A new book by the International Labour Organization (ILO) says that "remote work" – the offshoring and outsourcing of business services from developed to developing countries using information and communications technologies – is creating jobs that are of "reasonably good quality by local standards", but that the industry has some way to go before achieving full decent work.

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Offshoring

GENEVA (ILO News) – A new book by the International Labour Organization (ILO) says that "remote work" – the offshoring and outsourcing of business services from developed to developing countries using information and communications technologies – is creating jobs that are of "reasonably good quality by local standards", but that the industry has some way to go before achieving full decent work.

"Offshoring and Working Conditions in Remote Work" presents the first in-depth study of the workplace in the Business Process Outsourcing (BPO) industry, which can broadly be divided into "voice" services, such as call/contact centres, and "back office" services, like finance and accounting, data processing and management, and human resource development.

"This is a rapidly growing industry worth an approximate US$ 90 billion", says Jon Messenger, Senior Researcher with the Conditions of Work and Employment Programme of the ILO and co-editor of the study with Naj Ghosheh. "A lot has been written about this phenomenon and its implications for economic growth and employment. However, very little is known about the working conditions in the BPO industry".

The book presents case studies in four major "destination" countries: Argentina, Brazil, India and the Philippines. It examines remote work, its impact on the labour market in general and the workforce in particular, and the possible implications for working and employment conditions in countries where the BPO industry is growing.

A mixed picture emerges when analyzing the working conditions in these countries. “On the positive side, and unlike previous assumptions, remote work jobs are of a reasonable good quality by local standards. For example, wages of Indian BPO workers are nearly double the average wages in other sectors of the Indian economy. In the Philippines, BPO employees earn 53 per cent more than workers of the same age in other industries”, says Mr. Messenger.

On the other hand, night work is common to serve customers in distant time zones in ‘real time’ and work is generally stressful. “BPO employees face heavy workloads backed by performance targets combined with tight rules and procedures, all this enforced via electronic monitoring. This type of high-strain work organization is well-known to produce high levels of job-related stress", adds Mr. Messenger.

Another negative aspect of the BPO industry is the high rate of staff turnover, which in some companies can reach as high as 100 per cent or more annually.

The book by Messenger and Ghosheh finds that “back office” positions tend to be of higher quality than call centre positions in terms of their wages and other working conditions. In addition, workers serving outside markets appear to have better quality jobs than those focused on domestic markets, mainly as a result of the higher skills required in international positions.

Analyzing the impact of the global economic crisis on the BPO industry, the book says that some companies – particularly in the banking and insurance sectors – have suffered a considerable blow which could affect the industry as a whole, but only in the short term.

The study goes on to explain that the factors driving the industry’s expansion – such as the continuous search for cost savings and increasingly sophisticated and inexpensive technologies – are unlikely to diminish and could even accelerate in the medium to long term.

The book describes the BPO workforce as young, generally well-educated and predominantly female. With a few notable exceptions, most prominently India, women constitute the vast majority (60 per cent or more) of BPO employees in nearly all countries with a substantial BPO industry.
The book concludes by offering some suggestions for government policies and company practices that could further improve the quality of jobs in the BPO industry and increase productivity.

These changes include stronger measures to protect the health and safety of night workers, in line with the ILO Night Work Convention; a redesign of work processes, especially in call centres, so that BPO employees have more freedom to make use of their often considerable qualifications, as well as greater latitude in when to take rest and toilet breaks; and policies and practices aimed at improving workers’ collective voice and promoting social dialogue in the industry – which ultimately would benefit both workers and employers alike.

“The BPO industry has at times been heralded as the wave of future knowledge work in a service and information economy, and alternatively, demonized as a ‘brave new world’ of electronic sweatshops. The reality, as one might imagine, is far more complex. The bottom line is that this is an industry with the potential to offer a model for a future of good quality service sector jobs and high-performing companies in the global economy”, concludes Mr. Messenger.

For more information or to arrange interviews, please contact the ILO’s Department of Communication and Public Information on +41 22 799 7912 or write to communication@ilo.org