy to create local labour force opportunities for workers with a broad range of employment qualifications. Office space, the factory of the information age, is com-

paratively cheap to service with municipal infrastructure and information does not smell bad. Vacant commercial space in the downtown areas of smaller cities may be well suited to a variety of information processing and communication activities, bringing quaternary employment to city centres that are struggling to maintain their central role in the urban economy. Information processing may also bring diversification to suburbs growing over-reliant on commercial functions. Information processing occupations span the full skill, status, and income spectrum of urban labour markets. Thus, local development agencies are turning to the information economy in general, and call centres in particular.

A call centre is a telephone-based facility for the collection or dissemination of information on a one-to-one basis. Call centres may be located wherever low cost telecommunications and a large suitably qualified labour force is available. At minimum, call centre workers need to speak at least one of the target market's languages with near-native fluency, to be sufficiently educated that they can absorb the level of training that is required, and they must be willing to accept low-wage employment with uncertain advancement prospects.

At a national level, Canada's "business support services" industry, consisting almost entirely of call centres, has grown more than five-fold from 20,000 in 1987 to 112,000 in 2004, far exceeding overall service sector employment growth (Akeyeampong 2005: 5) and providing significant employment opportunities for Canada's smaller cities and peripheral regions. Call centre employment growth is becoming particularly conspicuous in Canada's smaller cities as office space and labour costs rise in major metropolitan areas. The advent of new information and communication technologies (ICTs) has allowed the information collection and dissemination function to decentralize far from head office cities, the corporate control points of the urban system. According to an executive describing Canadian call centres, "companies are moving away from first-tier cities and strongly looking to second- and third-tier markets" (McCurry 2003: 2). With their cheaper cost structures and smaller number of large employers, sub-metropolitan urban agglomerations are attractive to call centres because they offer the potential to become a dominant local employer with some influence over compensation levels and prevailing working conditions.

Lethbridge, Alberta provides an instructive example of call centre employment growth potential. With a population of 77,000 and large retail, education, and health-care sectors, Lethbridge is

typical of prairie Canada's sub-metropolitan service centres. Industrial employers include agri-food industries, processing both crops and livestock, and other manufacturing concerns. But what may come as a surprise is that the city's two largest private sector employers in 2005 were both call centres (Economic Development Lethbridge 2005: 47), exemplifying the employment potential of information collection and dissemination in the urban economy and demonstrating that the impact of the information economy is felt at all levels of the urban hierarchy. In just four years, up to February 2005, five new call centres were established in Lethbridge. Based largely on semi-structured interviews with key management respondents, this paper explores the range of different information-based activities that take place in these call centres and the types of employment that are provided. Management responses are assessed to identify the locational factors and motives claimed to be most important to this dynamic sector.

Inbound and Outbound Call Centres

Call centres tend to be specialized, handling either inbound or outbound calls. Inbound call centres accept calls from potential customers and clients to process orders and bookings, to respond to complaints, and to provide technical information (e.g., web support or financial advice). Some inbound centres are owned and operated as an integral sales and customer service arm of a larger vertically integrated provider of goods or services. In other cases, inbound call centres act as third party information sources for firms that choose to contract out for this service and focus their energies on other aspects of their core line of business. Inbound inquiries such as order processing or billing may be quite routine while other inquiries are complex, requiring technical training and a close familiarity with the firm's product line.

Out-bound call centres conduct market research surveys, political opinion polling, fund-raising for charitable purposes, and telemarketing. "Cold calls" are made to randomly selected phone numbers and rejection is the norm. "Warm calls" are made to number lists compiled to meet particular demographic or consumer behaviour criteria. The operatives in outbound centres often work from a prepared script and, aside from a short training session in key punching and data capture techniques, most outbound call centre workers do not require any deep knowledge of their products. Outbound call centre work is considered difficult because arduous performance standards based on quotas make it difficult

to earn much more than the minimum wage, working conditions are considered poor, and there are few opportunities to advance in compensation or responsibility. For these reasons, outbound call centres have been described as the “sweatshops of the 90s” (Buchanan and Koch-Schulte 2000: 22).

Call Centres and the Spatial Organization of Information Transfer

Information needs have grown rapidly to manage the marketing and after-sales service of innovative products and to provide technical support for a global customer base. In response to the growing complexity of goods and services, from computers to broadband internet access, consumers are expecting technical support from expert staff available on a round-the-clock basis. While these services require rapid access from almost anywhere, face-to-face contact is seldom required. Facilitated by ICTs, call centres have emerged as a vital marketing interface for technology intensive products.

Call centers are such an efficient way of communicating with your customers.... Companies can meet customer needs at a fraction of the price it takes to do it in person. And once consumers start doing it, they like the idea of picking up a phone and getting what they need immediately (*Site Selection* 2000).

British consumers evince confidence in obtaining information by telephone and prefer it for expressing dissatisfaction as well. “A well handled complaint usually breeds more loyalty than you had before the negative incident” (Calvert 2000: 169-170). Thus after-sales service via the ubiquitous 1-800 number has become an increasingly important component in competition among suppliers of technology intensive products.

Call centres may be viewed as the ultimate stage in the gradual uncoupling of the front office from the back office, permitting the decentralization of information services to peripheral regions with lower cost structures than metropolitan centres of head office activity. In a process that has become known as “back-officing,” information services that do not require frequent face-to-face contact have been removed from the highest quality and most expensive “prestige office space” in the Central Business District (CBD). Once physical documents no longer had to be lugged from the back room to the front, and electronic terminals allowed work to progress interactively between remote locations, information pro-

cessing became considerably more footloose. Thus firms have reorganized and relocated their "back office" services to more cost effective peripheral locations, subject always to the availability of ICTs (England 1993: 223; Nelson 1986: 149-150).

Employment in information services has traditionally been associated with a segmented labour force. On the one hand, it requires a highly skilled and well paid primary segment of information technologists along with university educated managers. On the other hand, the information sector also has a large secondary segment that is often located in back offices. These are typically low paid occupations with routinized tasks at the lower end of the responsibility and status spectrum (Gad 1991: 438). Traditional pink-collar occupations of the mid-twentieth century front office such as switchboard operators and stenographers have given way to telemarketers and customer service representatives (CSRs), the secondary labour force occupations of the information economy.

Information sector occupations put increasing pressure on scarce supplies of land and clerical labour in the CBD. Once emancipated from the head office by ICTs, customer support and information collection functions have migrated from prime real estate to lower cost and lower profile locations remote from the CBD (Massey 1984: 190) of major corporate centres. Thus, agglomerations of recently established call centres are springing up in the smaller cities and lagging regions of many English-speaking countries. Peripheral locations offer lower costs, yet decentralization has led to growing spatial concentration of the call centre industry in places with desirable socioeconomic attributes. In the United Kingdom, call centres are concentrated in the vicinity of the principal cities of peripheral regions: South Glamorgan (Cardiff), Lothian (Edinburgh), and Strathclyde (Glasgow) (Bristow, Munday & Gripaios 2000: 520, 526). Addressing the economic development potential of Scotland's peripheral Highlands and Islands region in the information age, Richardson and Gillespie (1996: 103) argue:

It would be unwise for rural and peripheral regions, where those possessing high order marketable skills are under-represented, to ignore the possibilities which advanced communications offer for integrating those possessing more mundane skills, which nevertheless are marketable at the right price, into core markets.

Consistent with the product life cycle model, the back-officing of information functions has enabled the decentralization of call centres from head office cities to peripheral regions of the home country and finally to developing countries (Richardson & Gillespie

2003: 103). Call centres are now well established in India where wages are low and a large English-speaking workforce is available to serve British and North American consumers (Kirby 2005). Thus the call centre industry is becoming global in extent. For now, however, Canadian locations are still sought after for many types of information provision. While call centre locations in major metropolitan centres are still attractive, call centre growth in submetropolitan centres and in peripheral regions has been marked wherever the right mix of labour force characteristics is available.

Call Centre Labour Force Requirements

Labour requirements for call centre work appear contradictory. In some respects call centre operatives can be viewed as a secondary labour force. Wages are often low, training is short, and many call centre workers have not completed high school. Since this type of labour is ubiquitous in peripheral regions, the only constraints should be the size of the labour market and competition with other secondary employers. But as Kristin Nelson observed, entry-level clerical positions often require rather high skills, both technical and social. These skills

pose significant productivity and turnover costs to the firm while job rewards (wages, benefits, working conditions, and the nature of the actual tasks) are often no higher than those of secondary labor market positions. Far from being ubiquitous in the metropolitan area, a labor supply that satisfies this specialized labor demand is quite localized (Nelson 1986, 152).

Second, the common perception of call centre work as low wage, low skill, and with little scope for advancement is not universally valid. Wages, training, and potential for career progress vary considerably among call centres. Three distinct occupational categories have been identified with wage rates current to early 2005, prior to Alberta's minimum wage increase from \$5.90 to \$7.00 on September 1, 2005 (Table 1).

Labour relations within the call centre depend on the type of work and the skills and knowledge required of its workers. Inbound call centres, in which the work is of a problem solving or advisory nature requires the most training. Workers tend to be managed for technical effectiveness rather than cost efficiency and turnover is typically low. The scope for job satisfaction and a gradual increase in responsibility and compensation may be quite high. In outbound centres, where telemarketing, surveys, or highly rou-

tinized transactions are the norm, management tends to favour cost efficiency over effectiveness; there is little investment in employee training, little scope for advancement, high turnover, and low compensation. This latter situation has been described as a “sacrificial HR [human relations] strategy” in which efficiency and service are delivered together by requiring “the front-line to absorb the emotional costs” resulting in “employee stress, burnout and turnover” (Wallace, Eagleson, Waldersee 2000: 180).

Table 1 Call Centre Occupations

	Telemarketer	Support Agent	Technical Support Agent
Average Wage (January 2005)	\$7.50/hr	\$10.00/hr	\$14.00/hr +
Benefits	None	Standard benefits package	Attractive benefits package
Educational and skill requirements	No educational requirements and basic computer knowledge	College diploma or university degree and knowledge of industry agents will serve	Completion of high school and computer information technology certificate
Personal	Ability to handle frequent rejection from respondents	Good communication skills with a pleasant telephone manner	Strong knowledge of computers and software

Source: Alberta Human Resources and Employment 2005 (http://www3.gov.ab.ca/hre/south/publications/pdf/call%20centres_web.pdf)

While there is no dearth of studies that are highly critical of the low paying, high stress, and dead-end employment prospects of the call centre industry (Buchanan and Koch-Schulte 2000 provide the best Canadian example), some analysts are more sanguine. Using data extracted from Statistics Canada’s Labour Force Survey (LFS), Akeyeampong (2000: 6-8) challenges some of the most common perceptions based on anecdotal observations. For instance, educational levels, part-time and temporary positions, and student employment in call centres are quite comparable to their proportions in the service sector taken as a whole.

Call Centre Technology

Electric and electronic technologies have been increasing the speed and volume of information transmission for over a century. The telegraph revolutionized communication in the railway age just as the typewriter changed the face and gender of office practice in the early twentieth century. The advent of satellite based telecommunications in the mid-1960s and fibre optic technologies in the early 1970s vastly increased communication bandwidth (Dicken 2003: 94-97). While advances in communication technologies have made the globalization of the teleservices industry possible, it is important to understand technology as a supply side facilitator of call centre growth. Were it not for the growing demand for information, the development of ICT would not be sufficient to drive the global dispersion of teleservices.

The integration of computer based and telecommunications technologies has created a new form of labour. CSRs work in front of computer terminals and wear a head set to leave their hands free to enter or retrieve data, functioning as an interface between the analog medium of voice telephony and digital data. The work on each information service job is not conveyed on an assembly line in these neo-Fordist information factories. Instead, new technologies embodied in hardwired telephone and computer networks and soft protocols have been developed to allocate information service jobs among call centre operatives. Virtually every call centre has a private branch exchange (PBX) that connects the centre's internal phone network to outside lines, avoiding the expense of providing each work station with its own external line and offering the capacity for call monitoring by management.

Outbound centres are invariably equipped with predictive dialing, a computer-based system that dials preselected numbers automatically and connects whoever answers with the next available representative. Should no representative be available at the moment the telephone is answered, the system hangs up automatically and "abandons the call" (Samuelson 1999). Computer assisted telephone interview (CATI) software is typically used in outbound telephone interviewing facilities. CATI software integrates computers and telephones, allowing the interviewer to read questions from a computer screen and to transcribe responses directly into a database, allowing analysis to begin in real time.

Inbound call centres use some form of automatic call distributor (ACD) to deal with large volumes of inbound calls. An ACD recognizes and answers each call, and routes the call to an agent,

based on programmed criteria. A caller's needs are typically qualified by an interactive voice response (IVR) system. The IVR is an automated interface between the person calling and a computer database. Based on inputs from a touchtone telephone, automated data capture determines which agent is best equipped to respond to the inquiry. If the appropriate terminal is busy, the call is held in queue and sends the familiar message of reassurance: "Your call is important to us..."

ACDs and IVRs, predictive dialing and CATI software are the state-of-the-art analogs to the order book and assembly line in the Fordist factory. Automated information allocation systems permit the spatial concentration and mass production of information services using the specialized telecommunications infrastructure and software in the teleservices industry.

Methodology

Primary data was collected for the five call centres in Lethbridge using semi-structured interviews with managers and employees, a method used commonly in call centre research (Russell 2004; Taylor & Bain 2004; Richardson & Gillespie 2003). To disguise the identity of respondents, the five call centres are identified by pseudonyms: Blue Phone Support, Yellow Data Collection, Red Financial, Green Trucking, and Violet Opinion Research. Managers were questioned about the nature of their operations and the characteristics of the Lethbridge area that attracted their parent firms. In addition, three interviews were conducted with the then Chief Executive Officer of Lethbridge's economic development agency and two employees of Red Financial.

Lethbridge Call Centres

Two of Lethbridge's call centres are inbound, two are outbound and one does both (Table 2). The Buchanan and Koch-Schulte study found that inbound centres make up the majority (61%) of call centre operations Canada-wide; however, inbound jobs in general and "higher-paying 'good jobs'" in particular were not well represented in their interview program (Buchanan and Koch-Schulte 2000: 21, 26). While this case study sample of five does not pretend to be representative, it does offer a corrective view, placing greater emphasis on inbound call centre operations.

Table 2 Lethbridge Call Centre Characteristics

Company	Local employees	Date of first live calls	Starting wage	Calling function	Organization	Parent Firm		
						Ownership	Firm size employees	Call centres
Red Financial	120	Dec 2004	12.50	In-bound	In-house	Canadian	13,800	5
Blue Phone Support	800	Jan 2004	9.05	In-bound	Out-sourcing	American	60,000	57
Green Transport	10	Jan 2002	19.21	In-/Out-bound	In-house	Canadian	1,500	4
Yellow Data Collection	220	May 2003	6.50	Out-bound	Out-sourcing	American	3,000	10
Violet Opinion Research	85	Feb 2001	7.50	Out-bound	Out-sourcing	Canadian	535	4

Note: Company names are pseudonyms.

Source: Interviews with management respondents in January 2005.

Blue Phone Support Corporation

From its head office in Ohio, Blue operates fifteen Canadian locations in six provinces with four call centres in Alberta. It provides customer care and billing services for companies involved in telecommunications, cable, and broadband internet provision, as well as technological and financial services. Thus, Blue is primarily in the business of providing third party customer support and specializes in the reception of inbound calls from the United States though some service requests may require return calls.

Blue's Lethbridge facility opened in January 2004 and began taking live calls on January 12th. Blue is located in floor space formerly occupied by a downtown supermarket. This type of space is ideally suited to call centre conversion as the large floor area is not broken up by bearing walls, allowing flexibility in the positioning of partitions to create the sound separation necessary for banks of individual phone stations. With 300 telephone workstations, Blue employs approximately 800 people in Lethbridge.

Blue uses ACDs to queue incoming calls and direct them to the "next available agent." Agents are monitored for service quality and each call is timed to determine average queue and hold times, and length of calls. As in all other Blue locations, telephone workstations are separated from the public by a lobby and entry turnstile controlled by security staff who inspect personal identification cards, ensuring that only authorized visitors can gain admission. These precautions provide security for employees, safeguard the privacy of callers and prevent dissemination of proprietary information of its clients.

Red Financial

Red operates five call centres in Canada, four serving the Canadian market, and one in Lethbridge serving the United States. Red Financial's Lethbridge call centre reports to its American head office in Massachusetts though it is ultimately controlled by a Canadian parent. Red provides a broad range of financial services concerned with wealth and risk management.

The majority of calls at Red are inbound though callbacks are occasionally necessary. Red's call centre customer support operations are an integral part of its main line of business, advising customers of the status of their funds and accepting orders to buy and sell securities. Unlike Blue and Yellow, Red does not contract to other firms to provide information services; it is wholly owned and operated to provide financial services to its own clients.

Red occupies a newly constructed building dedicated to call centre operations that was opened in February 2005 though it actually "went live" in December 2004, operating out of temporary facilities. The building was sited on one of the less visible parcels of a newly developed business park, close to a major highway. Starting with fifty trainees in October 2004, Red employed 120 CSRs by September 2005 with 30 management staff and it has plans to expand to reach 500 employees as fast as it can hire and train workers to the relatively high standards required.

Employment at Red Financial's call centre is classified into four groups. Two groups answer general questions and take inquiries from customers while the third and fourth groups specialize in problem calls and major clients. Red uses ACD technology to handle the large volumes of calls from all over the United States and a PBX to handle intra-office communication.

Yellow Data Collection

Yellow, based in Utah, has nine U.S. locations in Idaho, Wyoming, and Utah, one Canadian location in Lethbridge, and one in the Philippines. All of the North American centres are in the Mountain Standard Time zone. Yellow serves the United States market, and claims to be the largest privately owned data collection company in North America. Yellow Data Collection specializes in outbound calls to administer consumer surveys and opinion polls. Yellow's Lethbridge location opened in May, 2003. It occupies space in a 35-year-old building that has been modified considerably since it was Lethbridge's first planned shopping centre close to a major highway.

Yellow employs approximately 220 people with capacity for 450. The starting wage for telephone agents at Yellow was the lowest of all Lethbridge area call centres at \$6.50 per hour at the time of the first interview in October, 2004. With quality and production incentives, wages can range up to \$9.00 per hour. Yellow uses a PBX allowing it to monitor calls and proprietary CATI technology to provide greater flexibility in survey design. The firm also administers surveys via the internet and has developed a proprietary technology which allows surveys to be administered by IVR or CATI, avoiding costly reprogramming between surveys. Yellow designs its technology in-house and markets its proprietary outbound call centre systems world-wide.

Violet Opinion Research

Violet Opinion Research is a Calgary-based market research provider that is wholly owned by Rainbow Research, a diversified information services conglomerate based in Ontario with some operations in Europe. Violet's Lethbridge office operates out of an office building located in South Lethbridge, adjacent to a suburban arterial and close to residential areas.

Violet serves all Canadian markets but is mainly involved in Western Canada. It has offices in Lethbridge, Calgary, Toronto, and Montreal. At the Lethbridge location, which opened for operation in February 2001, Violet Canada employs eighty-five interviewers in thirty-nine seats with ten professional staff. Like Yellow Data Collection, Violet conducts market research on a fee-for-service basis, using commercially available CATI software. Violet Canada is a full service-polling firm and offers a range of data collection services including face-to-face interviews on a door-to-door or storefront intercept basis and it provides full data analysis and report writing services. Unlike Yellow, which specializes in data collection, Violet is a fully integrated market research provider.

Green Transport Ltd

Lethbridge's smallest call centre, Green Transport is based in Calgary. It employs ten CSRs for order tracking and twelve additional staff for data entry and billing. Green provides shipping and receiving services throughout Canada and the United States as a major "for hire" trucking business. Like Red Financial, Green Transport provides its own customer support services for the entire North American market through four call centres in Canada. Green's call centres handle inbound and outbound calls in roughly equal numbers. ACDs stream inbound calls to locations across Canada, facilitating familiar working relationships between customers and particular CSRs who understand their needs.

Green Transport's call centre in Lethbridge opened for business in January 2002. Because of its relatively small size, the call centre shares the fourth floor of the five-storey office building with one other business. Green's call centre and data entry workers are represented by the Canadian Office and Professional Employee's Union (formerly the Office and Professional Employee's International Union).

Locational Considerations for Lethbridge Call Centres

Lethbridge’s five call centres were all established less than four years prior to the interviews, thus local managers were likely to have a good understanding of their parent firm’s motivations for locating in Lethbridge. Management respondents were asked to identify the factors that led their firms to select Lethbridge as the location for their call centre. Many of the factors adduced in favour of Lethbridge were, in fact, advantages that equally favoured other Canadian or Alberta locations.

For example, respondents from the three American-based firms referred to the Canadian dollar exchange rate, which made any Canadian location more attractive than alternatives in the U.S. Most of these decisions were made when the Canadian dollar exchange rate was near its weakest point in the past ten years. Given the importance of labour costs to call centre operations, any Canadian location appeared attractive when the Canadian dollar was cheap. However, the advantage of favourable exchange rates can be ephemeral. By the end of September 2005, the Canadian dollar had reached 86 cents U.S., its strongest rate in the past ten years, eroding the advantage of Canadian locations (Figure 1).

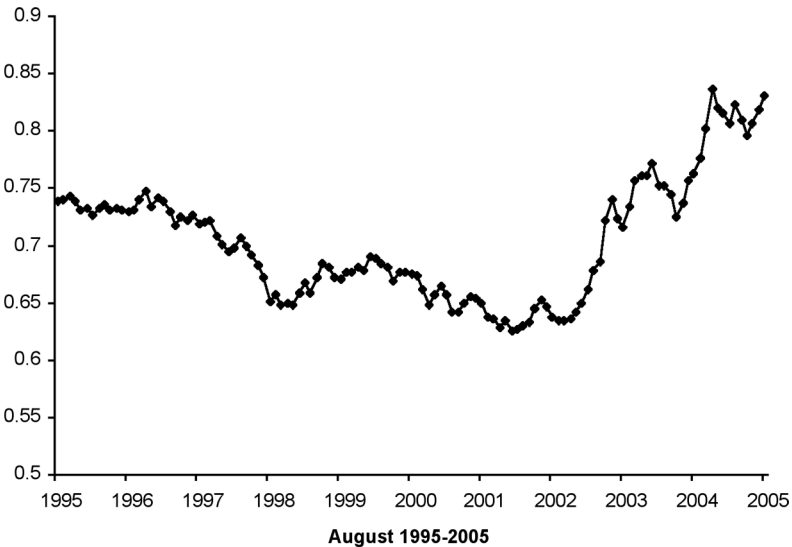


Figure 1 Canadian dollar exchange rates, August 1995–August 2005 (Bank of Canada 2005)

Alberta Location Factors

Respondents identified two factors favouring Alberta: it is in the Mountain Standard Time (MST) zone, two hours prior to Eastern Standard Time and it is perceived to be a business friendly province.

The geography of time zones is seldom considered among industrial location attributes. However, call centres in Alberta can serve business clients in eastern Canada for up to two hours after the regular business day without having to keep staff on the job after 5:00 P.M. For outbound call centres, the prime time is from 5:00-9:30 P.M. where calls are received. Earlier calling times do not catch working-age adults at home and later calls alienate householders who retire early. Thus outgoing call centres in western time zones are advantaged since they can make prime time calls earlier in the call centre's local workday. This means that call centre workers need not work as late in the evening, making labour (especially mothers and teenagers) easier to hire at lower rates obviating night shift premiums or any obligation to provide transportation home when buses are not running. Considering that 73.5 % of the Canadian market lies to the east of the MST zone (Statistics Canada: Census of Population 2001), this extended service day to eastern markets gives call centres in Alberta an advantage over those in Atlantic Canada. In the United States, nearly 80% of the population is found east of MST (U.S. Department of Commerce, U.S. Census Bureau 2000). Thus the MST "corridor" is considered to be advantageous for calling time yet generally cheaper than many Pacific Standard Time zone locations (Yellow 2004).

Business climate is notoriously difficult to quantify or document, especially at a local scale. Alberta is perceived to be a business friendly province, with Canada's lowest minimum wage until 2005. With no provincial sales tax, low personal income tax rates, a large and growing budget surplus, and as the only jurisdiction in Canada with no public debt, Alberta's reputation as "business friendly" is widely acknowledged (Alberta Advanced Technology 2006). This perception was shared by two respondents, the managers of Blue and Green, as an important asset in the location decision. "Alberta...is a business friendly province, we operate all across Canada and Alberta has a very pro business reputation" (Green, 2004).

Business climate is often a euphemism for weak labour relations law and collective bargaining conditions which are favourable to employers. Indeed, the organized labour density in

Alberta is the lowest of any Canadian province (Figure 2). Due in part to labour legislation that makes it difficult to organize or gain a first contract if a union is certified, and in part to a political culture that has traditionally not been favourably disposed towards organized labour, less than one quarter of the workforce is unionized (Reshef 1990; Reshef and Murray 1991). One respondent observed, “one of the advantages of Alberta is that it’s a business friendly province, there’s not a great amount of heavy unionization” (Blue, 2004). Green Transport, the smallest of Lethbridge’s five call centres, pays the highest call centre wages and is the only one which is organized.

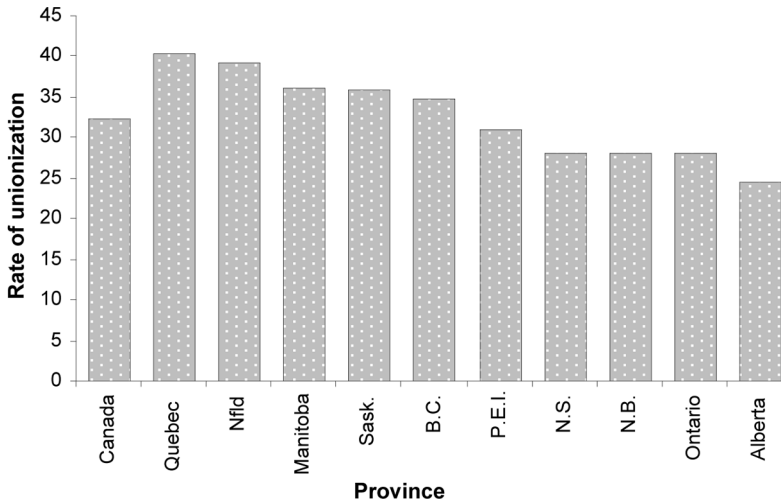


Figure 2 Unionization rates in Canada by province, 2004 (Statistics Canada)

Call Centre Labour and the Lethbridge Labour Market

Call centre wages are relatively low. For Canada as a whole, call centre workers earned an average of \$12.45 per hour, considerably less than the all industry average of \$18.50. Some 29% of call centre workers earned less than \$10 per hour, considerably more than the all industry average of 19 percent (Akeyeampong 2004: 7). Thus the relatively footloose call centre sector should be expected to give some priority to labour cost in its locational decision-

making. Within Alberta, Lethbridge is perceived to be a low cost community in terms of both living expenses and local wages. For example, full-time employment earnings in Lethbridge averaged \$38,176 in 2001 compared with a full-time earnings average of \$44,130 for Alberta (Statistics Canada 2004). Similarly the average value of owned dwellings in Lethbridge was estimated at \$129,418 in 2001 compared with \$159,698 for Alberta as a whole (Statistics Canada 2004). Thus, city boosters' claims that living costs, housing costs, and residential property taxes are considerably lower in Lethbridge than in most metropolitan centres in Canada carries some credibility (Economic Development Lethbridge 2005: 21; 27; 29; 30). The importance of low local labour costs is well illustrated by Violet which investigated other western Canadian locations before it settled on Lethbridge:

We looked at Nelson, BC and Red Deer, and one of the biggest draws here, having grown up in the community, is the work ethic, and the costs are more desirable in terms of building lease. There's a lot of stability here, you know, people come here to stay here, except for the students, who come to get their education and then leave. This is a nice stable area that attracted us as a company, especially in relation to Calgary, where any employer that wants to keep their employees has to pay, you know, \$10.00 an hour. (Violet 2005)

One reason for the low wage structure is that call centre workers tend to be relatively young; 31.3% of jobholders were aged 15–24 according to Canada's 2004 LFS, more than double the proportion of youth in all industries. The industry is also disproportionately female (63%) compared to 47% for all industries in the LFS (Akeyeampong 2005: 7).

When asked about the gender composition of their workforce, call centre respondents were quick to deny that they targeted either gender in hiring. Outbound centres observed that a female voice was viewed as more pleasant and effective. The two large outbound centres claimed to be 60–70% female while the inbound centres had a smaller female majority, ranging from 55 to 65 percent. Blue, which pays higher wages for technical support than it does for customer service, observed a gendered division of labour within the call centre.

There's a preponderance of males on the technical side, that's probably one of the first things I noticed, when it came to internet technical support.... On the customer service side, there does tend to be more women in there, I don't know if that's the retail or

service industry background, that's just the way the numbers turn out." (Blue 2005)

Lethbridge's age structure has a young adult population well in excess of the provincial average. In 2001, Lethbridge had a population of 67,375, and the 20–24 demographic represented 9.4%, considerably more than the province as a whole (7.2%) which itself has a relatively youthful population by Canadian standards (Figure 3). Considering that the day of record for the 2001 Census of Population was May 15, by which date the city's post-secondary student population had ebbed sharply, Lethbridge has a large proportion of potential employees available in the youthful cohorts which are sought after for both part-time and full-time call centre work. According to the municipal census, which was taken on April 1, 2005 when the student population was still in place, the 20–24 cohort amounted to 10,300 in a population of 77,200 or 13.4% of the population (City of Lethbridge 2005).

Three of the five call centres believed that the large student population was an important attribute of Lethbridge's labour market. Students provide an educated labour pool that would remain in Lethbridge after graduation if more employment opportunities were available. According to Red Financial this was the primary factor influencing its decision to locate in Lethbridge:

The biggest draw had to do with the educational institutions. So: very very strong educational institutions, very few jobs for people once they graduate. So we felt that we'd have a pretty stable employment market here, capturing not only new grads but also people who had to move out of the community and would like to move back. (Red Financial 2004).

Second, the large number of students provide a pool of part-time workers. Indeed, the city's economic development agency notes with some approval that Lethbridge hosts a post secondary student population of approximately 16,000 in a city of 77,000 or 21% of the total according to the 2005 municipal census (Economic Development Lethbridge 2005: 22). Yellow Data Collection, which specializes in outbound services, depends on student labour for its part-time employees. While Yellow had initially planned to employ students from the university and the community college, the part-time nature of the work and entry-level wages have made it more attractive to high school students.

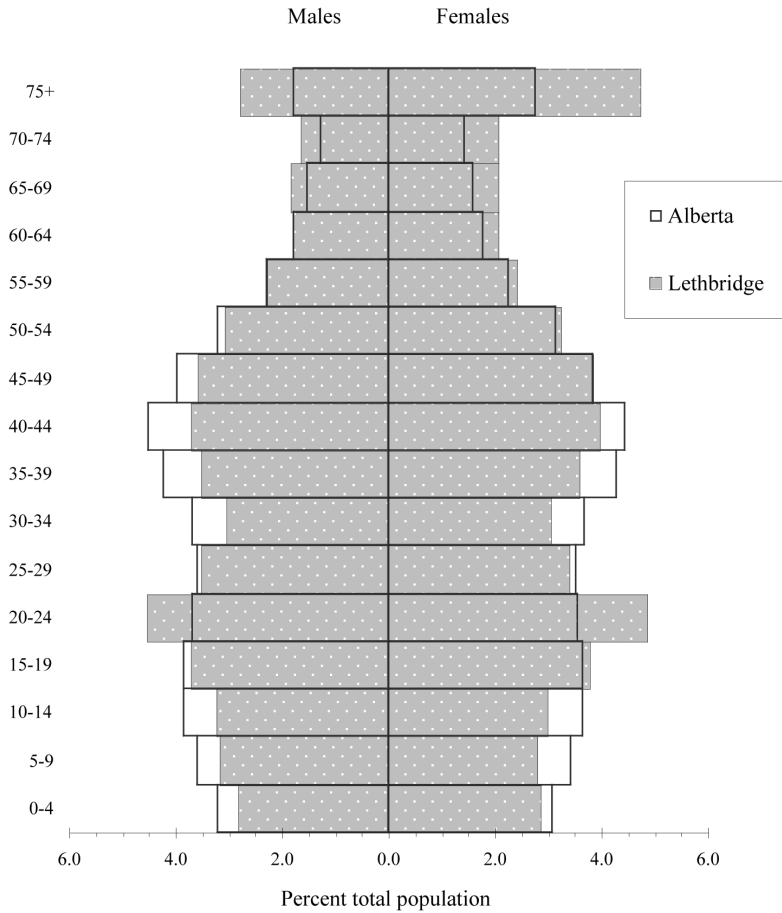


Figure 3 Lethbridge & Alberta population structures, 2001 (Statistics Canada 2001)

Contrary to the common belief that call centres only attract workers with limited education, Akyeampong (2005) shows that educational attainment among call centre workers is broadly similar to that found in other service industries: 67% of business support services employees have at least some postsecondary education. This is supported by the experience of Blue:

We have a number of people out there who have university degrees or diplomas or certificates. You know, people who don't want to leave Lethbridge in order to make a living. We've got a

good number of people here with university degrees and a lot of them have moved into the management ranks. (Blue 2005)

Training, Turnover, and Scope for Advancement

Some call centre work has exceptionally rapid turnover. According to the 2004 LFS, 40.2% of the business support centre labour force had job tenure of between one and twelve months, double the proportion found in the service sector. However, the level of turnover varies quite sharply depending on the wages paid, scope for advancement, and whether the centre is inbound or outbound. Yellow observed that their turnover was very high, doubtless because they had the lowest training requirements and the lowest wage rate of all the call centres in Lethbridge. Job tenure is short and measured in months, not years:

Six months or a year would be a lifetime around here. That's a long time around this place. We experience a lot of turnover, since we opened in May, I've employed twenty-three hundred interviewers, that's eighteen or nineteen months, and right now I have about two hundred and twenty on staff. So that's the turnover every six weeks, that's quite substantial. Our systems are designed to accommodate for that, our training. It doesn't take a lot to do this job well, I mean this isn't a really tough job, you have to be a good reader and fairly thick skinned, and we can train you to do the job fairly quickly.... (Yellow 2004)

Blue observed that turnover could be a problem for inbound centres as well, especially during the start-up phase and especially for those reliant on students for their youthful, part-time workforce.

Yes, the turnover's been pretty high here, and I would say that's indicative of the type of job that it is, most people don't grow up and think, "Hey, I really want to work in a call centre." So the type of role isn't for everybody.... We offer great benefits for students if they're interested here, we give them hours, we work around their schooling, and we also provide tuition assistance for students, so... we've been busy putting bums in seats, hiring a lot of people (Blue 2004).

Turnover was much less of an issue for Red which provides seven weeks of paid training before employees take their first live calls.

We have a significant investment in our people, with seven weeks of training so it's to our advantage to do what we can to make sure that they're stable enough employees....Most of the benefits are available immediately, our dental program has a three month wait, and our matching, our group RRSP has a six month wait, everything else is immediate (Red Financial 2004).

Of the first group of fifty trainees who were prepared to inaugurate live calls in January 2005, forty-two were still on the job on September 30 (Red 2005b). An attrition rate of only 15% is all the more remarkable considering that it was the first ten months of operation for a brand new establishment working out of cramped temporary quarters until its new building opened in February.

Call centre occupations are commonly considered to be "dead-end jobs" because they have no opportunity for advancement. However, management respondents asserted that there is scope for upward mobility in both wages and responsibility. This upward mobility takes two forms: interfirm and intrafirm. Outbound call centres are typically viewed as true entry level operations but for those who do well in telephone work there is scope to move upwards from an outbound establishment to an inbound establishment. Yellow Data Collection was asked: "So, do you think in terms of competition, once people get some experience here, they might go somewhere like [Blue]?" The respondent replied, "If they were smart they would, what we offer is flexibility in scheduling which serves the needs of students and of a population that isn't looking for a career. If you were looking for a career, you wouldn't stay here; you'd go somewhere like [Blue] or [Red Financial]" (Yellow 2005).

For its part, Blue also acknowledged the possibility for interfirm career progress as employees gained experience and viewed the presence of multiple call centres as complementary since they require different skills.

The people with [Yellow], you know it's lower pay, it's all about calling, they use a lot of younger people, I think, in there. So we're not competing for the same people, at least from my perspective, I don't feel I'm competing with [Yellow], although they go through there and we see a fair number of people from [Yellow] applying here and we've hired a good number of those people. They come here for the wages, it's kind of a step up and they don't like the outbound calling. (Blue 2005).

With five quite different call centres, Lethbridge has become a centre of call centres creating a critical mass that benefits from a

shared labour market with call centre skills and with the potential for vertical linkages among firms.

Lethbridge's call centre cluster clearly benefits from a localization economy, a labour force with call centre experience that is able to move up the interfirm ladder with firms requiring higher levels of skill benefiting from the training provided by firms on lower rungs of the hierarchy. From the standpoint of the call centres, the presence of other call centres in the same labour market area is both an opportunity and a threat. There is the opportunity to hire trained people who are prepared to work in a call centre environment and motivated to undertake greater responsibility for increased benefits. The threat is that once people are trained they will leave to work in centres paying higher wages. But where does this leave Yellow Data Collection, the lowest paying establishment in the city's call centre hierarchy? Yellow responded:

[Blue] stands the chance of losing a lot of people to [Red]. I'll always have the students, and neither one of them will take advantage of the students as I can. I mean the scheduling just doesn't work. I mean some students need to do thirty hours a week and need to have enough money to survive so they'll make the hard choice to have a job.... School for the people that I'm employing is a much higher priority than work. (Yellow 2005)

Thus Yellow Data Collection has developed its markets and technology to specialize in entry level employment for a largely part-time and student labour force and pay the lowest wages to the youngest labour market segment with the lowest skills, least employment experience, and fewest alternate employment opportunities.

One then might wonder about the opportunities available to employees at Red Financial, which is at the top of the skill/compensation hierarchy of local call centres. What scope could there be for advancement? Or does Red Financial represent the ultimate dead end job, certainly higher than the other call centres on the hierarchy but the end of the line for career advancement? A lower level manager at Red Financial observed that opportunities remain for ambitious call centre workers to move upward.

The way I look at the call centre is that it's the 21st century mail room, you start at the bottom, you work your way up, we have VPs with the company now that started as CSRs. So if you want to get in at ground level and work your way up from the trenches through the ranks, I think CSR is the best way to do it. And if you're smart, tough, and a hard worker, if you're motivated to do

it, you can! And if you're none of the above, you're going to be taking calls for a long time. (Red Financial 2005b)

Blue also addressed the potential for career advancement in call centres.

The vast majority of our team leaders and our supervisors are all local, they came in as agents and in a period of four or five months have moved into supervisor positions. People are coming in and they want to have a career opportunity, nobody grows up going, "Boy I sure want to be a call centre employee when I grow up!" But if an individual does come in here and they've got a good background, good education, they do well in here. (Blue 2005)

Conclusion

A low cost structure (including low labour costs, low living costs, and low operating costs for business establishments) is vital if cities such as Lethbridge are to build a competitive call centre market as a growing element of the information sector. With the accumulation of human capital through call centre experience, the city has the potential to develop a more highly skilled and experienced labour force. Skilled labour could then attract new information-based establishments requiring more comprehensive skill sets and providing more generous compensation. Employment in call centres may be seen as a first step in the development of a vibrant and diversified local information economy.

This case study of five call centres demonstrates the profound differences between inbound and outbound call centres. From the standpoint of experience, qualifications, employment advancement and remuneration, the five call centres can be classified hierarchically. From the lowest to the highest, each claims to meet the needs of different groups of workers. Lethbridge has become a centre of call centres yet they do not compete head-to-head with each other, either for call centre labour or in the third party provision of information services. However, they do seem to benefit from the unique localization economies that are created by the potential for interfirm upward mobility.

Unlike the one other Canadian call centre study (Buchanan and Koch-Schulte 2000) this paper has taken a relatively sanguine approach to the long-term potential of call centres to provide a meaningful and productive occupation, be it part-time or full-time. There appears to be a need for entry level positions that permit

young people to remain in Canada's smaller cities and call centres provide one such employment venue and opportunity to gain experience.

Based entirely on interviews with local managerial respondents, this paper has not explored call centre work from the standpoint of its young and predominantly feminine workforce. How constructive and meaningful is this type of employment as an early workplace experience? How do call centre workers cope with the rejection and abuse that have become an inevitable part of the telephone trades? Former call centre workers in Lethbridge now number in the thousands. Can this type of employment training and experience be considered as an investment in human capital? And finally, the geographical distribution of call centres and call centre employment appears to be uneven, but no work has been done to establish the spatial pattern of call centre concentrations at anything below the provincial level. This exploratory study provides a rare counterpoint to the generally critical view of call centre employment and points to the need for a more definitive study of the labour force impact of this dynamic sector and its potential role in the information economy of western Canadian cities.

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