Framing the Challenges for Decent Work in the Emerging Business Process Industry in Asia[1]

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Introduction

Workers, governments, activists, communities and employers the world over are grappling with the challenges of globalization which have created both new opportunities for workers as well as new problems, new international alliances and new bases for dividing workers' loyalties and interests. This paper focuses on the service sector, given its enormous growth and increasing importance. According to the ILO's publication Global Employment Trends, 2006, "the service sector's share of global employment overtook agriculture for the first time, increasing from 39.5 per cent to 40 per cent. Agriculture decreased from 39.7 per cent to 38.7 per cent. The industry sector accounted for 21.3 per cent of total employment." (ILO, 2006). And yet in terms of unionization, in most countries this sector continues to pose significant challenges to unions attempting to organize (Visser, 2006). Given the increasing number of people employed in this sector, understanding the issues it faces is crucial.

The main contribution of this paper is a theoretical frame for understanding the issues facing workers, unions, organizations and governments in improving the quality of work in the fast growing Asian business process industry, and particularly the call centre sector. It chooses a growing sector, as it is here that gains may be most significant as opposed to the declining or stable sectors.

The businessprocess industry has grown enormously in Asia in the past decade, as a result of several factors: the massive expansion of the global telecommunications grids (Ramesh 2004), a growing recognition around of the world of the size and quality of Asia's educated middle classes, and as a by-product of the rapid growth of manufacturing in Asian countries and the entwinement of service sectors with these developments (Cook, Goh, and Chung 1999).

While the growth of service sector employment in Asian is actively welcomed, it has also created a furious debate about the quality and desirability of the new work environments. The businessprocess industry and its lead sector, the call centre industry, has been a focal point of these discussions and they have often been characterized as creating demanding, high-stress, low-paid work (Larner 2002; Mitter and Ng 2005) (Taylor, Baldry, Pain, and Ellis 2003).

This paper argues that many of these problems relating to the quality of the work environments can be better understood by contextualizing the industry as a type of industry, at a particular stage of development. This helps to understand the

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problems the industry is facing, and it helps in making appropriate analogies to other types of industrial sectors which have historically faced similar typesof issues as are arising in this new service sector industry. Two industrial typologies are explored: (i) the usefulness of the 'continuous flow' model as developed by industrial sociologists from the 1950s onwards and (ii) the 'emerging industry' as developed by Michael Porter (1980, 2008). The relationship between understanding the type of industry and the stage of development, and the nature of the challenges in terms of developing decent work standards is then elaborated briefly.

The BPO Industry as a Continuous Flow Industry

The focus on organizational specialization has been a theme through the 20th century, starting with the time-and-motion study men who first automated industrial processes (Taylor, 1911). By the 1960s, such attention was beginning to be paid to service functions. By the 1990s, many service sector activities were thoroughly re-organized and separate industries came into existence devoted to specific service sector tasks.

The business process industry includes computer support, telephone services, mailroom functions, data processing, web development and support. These activities are now maintained by separate organizations and their services are purchased by other organizations unwilling or unable invest in the technical and organizational infrastructure to maintain these activities themselves. A large section of this industry focuses specifically on call and contact solutions be it business to business contacts, or business to individual customers. Contact channels typically include telephone, web support, fax, and email.

The first characterization to be explored is in whether it is useful to conceptualize as being similar to a "continuous process industry" in the manufacturing sector. Most typologies of "process industries" generally are derived from the chemical processing industry. The process industry has been characterized as a highly mechanized industry with the plant operating continuously 24 hours a day, 7 days a week. Chemical components enter the pipelines and flow through the machinery and out the other end constantly without stoppages. The industry has a high level of capital investment and a low number of skilled workers who primarily monitor machines. These workers tended to be scientists and engineers. High levels of job security – lifetime employment even – existed as companies try to keep them. Jobs are stratified in terms of skill, status, job grade, pay scale, department and type of work (Blauner, 1964; (Davenport 1993).

In what ways, does a business process organization fit this model? The closest type of organization seems to be the telephone call centre. Its labour process features the continuous work processes, with calls entering centres, being routed and monitored every step of the way through integrated voice response systems, and queuing systems, being sorted and channelled to appropriate work-stations for processing, and then work ensuing from calls being recorded and distributed to appropriate other systems (shipping of goods, mailing of tickets or information, transfer of money etc.). The measurement systems in place uses complex statistical models and formulae such as Erlang C, first developed to measure telephone call traffic flow. The capital investments in an operation are not as substantial as many manufacturing processes, but software packages alone can cost over a million dollars so they are fairly technology-intensive compared to other service sector operations. The arrival of computerized processes in the service sector does involve

the creation of a complex socio-technical environment, and the use of educated labour (usually with secondary or tertiary level qualifications). There is also a stratification of occupations and tasks in terms of skill, status and job grade, pay scale, department and type of work. The extent to which there is a complex hierarchy with meaningful career promotions and the complexity of the flow of the work process depends on whether an operation services one or many product lines, as well as the overall size of the operation. The model does not fit perfectly, but there are enough features that one might consider a call centre as being a hybrid service-oriented continuous process operation.

One outcome of such an analysis is that it leads into a discussion of technological determinism. Robert Blauner's classic characterization of different work environments, and the debates that his work generated, centred around whether different types of worker experiences and responses to their work were inherently dependent upon the type of work environment (Blauner, 1964: 34). He argued that the most important differentiating factor of work environments was the type of technology in place, and that this in turn had major implications for the experience, or lack thereof, of alienation as defined by feeling powerless, by feeling that the day-to-day work is meaningless, isolating and resulting in an experience of feeling self-estranged from the main goals of life for the worker. He ultimately argued that the high levels of industrial technology existing in the continuous process industry, ultimately led to the most liberated and meaningful work environments for workers. His conclusions have been strongly contested.

What is key to many of the debates about the manufacturing process environments, was the question of to what extent workers were 'master of the machines' or to what extent the 'machine pace' dominated them in a manner over which they had no control. In a fundamental way, industrial sociologistshave asked to what extent the arrival of 20th century technological developments improved work conditions or created alienating human environments (Kling, 1996). This question was first raised in relation to the manufacturing sector, but as the service sector has adopted manufacturing methods and management styles, is an increasingly relevant question in relation to this industry also.

While Blauner and other early contributors argued that the kind of technology in a given workplace determined whether or not workers had might be called a 'decent work' experience, many theorists have subsequently argued for that social factors have greater importance in determining whether a given technological environment is experienced as liberating or oppressive (Beynon-Davies 2002; Kling 1996)).

This does not mean that technology is irrelevant, but rather that the impact of different kinds of technology in use in different industries is neither simple nor uni-directional. Rather, there isa complicated interface of socio-technical systems.

So what aspects of the continuous process operation are most likely to cause dissatisfaction to workers? Most obviously, are the issues associated with the continuous flow of work and the tied nature of employees to the process. In the next section, three issues are identified as relevant: managing peaks, shift work, especially night shifts, and performance measurement related to achieving targets.

Managing Peaks

Continuous process operations spend a lot of resources trying to predict when and how work will arrive. In business process operations, there is an important operational difference between organizations which are primarily *inbound*, and those

which control the volume of work themselves by initiating *outbound* work. Greater uncertainty is associated with *inbound* work. Even where work patterns are stable (for example, work arrives regularly on Mondays between 9 and 11 and falls off over lunch hours and picks up again from 2 to 4), this creates the situation where organizations attempt to match staffing levels to work levels rather than maintain a stable labour force throughout. Especially when organizations are tightly trying to control labour costs, they will require workers to meet demanding time schedules where their availability at very set times is demanded. Flexibility in terms of being able to arrive a little late, and then make up time afterwards will not work in this industry as being late will increase workload if demand is high, and time made up when load is low will not be useful to the organization. This obsession with precise management of time is likely to be similar in other continuous process operations where flow must be managed smoothly or major problems and backflows occur.

There are many ways to achieve match staff to peaks and flows of work process: maintain a small core of permanent workers and a large group of part-time staff; split shifts; rolling shifts; seasonal workers; outsourcing of night-shifts or other high-volume shifts; shifting work to other centres when there is a need for over-flows. All of these options have different repercussions for workers and need to be discussed in relation to setting standards for improving work.

Night Shifts

When operations run 24 hours a day, 7 days a week the problem is created of a night shifts. This industry has moved strongly in the direction of night working particularly for those operations where they gain their advantage from their temporal position on the globe which means that all of the problems associated with night shifts (safety of workers travelling to and from the workplace, negative health effects, problems with family and social lives have been exacerbated. Night shifts are typically not favoured by most workers, although some studies have suggested that a small minority of workers prefer night shifts (Siltanen, 1994). There are many ways to organize night shifts. Irregular or shifting schedules produce the most stress for workers, as they are never able to settle into a stable sleep pattern ((Fenwick and Tausig 2001). Some organizations also out-source night-shifts rather than face the problems themselves. Particularly when a need for a “night-shift” cover can be solved by using a “day-shift” elsewhere on the globe, this may minimize the disruption to workers.

Performance Management

These industries make heavy use of operational statistics in relation to the measurement of the volume of work performed, the quality of work performed, the speed of work performed. In the call centre industry, for example, standard measures include: Talk Time, Wrap-up Time, First Call Resolution, Qualitative Assessment of Voice Quality (Loudness, Pleasant Tone), Use of Appropriate Greetings and Closings / Terminology, Product Knowledge, Sales Conversion Ratios, Cross-selling, Up-selling of Products, Attendance and Punctuality Targets, and even Bathroom Time (time spent in the bathroom).

One of the problems is that this industry is fairly young, and many managers do not understand the statistics. Blame for poor performance is then placed on the low-level employees. In some cases, those employees have virtually no control over their performances.

This is a small selection of issues that are relevant to understanding continuous process operations. It has been necessarily brief and needs further elaboration. The paper will now explore a second theoretical framework relevant to understanding this industry.

Understanding the Industry as an Emerging Industry

The second framework that is useful in terms of situating this industry, is economist Michael Porter's life cycle frame of industrial growth to consider in what ways situating the industry as an emerging industry helps us to understand the issues currently arising, and what trends are likely to important in the future. It also allows for a comparison of other industries at a similar stage.

Porter has described industries as being positioned in a life cycle as follows:

> Fragmented (e.g., shoe repairs, gift shops)
> Emerging (e.g., space travel)
> Mature (e.g., automotive)
> Declining (e.g., solid fuels) (Porter, 1980: 159)

The most relevant of these categorizations for understanding the Business Process industry is the Emerging Industry at the moment. These are:

> "newly formed or re-formed industries that have been created by technological innovations, shifts in relative cost relationships, emergence of new consumer needs, or other economic and sociological changes that elevate a new product or service to the level of a potentially viable business opportunity." (Porter, 1980: 215)

The essential characteristic of an emerging industry is that there "are no rules of the game" (p. 215). In such an industry, organizations are simultaneously trying to work out their technological configurations, and face uncertainty about issues such as supply systems, market segmentation and distribution channels (217). They have poor information about competitors, customer characteristics and industry conditions, the number of competitors is unknown, the industry sales and market share data is unavailable. Furthermore, there are high initial costs with steep learning curves but then major improvements in plant, procedures and rapid productivity increases. There are a lot of new companies and spin-off companies (218). A lot of buyers are first-time buyers and require greater product education as a result (219). The time horizon is short and because the companies are inexperienced there is a lot of scrambling to make deadlines instead of long-term planning (219). Some entrants have subsidies and are tied to government bodies (220).

The purpose of Porter's typology is to link an analysis of the key elements of competitive strategy for an organization in each phase of an industry cycle. While his analysis is not focused on outcomes for the worker experience, it is useful to consider what are likely outcomes of industrial scenarios such as the one described above.

This description suggests that there are a lot of inexperienced operators in a new area of work, and a lot of uncertainty associated with how work is done. Porter's description does not include the labour process, but clearly if organizations are experimenting with their technological configurations then they have not yet established clear workable processes. One would expect that workers would be working in environments where change was constant, where equipment and

processes sometimes failed to work the way they were planned, and where re-design was rapid on-going. Furthermore, if "rules of the game" are not established, then presumably this extends to channels for handling employee-employer conflict. Inexperienced companies and "scrambling" suggests that workers will experience higher levels of stress than in more stable and well-planned industries.

In the transition to a "mature industry", many of the smaller inexperienced players who were not able to develop rules of the game sufficiently will fall by the wayside and larger operations begin to proliferate. Operations with sufficient resources and capital flow will survive and systems will began to formalize as opposed to remaining fluid, flexible and experimental.

While this typology was developed for the purpose of explaining competitive strategy, it is helpful when applied to the business process industry. It helps explain the obsession with developing processes, or copying and "migrating processes" from established industry players. It also provides a context for the frustrations of employees over technical systems that were designed to enhance relationships with customers but fail to operate, for the experience of being in organizations constantly redesigning processes which then makes it difficult for employees as they constantly must re-learn or experiment with new and often flawed processes. It also suggests that some will be working in organizations which will ultimately fail to thrive, and thus experience the problems of insufficiently capitalized organizations losing contracts. This suggests negative repercussions such as work intensification and even problems such as non-payment of wages and salaries as companies go bankrupt.

For those located in organizations which survive, it suggests that as the organization and the industry in which it is based matures, work and customer and colleague relationships will stabilize and the stressful, ill-planned atmosphere will shift to one less focused on immediate crisis management and one which can plan effectively using better data about its own operationsand customers and environments, as well asmore experienced personnel.

Conclusion

This paper suggests that understanding the business process industry as both a continuous process industry and an emerging Industry helps us to situate the nature of its current challengesin relation to the creation of decent work environments, and to understand better the likely challenges that will arise in future. Furthermore it allows us to connect to the long tradition of industrial sociology in understanding industrial environments and the debates about their relationships in shaping workers' experiences for better or worse.

The paper explores whether or not a manufacturing typology primarily used to describe manufacturing work has any usefulness for understanding service sector work and argues that although there are some characteristics where there are differences, there are also important analogies. One of the most useful aspects of this characterization is the connection to an older debate about technological determinism, whether in a somewhat utopian form (Blauner, 1964) or in a more critical manner. However, it suggests that while it is useful to understanding the underlying labour process more thoroughly in order to understand the issues facing workers and operations, it most important to draw from more recent debates and realize that there is nothing determining about a certain type of technological process in terms of worker experience (Beynon-Davies, P. 2002). Rather it is important to realize that how such operations run are the result of a series of decisions so there is

great control over how a worker experiences an environment. This means that the presence of a queuing system, or a continuous process, or a 24/7 operation, or the use of key performance indicators, does not inevitably create negative outcomes, but rather can be managed successfully in terms of creating positive work environments for workers.

The second contribution of the paper is to identify the industry as an emerging industry according to Porter's well-known framework. This helps to understand some of the stress of the industry as likely being related to lack of experience, development of new processes and technologies, and lack of organizational memory. Already in some parts of the globe, operations are at least 20 years old and should be beginning to mature in a manner where long-term planning is more possible, whereas in other locations (as in most of Asia), operations are relatively new and still likely experiencing start-up problems. Whilst some operations are older than others, the industry itself, is still relatively young, however, new technologies and processes are still developing and competition is stiff. As the industry matures, some organizations will likely grow and dominate meaning that organizational structures are likely to increase in size and the smaller players disappear. This is likely to produce both more formal structures, more established career paths, clearer rules within the industry for a host of matters, but may also have the negative problems of creating rigid bureaucracies or becoming even less flexible than is currently the case.

This paper has outlined two frameworks for situating the new business process industry in order to understand better its commonalities and differences to older established industries. Since the industry is now growing rapidly in developing country environments, further research should focus on the challenges these pose for the creation for workers in this new industry.

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