

Article

Trade Unionism in Indian BPO-ITeS Industry – Insights from Literature

Santanu Sarkar

This paper looks at the trends in outsourcing industry in India vis-à-vis the role played by the industry related factors in rebuffing (or accepting) unionization of its workers. The examination is based on the review of extant literature on working and employment conditions of BPO-ITeS and call centre employees. The paper highlights the role of key policy actors in the external environment and internal (organizational or contextual and individual) dispositions that were instrumental in the failure of the unionization effort in the beginning. It shows the significant impact of the competitive pressures in the changing nature of employee relations in Indian BPO-ITeS industry.

Santanu Sarkar is an Assistant Professor, School of Business and Human Resources, XLRI Jamshedpur 831001. The paper was presented at the International Forum of Chungwa Telecom Workers' Union on "Sharing, Organizing and Outsourcing – Independent Unions of Taiwan, Korea and India", Taipei and Kaohsiung (Taiwan), July 2-3, 2008.

Introduction

As the outsourcing exodus (from first world countries) creeps up the ladder in the third world economy it begets a 'modern form of colonialism'¹ during the post-90's economic liberalization era in India. A brief comment elaborates this experience. "The Deloitte Research survey estimates that \$356 billion would be the cost for the global financial services industry to be relocated offshore by 2008. This would translate into bottom-line annual cost savings of \$138 billion (or \$1.4 billion per bank) for the world's top 100 financial service companies. Citing the Citi-Group as an example, the Survey writes that the Group has significant offshore facilities in India. Over the last five years, the costs have grown to \$12 billion while the revenue rose nearly to \$35 billion enabling the bank to become the world's most profitable company."

1 During 300 years of British *Raj* Indians have undergone political colonialism. The outsourced projects may apparently bring an economic colonialism back to the country.

Although the industry protagonists advocate for spillover effects of foreign investment and Business Process Outsourcing – Information Technology Enabled Services (henceforth BPO-ITeS) sector has on the country's GDP, the ground reality belies the tall claims as to eventually the foreign players are getting benefited for the most part. All the same, (alike the Indian independence movement), the knowledge workers² from the third world countries might work together for the greater objective of sovereignty and independence from '*economic colonialism*'. One of the decisive steps in their march toward the freedom could be manifested as formation of a call centre employees union.

The BPO-ITeS industry in India thriving on the outsourced projects is full of young employees. An industry that came about in the late 1990s today has a workforce of about 400,000 young Indians and is set to grow to 1,100,000 by 2008. There is a growing debate on the status of BPO-ITeS employees who, according to a recent report by a government-sponsored labour institute,³ are compared to galley of slaves in Roman ships. Some Indian writers – like Praful Bidwai and Chetan Bhagat – have criticized BPO-ITeS industries for exploiting Indian workers and making them work as cyber coolies (Sandhu

2006). Soon after the outsourcing market began trekking up, organizing trade unionism among BPO-ITeS employees began with the first initial effort in 2000, and the second ongoing effort since 2004 (details of effort of unionization are reported later). Conversely, industry analysts and ITeS Trade Body of India (NASSCOM) have called the idea of a union preposterous because workers do not desire union in this sector. According to an industry analyst, unionization of Indian BPO-ITeS industry may drive away customers and cause a threat to the 'India advantage' factor (Sarkar 2008). The corporate is jittery over the proposed union for IT employees. Recently, the formation of WBITSA (West Bengal Information Technology Staff Association) unnerved the industrial sector⁴. According to the IT employers, no one has forgotten the period between 1967 and 1970, when *gherao* became a normal tool for bargaining in the hands of trade union leaders.

BPO work like the other categories of software work engenders attitudes that neutralize the potential pro-union instincts of workers. In addition, BPO

2 Workers in BPO-ITeS and IT industry are commonly called "Knowledge Workers" by the industry spectators.

3. V.V. Giri National Institute of Labour, India.

4. The reaction of the IT industry against the proposal of forming WBITSA ranges from shock to consternation. A spokesperson from the IT major Tata Consultancy Services observed candidly: "There is no need to set up a union in this sector." Almost similar sentiments have been expressed by D. K. Chawdhury, MD, Skytech Solutions, when he said: "Here there is hardly any difference between the employer and employees. We all work together....It is not the time for indulging in unionization."

employees' work schedules and the highly modernized self-contained work islands they inhabit encourage them to think of unions as unnecessary (Sandhu 2006). Although we know that union membership among software workers is low and declining, the identification of the rapidly expanding, strategic section of BPO workforce towards trade unions is little known. Surprisingly, however, we know little about the factors which hindered the growth of unionization process in the beginning and later initiated a slow union formation process. Most research in the area of unionization of BPO workers in India has focused on the appropriateness of unions and collective bargaining in this industry, the strike problem, the attitudes of BPO workers towards unionization, and the impact of unionization on the nation's competitiveness. Comparatively untouched remain such topics and issues as factors which were hindering the growth of unionization of call centre employees in the beginning and issues which fostered a slow-growing process at a later stage.

Is there any truth in the proclamation made by NASSCOM and other IT & ITeS employers group on 'unionization and its effect on business' or is the industry accord an eyewash? This paper addressed one of these relatively unexplored areas by reviewing the extant literature on working and employment conditions of BPO-ITeS and call center employees and its implications on potential

unionization of workforce in the sector. The paper tries to put forth a scenario and explains its reality. The immediate effect might be to drive the industry protagonist out of a dormant state. The author will be studying the structural features of scenario in much greater detail as he proceeds and soon it would be easy to spot instances of the particular patterns we encounter most often. The transition of the movement from basic premises of the paper to its conclusion, the logical connection between them, is the inference upon which the scenario relies. From academic and practitioners points of view, it becomes increasingly imperative to analyze the trends in IT and ITeS industry and initiate a debate on whether Indian call centre employees in effect require unionization. Two clusters of factors examined are external climate and internal (organizational or contextual and individual) dispositions that were instrumental in the failure of the unionization effort in the beginning (viz. during 2000). Other factors that were examined are those which finally triggered the ongoing unionization efforts since 2004.

BPO-ITeS Industry in India

According to the estimation made in NASSCOM and McKinsey & Co.'s report, the size of worldwide-outsourced market is US\$190 billion of which only US\$35 billion have so far been exploited. The report also projects that by 2008 it will reach

US\$140 billion. The report has further concluded that if India maintains its current rate of growth⁵, revenue could surge to US\$24 billion by 2008, 3% of India's GDP (UNI Apro Survey 2005). The role of software and BPO-ITeS in India's economy is substantial⁶. The sector would then provide jobs for 1.6 million people (1.1 million directly and 0.5 million indirectly). The vast majority of work is routine call centre and back office processing for the US, UK, Australian and domestic markets (more than a quarter of the Fortune 500 companies such as American Express, AT&T, British Airways, Citibank, GE, HSBC, Lufthansa, etc. shifted their back-office operations to India).

India Advantage Factor – the External Environment

As per an estimate (in 2002) over the next 15 years 3.3 million US service industry jobs and US\$136 billion in wages will move offshore to countries such as India, China, Russia, and Philippines (UNI Apro Survey 2005). It further concludes that the IT industry will lead the initial overseas exodus. As indicated by another estimate, the USA accounts for over 70% of all offshore business. India appears to be a favourite country. The overwhelming inferences have been drawn against the backdrop of comparative advantage enjoyed by India as against other competing nations. For instance, India has a cost advantage⁷ against Philippines and it has the language advantage against China. The advantages enjoyed by all three countries include differential time zone⁸, cheap labour⁹, etc. Another advantage of shifting business operations to India is concerned with price and quality of international communications¹⁰.

5 According to NASSCOM, India's revenue from call centre business alone grew by 46% to nearly US\$4 billion during the year ending March 2004. On the other hand, the IDC has stated that the ITeS/BPO spending on finance and accounting touched US\$36.3bn in 2001 and is estimated to rise to US\$64.9bn in 2006 (NASSCOM).

6 On the performance of India's software and ITeS during 2004-05, NASSCOM declared that the sector's revenues had grown by 32 % over the previous year, the highest rate since the slowdown of 2001. Exports were principally responsible for this dynamism, having grown by 34 % and domestic revenues of the industry also grew at an impressive 23 %. NASSCOM estimates the size of the industry at US\$22 billion, comprising US\$4.8 billion of domestic revenues, US\$12 billion of software and services export revenues and US\$5.2 billion of revenues from exports of ITeS services and BPO. Thus, even when the hardware segment of the IT industry is excluded, gross revenues from IT services have come to account for as much as 3.3% of GDP (Chandrasekhar 2005).

7 The cost of operations in India is currently 37 % lower than in China and 17% lower than in Malaysia (Price Waterhouse Coopers).

8 For example, when it is day in the US it is night in India as such customers could be attended to at all times.

9 An IT professional with 3-5 years' experience in programming earns \$96,000 in the UK, \$75,000 in the USA and merely \$26,000 in India (NASSCOM).

10 The cost of one-minute telephone call from India to UK has fallen by more than 85% since January 2001.

State's Affirmative Action – the Internal Climate

The 1991 New Economic Policy and subsequent policy directions further harmonized initiatives begun in 1985 resulting in the entry of foreign capital and players. It also led to the spread of information about the capacities that existed in India. This caused increased demands for IT skilled workers in the USA and Europe. The Y2K (Year 2000) crisis added fuel to fire thus further hiking the demand for such workers. Before long, India came to be regarded as the electronic keeper of the world taking care of the multitude of routine activities of MNCs. In a short period of five years (1998-2002) about 336 outsourcing units were set up employing as many as 110,000 people and generating revenue to the tune of US\$1.47 billion. Today, a US\$5 billion industry, BPO-ITeS rides on a welcoming Indian Government, which is promoting another 20 hi-tech clusters¹¹ over the next decade.

With the fall of labour-intensive industrial sector (e.g. manufacturing, textile or engineering) in mid 90s, the labour movement sensed a vacuum in organization and leadership.

¹¹ Like Electronic City in Bangalore (South-West) and HiTech City in Hyderabad (South-East Coast). India had US\$1 billion investment in it, creating about 100,000 smart cubicles in 7.5 million sq. ft. of space and generated revenue of US\$2.3billion during 2002-03.

The efforts towards unionizing the call centre employees failed in the beginning during 2000. Trade unions in India have focused solely on formal sector. But with the fall of labour-intensive industrial sector (e.g. manufacturing, textile or engineering) in mid 90s, the labour movement sensed a vacuum in organization and leadership. The changing role of State (government) and introduction of new technology (which is incidentally labour-saving or labour restricted) has considerably altered the employment scenario. The shift in jobs from formal to informal sector and vast employment opportunities for the educated and skilled workers requires change in the approach and functioning of trade unions. The Indian trade unions have unfortunately been slow in reacting to the change. This in turn has resulted in the loss of membership as also marginalization of trade unions, emergence of new forms of workers organizations, and employers/managers undertaking roles traditionally performed by the trade unions (UNI Apro Survey 2005). However, considering the specifics of BPO-ITeS industry, there is a need to go into the detail of the issues which were instrumental in rebuffing unionization efforts. The following paragraphs illustrate those issues in greater detail.

Failures in the Beginning

There are a number of factors (external and internal) that were to blame for a slow beginning of the

unionization of call centre employees in India. Some of these factors are to be understood from the historical perspective (e.g. shift in employment from formal to informal sector vis-à-vis decline in union membership across industries). Every analysis moves the cursor backward to the beginning of the unionization process in order to understand why unionization efforts failed in the beginning. We can classify these factors into three groups – external (environmental), internal (organizational and contextual or job related) and individual dispositional (cultural, attitudinal or value based).

The depletion in union ranks is attributed to the increasing worldwide unpopularity of unions; the unfavourable socio-economic, political and legal climate facing union organizers; enterprise restructuring and the resultant casualization and flexibilization of the workforce.

External Factors

The purpose is to begin to explore the contours of the external environmental changes which would be realistic to comprehend the associated undertones. The changes in labour market were brought by the growth of service industry followed by a variation in labour demographics and organized labour movement in India. Since the mid-1970s, the entire industrialized world has recorded an unprecedented

downward trend in union density rates. India¹², falling in line with the international tide, has also witnessed a substantial drop in its union membership base of similar dimensions to that seen in most other countries (Blanchflower 1990, Mason & Bain 1993). The depletion in union ranks is attributed to the increasing worldwide unpopularity of unions; the unfavourable socio-economic, political and legal climate facing union organizers; enterprise restructuring and the resultant casualization and flexibilization of the workforce; emerging managerial unionism; stagnating employment in the union stronghold of the manufacturing sector, and the growing service sector with low union density, and faster technological advances (Sandhu 2006).

The state's pro-industrial economic policy of attracting FDI to fight against currency deficiency and economic downturn has played a key role in the rise of informal sector of employment. India has had some amount of success in exerting a pull on FDI since the beginning of 1991. With the liberalization of the Indian economy, the large Indian market is being opened to foreign investors and several companies are setting up (or have set up) operations in India. The country's market oriented policies were boosting this economic activity for its all round development. As

¹² The current union density rate of about 10 % in India (Sangma 1995) is of a very low order compared to those of Sweden (85%), Germany (46%), Canada (36%), USA (16%) and France (12%) (Brewster 1993, Mason & Bain 1993)

the business around the globe recurrently alter their direction to remain competitive, the government in host countries (India) were trying out policies to attract foreign investors to locate in the country. The government's endeavour to enhance the country's share in the world trade has resulted in the introduction of schemes to attract foreign capital (FDI). The establishment of Free Trade Zones (FTZ) or Export Process Zones (EPZ) or Special Economic Zones (SEZ) as also the BPOs are examples to this effect. In its endeavour to earn the much needed hard currency, the concerned governments have been lax in enforcing legislation aimed to protecting interests of the working class. There have been efforts by CITU (Center of Indian Trade Union) to organize the workers in the EPZ as also present their concerns before the ILO but with little positive results. Generally, the unions in India were in a state of confusion as they were yet to decide whether IT and ITeS workers come under their area of operation and if yes, how to organize them.

The next factor which played a key role in keeping unions at bay in BPO-ITeS industry or at least making them inactive, to a large extent, was related to the direct effect of unionization on business as advocated by the industry. The company and management believe that unionization will fend off the 'India advantage' factor by driving away potential customers (MNCs) from offshoring their project to Indian call centres (BPOs). Call centre unionism

according to them will kill the 'golden goose' ('India advantage' factor). ".....two months before his annual appraisal was due, J. Ramesh began planning on how he would spend his extra income. Ramesh, a customer support officer, had been working with Excell Outsourcing Services, a Chennai-based business process outsourcing (BPO) company, for two years and was due for a promotion and a raise. When the appraisal letter arrived in May this year, Ramesh had to redo his expense list. The promotion had gone to Ramesh's junior". His desperation touched new heights. He was looking for a support within the organization to raise his voice of discontentment and grief. "I tried to meet the managing director and human resources (HR) head. But they were always either in meetings or out of office," he recalls. In the mean time (in June 2006) Excell signed a collective bargaining agreement (CBA) with the Union for Information Technology & Enabled Services Professionals (UNITES) – a trade union for IT and enabled services professionals. Ramesh lodged a complaint pronto. "The union promised to take up my case," says Ramesh. But five months down, UNITES is still to take action on the case. S. M. Govindrajan, director UNITES, Chennai, admits that the union is on a back foot while dealing with the Excell management. "The company is expecting two big business contracts. It wants the CBA to maintain a low profile till then, he says (The Telegraph, 2006).

Internal Factors-Organizational & Contextual

Employees in IT / BPO-ITeS are a class apart since they regard themselves white collar workers. The unions too look upon them as not being workmen as such non-unionisable category. Resultantly, the IT / BPO-ITeS workers are left to their own devices to meet the challenges imposed by groups in the West (which include government and trade unions). To this effect, authors like Noronha and DeCruz (2006) and Sandhu (2006) have argued very persuasively that unionization has been kept at bay because BPO-ITeS companies have used exclusivist strategies – for example outsourcing security and transportation to outside contractors, fragmenting organic basis of solidarity among workers – and inclusivist strategies, such as open human resource policies that project a flattened hierarchy at workplace. The structural reasons to failure of unionization as reported by Sandhu (2006) are of three types. First, unionization has failed because the middle class, with its employment base in the increasingly globalized private sector that came into being in India since liberalization, has benefited from the global integration of India's economy. The new economic arrangement has secured legitimacy from this class quite unlike the pre-liberalization, where the old middle class was dependent on the public sector. Second, the new middle class identifies with an image of a professional that the BPO-ITeS work provides them. Third, the temporal changes (high attrition in job

and unusual working hours) associated with BPO-ITeS works make it harder for unions to organize.

BPO-ITeS workers associate their work with upward mobility, clean work clothes, swanky offices absent in India till 10 years ago.

Individual Dispositional

The post-liberalization economic growth in India has inexplicably done well to the Indian middle class¹³, particularly those who by virtue of their educational grounding were in a position to gain from the new-fangled openings (brought by the unprecedented growth in service sector). The ideological foundation that were snapped up as a package for rationalizing the country's growth in the post 90s liberalization era, has the middle class Indian youth as the biggest buyer of it. There was a greater legitimacy of this springboard of the new economic growth pattern among this segment of population who owing to their socio-economic conditions and education relied heavily on service sector job growth. Besides, on the attitude front, the call centre employees, owing to their gainful standing in the new socio-economic structure, relate unions with the pre-liberalization economic order (pre-1991 era of sluggish economic growth and

¹³ In the BPO sector, which is made up of those who speak and read English, it is the middle class youth that have benefited the most (Sandhu 2006).

inadequate or restricted opportunities) and correlate it with blue-collar work, strikes, demonstrations and *gherao* – something that they despise as a result of being a part of the upwardly moving middle class. Sandhu (2006) observed that BPO-ITeS workers associate their work with upward mobility, clean work clothes, swanky offices absent in India till 10 years ago. A BPO-ITeS job for the new middle class is a way of leaving India, without ever leaving India physically (like speaking English with their overseas customers; learning American culture, etc).

Trigger of Union Organization Efforts

A wide array of environmental and organizational factors has finally triggered the unionization efforts in BPO-ITeS industry in India. It was the compulsive counterforce from the opposing unions (particularly in UK) followed by the fast changing workplace conditions and employment relationships back in the country (India) which combined together to create adequate force on the quiescent unions (who were till then working on the periphery of the problem). When unions of the parent organizations in overseas locations (especially in UK) were refusing the existence of the Indian centres (to which the MNCs have offshored their projects), their refusal to acknowledge the existence of the Indian workers have eschewed the possibility of organizing union efforts in India. Bain and Taylor (2008) have

observed that disquiet among unions centered on its questionable symbolism and the implication that Indian workers, not British Telecom, were responsible for redundancies. Furthermore, their failure in extending the scope of bargaining to protect the right to organize in offshore work place has in addition deteriorated the prospect of organizing call centre employees in India. This covertly jolted the union organizing efforts back in the country, where the call centre employees were increasingly becoming vulnerable and entering into a pitiable state of work stress (physical and emotional), low job satisfaction, low morale, high disorganization, zombie identity (no identity at all or loss of identity), along with poor manifestation of rights at workplace.

The ‘India advantage’ factor when rolled on to the developed world (from where the business of offshoring originates), it created enormous discomfort and concern within the indigenous workers in the developed world. As MNCs in various parts of the developed world (specifically in UK) preferred overseas workers (from the developing world), the early undercurrents developed into massive protests in different forms by the trade unions (Bain & Taylor 2008). These unions collectively came out on the streets protesting against the employment of overseas workers. Unions in MNCs in UK like Prudential, HSBC, Lloyds / TSB, British Telecom, Reality, etc., which have offshored

projects in considerable percentage to back office in India have reacted in varied ways (Bain & Taylor 2008). However, unions were at dismay with regard to an immediate consequence of their action on the managements' decisions on offshoring the projects. If activating union resources within national boundaries to bring pressure to bear on employers has often proved difficult to achieve historically, then extending such action internationally in recent years has been achieved 'on rare occasion or in specific campaigns – many of which were symbolic than real' (Moody 1997).

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Moody's (1997) diagnosis of the international trade union movement in the 1980s and 1990s was 'paralysis due to globalization, fragmentation and flexibilization'. This generally pessimistic evaluation has been partially qualified by geographically inspired accounts emphasizing the potential for effective union action against MNCs (e.g., Herod 2001). This led to the proposition made by researchers that impact of national trade union protest in developing world could make a paltry impact of the global proportion in the rest of the world (particularly in the developing world). In addition, companies that were offshoring their

projects to India were extremely profitable (Bain & Taylor 2008) which makes the case of union protest very different from those during periods of economic recession of early 1980s (Kelly 1998). However, some of them have tried to seek the support of international bodies like UNI in coordinating information about MNC's activities and in aiding efforts to organize workers employed in distant establishments. During the first offshoring wave (2002-04), when UK unions were initially formulating their responses, UNI-sponsored attempts to organize Indian call centre employees had yet to be initiated¹⁴ (Bain & Taylor 2000).

At an international level, industry spectators could sense the increasing antagonism between unions from developed world and working class from developing world¹⁵. A mix of these factors led to the pressure on domestic unions in India to organize speedily on the call centre front to counter the offshore workers'

14 By 2003, UNI had established the Information Technology Professionals Forum with a broad organizing remit but particularly focused on software employees. The first organization specially aimed at call centre or BPO-ITeS workers was CBPOP, which emerged in late 2004 and which became Union of Information Technology Enabled Services in autumn 2005 (Bain & Taylor 2008).

15 The potential for anti-offshoring campaigns to be interpreted in racist terms was evidenced by the fascist British National Party's attempted intervention at the threatened Reality call centre in Burnley (USDAW national officer). However, all unions issued forthright anti-racist statements at both national and workplace levels and anti-Indian resentment did not appear to arise as a meaningful concern (Bain & Taylor 2008).

growing vulnerability. This was the indirect effect of unions' activities in the foreign land against offshoring and job cut. An interesting observation to make is that when unions of MNCs in their respective homeland protested against the offshoring of projects (and subsequent job cuts) and not paid any attention to the workers working on those offshoring projects at a distant location in India, the domestic unions in India started organizing their own national association or federation in a limited way to take care of the workers. These unions operating at a national level in India had felt the need to organize unions for workers working on offshored projects when they failed to get any support from unions of the parent organization (MNCs) in their respective homeland.

The go down has forced many workers to take the call of formation of union or some kind of bargaining force as a preparatory move towards uncertain future.

Another development that went against the inflow of IT workers in the USA was the September 11, 2001 attack on the twin towers (WTC). Presently the situation is different where IT, like other sectors, is dipping in growth and revenue along with the international monetary crisis and downslide in US and international market as a whole. The specifics on financial performance of IT industry reflect on a situation which is common across BPO-ITeS industry. The industry in India has a relatively short

saga of rapid growth in the past (almost) decade to recount. A cursory look into the latest development suggests "The Indian IT industry is likely to witness a 3-4 % dip in growth in the current financial year against a 28 % growth in the previous financial year, according to the National Association of Software and Services Companies (NASSCOM). The projected fall has been attributed to the US economic slowdown and the rise in international oil prices. Accordingly, the industry growth has been pegged at around 24 % for FY09". (Business Standard, Bangalore, June 10 2008).

The current ongoing global economic recession along with the US economic slowdown (sub-prime crisis and oil price rise) has resulted in the appreciation of rupee to dollar value. This indirectly led to cost cutting drive by corporate in many major IT and BPO-ITeS companies in the country. Among various other heads, like compensation, fringe benefits, frills (video conferencing), etc, cost cut through a variety of recruitment practices (like internal job posting, etc.) are also used by the companies. Talent crunch and high rate of attrition in the industry in general has added fuel to the crisis. In such situation, those call centre workers who had begun planning their career in the BPO-ITeS industry faced a huge loss in confidence and comfort. This has added a huge amount of insecurity and uncertainty particularly among workers who wanted to build their career in call centre and BPO. The go down has forced many workers to take the call of

formation of union or some kind of bargaining force as a preparatory move towards uncertain future.

According to the research commissioned by CBPOP in May 2005, the state of the Indian BPO-ITeS workers is grisly and they are slowly entering into the stage of Roman galley slaves.

The next set of factors that have triggered the union formation process is related to workplace and employment conditions. The attraction of comparatively good rewards accompanied by a modern work environment has induced the young workforce to opt for a very challenging and stressful work. Agog with the glamour of being designated as professionals working for the MNCs, these workers have been overlooking its adverse effects, particularly those that are invisible. The workers in the sector – who are known as call centre executives and who gets addressed as “sir” by the large number of auxiliary employees working in call centres – do not square their own self-image with that of a galley slave (Sandhu 2006). However, given the enormous numbers and huge scope for growth of the BPO-ITeS sector in the current decade, and the apparent apathy towards trade unionism on both sides (unions and call centre workers), it had become a matter of necessity to place a tab on the state of the BPO-ITeS industry in India, especially with regard to terms and

conditions of work and also the attitude of call centre workers towards trade unions. According to the research¹⁶ commissioned by CBPOP in May 2005, the state of the Indian BPO-ITeS workers is grisly and they are slowly entering into the stage of Roman galley slaves. The report concluded persuasively with an intense note — “BPO-ITeS in India is in the dark ages – ignorance is bliss”. The report observed that BPO-ITeS and call centre workers are plagued by problems that they do not perceive or respond to, due to their own immaturity. Employers are benefiting from this lacuna. In such situation, only unions can bring about a 21st century renaissance. However, the report has stated that economic and societal pressures to work or earn will be key challenges to open-arms-acceptance (BPO-ITeS is a means to augment family income as also to cover the cost of their higher education or even marriage). The other important facts among many reported by the study are that paradoxically, lower call centre workers need unions more and oppose it more (UNI Apro Survey 2005). Similarly, Sarkar’s (2008) study on 342 call centre employees favourable union attitudes were found to be relatively higher among women participants (51%, $n = 171$) than among the men. Interestingly, youngest participants in the age group of 18-24 years were found to have more favourable union attitudes (75% within age group, $n = 57$)

¹⁶ A sample of 500 respondents was taken from an evenly distributed spread across 5 major BPO centres: Gurgaon (Delhi NCR), Hyderabad, Chennai, Mumbai and Bangalore.

compared to older participants. Favourable union attitudes were higher among lower level of jobs (72% within group of lower job level, $n = 99$) compared to 79% of managers within group of higher job level who have negative attitudes. Participants with longer job tenure have more favourable unions attitudes (73% within longer job tenure group, $n = 121$) compared to those who were younger in organization.

An analysis of several parameters of job satisfaction and work stress done by various scholarly and professional studies reveals results that are alarming to the workers community and employers. As per the report of CBPOP's study, junior level workers are generally not informed of changes in calculations of bonus schemes, employment contracts, etc. A high 50% of lower level workers are dissatisfied with it (UNI Apro Survey 2005). Similar facts were reported by Sarkar (2008), where he found that a huge 60% of the respondents were dissatisfied with the managers' role of keeping them informed about the way their organization is being run and around 50% are dissatisfied with the amount of influence they have over their job. CBPOP's study reveals another discrepancy on wage which is reported by a startling fact – a huge 58% of starters (new entrants) are dissatisfied with their promised packages vis-à-vis delivered salary (UNI Apro Survey 2005). Sarkar (2008) too have reported that a vast majority of around 70% of respondents are dissatisfied with the amount of pay they receive compared to

the efforts and time they put back in to the organization.

One more startling fact shared by the 40% of respondents in the CBPOP's study is that they don't receive any support or they are dissatisfied with the level of support they receive from employer particularly at the time when they face abusive calls (UNI Apro Survey 2005). Another noteworthy effect of working and employment conditions on the emotional and social state of the workers is seen as the formation of a zombie identity (no identity at all or loss of identity) among workers. Close to 1/3rd is required to take on English sounding names and considering this is on the entire workforce employed in the industry, of which 34% are back office workers, more than half the voice operators would suffer dual-identity anguish. Not only that, their English is scored for Americanization in about as many cases (35%). (UNI Apro Survey 2005)

Low job satisfaction and high work stress led to high attrition rate and high turnover. BPO-ITeS sector has been witnessing one of the greatest attrition rates in Indian business history with current industry average attrition rate between 35 and 55%. The mean tenure of job for the call centre workers was significantly low, 1.98 years according to Sarkar (2008). This indirectly has lend support to the unionization efforts through the media and few industry protagonists who felt that union can be tolerated till the time it curbs the problem of attrition. These industry

representatives have publicly agreed in forums on the utility of the union to counter the most significant problem of the industry viz. attrition. For example, going back to the Excell case, if we ask a basic question – why then did the Excell management take on a union? J.S.R. Prasad, national director, Union Network International (UNI), a global network of 900 service sector unions, says Excell signed the CBA to counter attrition in the company. “There was no communication between the management and employees. UNITES was called in to bridge the gap,” he says (The Telegraph 2006). Nevertheless, their random and infrequent agreements did not reveal any fair intention, and State and union continued with a slow growth in the initial phase of development.

Despite a shaky start, trade unionism is making inroads into India’s IT and BPO-ITeS industries – as two trade union heavyweights prepare to raise the labour-rights flag over the technology industry.

Union Organizing Efforts

Despite a shaky start, trade unionism is making inroads into India’s IT and BPO-ITeS industries – as two trade union heavyweights prepare to raise the labour-rights flag over the technology industry. As the report of the CBPOP’s study indicated that 2005 is seen as a good timing for a BPO-ITeS union drives and so we can see a change in the status quo since late 2004. Here we are going to see three major organizations which are formed in

the recent past and which epitomize the birth of unions in IT and BPO-ITeS sector in India. These are UNITES, WBITSA and CBPOP. Brief introductions to each of the three bodies are given in Appendix – 1.

Conclusion

This paper examined the trends in outsourcing industry in India and its role in unionization of call centre workers. Considering the present dynamic business environment (responsible for increased competition by overseas operators and pressure on Indian call centres from global economic recession and downturn), the results of this paper and the inferences drawn from existing literature on call centre working and employment conditions, Indian BPO-ITeS industry need to react faster to the emerging needs of call centre workers focusing on collective forms of representation and bargaining along with standardized work norms and employment conditions within the industry. There are some indications showing revival of unionization in the form of increased emphasis on building collective forms of representation through association, federations and other forms of union. However, it is too early to generalize such a trend.

The paper contributes to both theory and practice. From a theoretical point of view, the results highlight the role of external and internal factors which were instrumental in a slow beginning of unionization (of call centre employees) efforts. For professionals, the paper provides crucial information regarding the factors which finally triggered the union

organization efforts in BPO-ITeS industry in India. The exploration of external environmental changes suggests that the existence of a number of critical factors which were instrumental in an unfortunate and slow reaction of trade unions to the changes and thereby resulting in marginalization of trade unions with emergence of service industry and new forms of economy. Policy makers in unions need to pay serious attention to these unique aspects of changing trend in labour movement in post 90s in Indian organizations. However, the liberalization of the Indian economy has opened the Indian market to foreign investors and the State has introduced the schemes to attract foreign capital and investors by establishing a conducive business environment which has been lax in enforcing legislation aimed to protecting interests of the working class. The paper showed a mixed picture in this regard. The case of its implications in terms of organizational or contextual factors and individual dispositions suggests that there will be a number of repercussions that liberalization of Indian economy will have on organizations and society. The literature suggests the existence of unique psychosocial dimensions in Indian organizations and society, one based on social relations, and the other based on ideological underpinnings sold as a package for explaining India's growth during the last decade and a half has a complete legitimacy among middle class youth.

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Appendix – 1

Union for Information Technology and Enabled Services Professionals (UNITES)

UNITES (Union for Information Technology & Enabled Services Professionals), a trade union for IT and enabled services professionals (The Telegraph, 2006) which was set up in 2004 – is seeking affiliation with the Indian National Trade Union Congress (INTUC). The political patronage will give the 8,000-member-strong union some teeth, says Karthik Skekhar, general secretary, UNITES. “Our member base is small. We won’t survive as an independent union,” he explains. But the point to remember is that political affiliations don’t swing in BPO-ITeS board rooms.

West Bengal Information Technology Services Association (WBITSA)

The Centre of Indian Trade Unions (CITU) launched a trade union arm for the software industry – the West Bengal Information Technology Services Association (WBITSA). “IT workers are not governed by labour laws. It’s time that an industry, which contributes more than 4.5% to the country’s national economic output, has trade unions to protect workers’ rights,” says Shyamal Chakraborty, president CITU, West Bengal (The Telegraph, 2006). “There are two categories of employers (in the IT sector) – those who abide by (labour)

laws and those who violate them. The association will request the former to prevail on the latter; it is the latter that is out to create a confrontation between the unions and the managements”, Mr. Chakravarty said at the launch of the West Bengal Information Technology Services Association (WBITSA), the first association of employees in the IT sector on November 14, 2006. The WBITSA, set up under the tutelage of CITU, would take up the cause of employees who were denied not just their rights. There are several IT industries waiting to set foot in the State. However, Mr. Chakravarty was critical of employers in the IT sector who has scant regard for basic labour laws. “No appointment letters are issued to workers, they are denied Provident Fund and Employees State Insurance. Some units also engage contractors to provide them. Employees are thrown out of their jobs without cause / notice. The association will provide such companies a list of irregularities”, says Mr. Chakravarty. (Hindu, 2006)

Centre for BPO Professionals (CBPOP)

The CBPOP (Centre for BPO Professionals) project was launched in July 2004 with the establishment of two service centres – one in Hyderabad and other in Bangalore headed by J.S.R. Prasad and N.R. Hegde respectively. According to UNI Apro Official Notice (2005) both the heads of the services

centres are experienced unionists with the Telecom sector in India for more than 25 years. The notice states that the basic strategy of the project is to establish contact, convince (create awareness and appreciation of trade unionism) connect (provide network for these employees) and finally to consolidate such network of professionals into trade unions – at the enterprise, regional and national levels. During the first 11 months, the organization (CBPOP) has focused its effort (dealing with disputes and through surveys and studies) to establish contacts and convincing (solidarity support and educational and information activities) such employees about the need for them to establish or join trade unions (UNI Apro Official Notice 2005). They gradually began expanding their activities to other centres and were able to establish contact with more than 5,000 employees in various cities. Accordingly as planned, the CBPOP is now in the

process of registering trade unions in different states to organize and represent such employees. There is also provision to organize such employees into enterprise level unions if this is the desire of the employees in a particular enterprise – such as those providing services or linked to financial institutions or companies like the HSBC (UNI Apro Official Notice 2005). The original plan was to register a nationwide trade union to facilitate recruitment and representation – but this is not possible now as the CBPOP was informed in early June 2005 that the laws has been changed and that such union can only be registered at the state level (UNI Apro Official Notice 2005). The official of CBPOP feels that the objection to register a national union for BPO and Call center employees is a part of the effort of the State and the employers to prevent the unionization of such employees.