Australian call centres—sweatshops of the electronic age

By Noel Holt
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Call centres in Australia, like their counterparts around the world, have rightly earned a reputation as the new sweatshops of the electronic era. Low-paid employees answering telephone inquiries work long hours without adequate breaks and have their every move monitored to ensure maximum performance.

The number of call centres has grown rapidly over the last decade as businesses have closed their regional offices and outsourced in-house services in order to shed permanent staff and cut costs. There are currently 4,000 call centres across the country employing 160,000 Customer Service Representatives whose average age is 23 years. Current estimates show the industry is expanding at a staggering annual rate of 20-25 percent.

A recent program on the Australian Broadcasting Commission (ABC) program *Background Briefing* provided a graphic account of the conditions for workers. The operators answering telephone inquiries are constantly monitored using sophisticated electronic methods that automatically alert supervisors if their performance slackens for even a short period.

Performance targets—the time taken to answer phones and deal with inquiries as well as the number of sales—are continuously upgraded to ensure there is no spare time as an operator becomes more experienced and efficient. In many centres, further pressure is applied through a wages-plus-bonus system that forces operators to meet set targets in order to lift their low base wages.

Cheryl, a single mother interviewed by the ABC, said that at first she was "thrilled" when she got a job at a call centre on the Queensland Gold Coast. She thought she would enjoy the challenge and was attracted by what she thought would be rewarding "incentives" but eventually found the work situation "far too stressful".

She explained: "I enjoyed the type of work, but 40 hours on the actual telephone, dealing with people, and a lot of them would be complaints—it was just too tiring, too exhausting. There was no time off in that 40 hours. I mean you had maybe a 40-minute lunch break in that time, but it wasn't enough. It was just too draining. We were watched over, looked upon and felt like we were being spied on to see if we were going to put a foot wrong or say something wrong, or take two minutes out for ourselves. We were being supervised far to the extreme."

Paul, a phone consultant for Telstra, explained the role of "traffic managers" at the centre where he worked. "They sit watching a computer system that shows whether you're logged into the phone, which means you're actually ready to take a call in the queue, or you're talking to a customer, or you're in wrap time, which is in between calls.

"There are different colours [on the computer screen] for each particular function, and then there are emergency bells, buzzers and all that type of stuff. If you've been in wrap for a longer period than what Telstra says is statistically correct, then it shows up and quite often your team leader will be contacted, and they come and tap you on the shoulder and say, 'Are you all right? Do you need help?' And it's really checking up on you. On average, most of our people would receive about three or four sheets of paper a day saying 'This is what you did; this is what you didn't do'. It even comes down to the point if we take a break to go to the toilet, that is statistically monitored."

Ken, who also works for Telstra, explained that operators are under constant pressure to sell products to everyone who calls, even to those who may be just making an inquiry about accounts. "The quote going around is 'Every call is a sales call'. You've got to try to sell them [the callers] a product, a message bank facility or a call number display facility. You're given a report every day nowadays on what you achieved the day before, and if it isn't good enough your manager warns, 'You've got to make it better'."

A recent memo to Telstra call centre operators warned: "Each consultant must sell $US300 worth of Telstra products per hour. Sales of less than $150 are unacceptable. If you can't do that, it is time you stopped waiting for a golden handshake and left the company."

Customers are also affected by the excessive demands placed on staff. With operators being squeezed to increase sales, many customers who do not buy a product are "flicked," that is literally hung-up on. Non-buying callers are told they are being transferred but are in fact put to the back of a queue. One operator claimed: "I'd say on any one day 10 to 20 percent of the calls I take are customers who have already been flicked. It's a reflection of the pressure we are all under."

Call centre expert Niels Kjellerup told the ABC program that

Australia had a very high percentage of what he termed “galley slave” and “toxic” centres. He explained: “If you focus on the quantity, rather than the quality, that's when you get the ‘galley slave' centre, where it's the drum that says ‘More calls, take more calls, make them shorter, make them shorter' that runs the ship. We define the ‘galley slave' centre as any with a turnover of more than 15 percent of its staff yearly. A ‘toxic call' centre is where the turnover goes above 30 percent. A toxic call centre is basically a place you work to earn enough money to leave.”

Using Kjellerup's definition, Australian call centres are highly “toxic”—with an average staff turnover rate of 29.5 percent. The conditions are so oppressive that the average length of service for an operator is two and a half years.

Until 1999, approximately 85 percent of call centres in Australia were in major metropolitan areas. The remaining 15 percent were in regional and rural areas. Since then there has been a steady increase in the number of centres in rural areas as companies relocate, attracted by a ready pool of unemployed workers, lower rates of pay and lucrative government incentives.

Government incentives include tax deductions and low-cost or rent-free government-owned buildings. It is estimated that local and state governments spend on average $150,000 to attract a standard-sized call centre to a rural area. Wages in rural and regional areas are 15 percent less than those paid in metropolitan centres.

Stella, a large call centre company with operations in three Australian states, is currently advertising for 200 people to staff its new centre in Wollongong, an industrial city south of Sydney with high levels of unemployment. The company is offering a starting base wage rate of just $14,500 a year.

Lack of alternative work in regional centres also ensures that staff remain in the job longer. In an industry where high staff turnover is estimated to cost about $50 million a year in recruitment and training, having a captive workforce can produce substantial savings.

Bendigo, a large country town in the state of Victoria with a population of 80,000, now has seven call centres employing a total 1,200 workers. According to the manager of Bendigo's Call Centre Attraction Unit, the staff turnover or “churn rate” is about 1 percent.

Despite the appalling conditions in Australian call centres, the trade unions are having little success in recruiting members. Many workers are aware that even in largely unionised call centres run by Telstra or government agencies, conditions are only marginally better.

The main thrust of the unions' “Call Central” campaign, launched last November by the Australian Council of Trade Unions (ACTU) and six communication unions, is to convince employers of the benefits of unionising their workplaces.

Announcing the campaign, ACTU president Sharon Burrow declared: “The Australian call centre industry can be a critical export industry for Australia if we are about quality. We need to work with the employers to ensure it has a quality and standards base to ensure good export opportunities.”

Her remarks are an offer to help call centre businesses in Australia cut costs to be competitive in what is a burgeoning international industry. Given the nature of the technology, call centres can be located anywhere in the world to take advantage of the cheapest forms of labour. In India, for instance, a growing number of call centre businesses cater to specific needs in North America or Europe, training their staff to be able to speak in the appropriate accent and chat about local sports and news.

With wage levels some $5,500 below the Northern Hemisphere average, Australia is also an attractive venue for companies seeking lower costs. According to 1998 figures, average wages in Australian call centres stood at $17,000, compared to Tokyo $32,000, Taiwan $28,000, United States $26,000, Hong Kong $24,000, Singapore $22,000, Ireland $20,000 and the UK $19,000. Of the OECD countries, only New Zealand had lower pay rates—just $15,000 per annum.

The official government web site in Tasmania shamelessly advertises the state's high level of unemployment and cheaper wages to tout for investment. “Businesses will have a comparatively lower wages bill in Tasmania and the lowest on-costs of any [Australian] State. In 1996-7 earnings per private sector employee in Tasmania averaged $12,200 [p.a.] compared with $15,000 per employee for Australia as a whole.” It boasted that labour costs in Tasmania were $11,000 a year lower than Tokyo.

Conditions for Australian call centre workers will no doubt worsen as companies are forced to compete with new call centres coming on line in the Asian-Pacific region. The government in the Philippines recently announced a joint venture with the private sector aimed at turning the country into “the call centre capital of the world”. With a large pool of English speaking workers and an average wage of just $6 a day or $1,560 a year, Filipino businesses calculate that substantial profits can been made by undercutting existing competitors in Australia, New Zealand and elsewhere.