‘From boom to where?’: the impact of crisis on work and employment in Indian BPO

Phil Taylor, Premilla D’Cruz, Ernesto Noronha and Dora Scholarios

This article locates Indian business process outsourcing (BPO) within the global supply chains of business services delivery and an international division of service labour. It acknowledges the BPO market’s essential dependence on demand from lead firms in the United States and United Kingdom. Drawing on a conceptual synthesis of the Global Commodity Chain, Global Value Chain and Global Production Network frameworks, the article examines the impact of 2008’s financial crisis on employment, work organisation and the experience of work in Indian BPO. Employer/industry sources and employee interviews reveal reconfigured local labour market dynamics, tightened work discipline, an extensification of working time, work intensification and unprecedented growth in job insecurity. Such changed characteristics suggest a watershed that raises questions concerning the sustainability of models of BPO work constructed in pre-crisis years.

Keywords: Business Process Outsourcing, BPO, offshoring, Indian call centres, GVC, financial crisis, work intensification, SLA.
Introduction

This article explores the impact of the global crisis of 2008 on employment and working conditions in the Indian business process outsourcing (BPO) industry. Shortly after the financial crash, the Indian industry body, National Association of Software and Servicing Companies (Nasscom), acknowledged that ‘the recessionary wave sweeping the world’ would have a major impact (2009: 1). How could it be otherwise? Over the previous decade, India had become the ‘the world’s back office’ (Dossani and Kenney, 2007; Howcroft and Richardson, 2012), inserting itself into the global economy as the principal remote destination for low-cost business services. Significant consequences would inevitably follow from the fact that the Liberal Market Economies most affected by crisis were the source of India’s greatest demand; 60 per cent of business services in value terms delivered from India originated in the United States and 22 per cent in the UK (Nasscom, 2009: 64). That financial services were responsible for over 50 per cent of overall demand (Nasscom, 2010: 97) further exposed Indian BPO to external shock.

Offshoring was driven by cost-cutting and profit-maximisation imperatives that had become central to firms’ relocation and restructuring strategies (Kuruvilla and Ranganathan, 2008; Russell, 2009; Taylor, 2010a). Acknowledging the central economic dynamics involved does not imply the unproblematic adoption—or implementation—of long-term, calculative firm-level strategy, for decisions to offshore were often reflex responses to competitor behaviour (Taylor and Bain, 2006a). However, studies of Indian BPO generally understate the implications of its dependence on corporate decisions made in the United States and the UKs (Batt et al., 2005; Poster, 2007). Irrespective of whether offshoring is to an in-house ‘captive’, or an Indian third-party or multinational provider (Taylor, 2010b), it is the level of demand from lead firms in developed countries that determines the scale of employment. If the global economy is a complex, deeply integrated system, in which production chains are ‘constantly evolving spatial divisions of labour’ (Smith and Meiskins, 1995: 261), then Indian BPO must be located within global flows of capital, technology and knowledge. Given interconnectedness in servicing chains (Dicken, 2011), it is unhelpful to treat Indian BPO as a nationally bounded economic activity. Yet, such an approach, informed by the ‘varieties of capitalism’ (VOC) framework (Hall and Soskice, 2001), was adopted by the Global Call Centre Project (GCCP) (Holman et al., 2007). Although the GCCP effectively described differences in management practices and work organisation between Indian call centres and those in developed countries (Batt et al., 2005; Holman et al., 2007), it did not explain the reasons for the former’s distinctiveness. It evidenced exceptionally low levels of discretion exercised by Indian employees but could not embed this characteristic within the international division of call centre labour because, consistent with its VOC influence, the GCCP tended to place employment relations and HR practices in national silos.

In this article, the attempt is made to implement a more effective conceptual framework for understanding globalised services (Taylor, 2010b), which synthesises elements of Global Commodity Chain (GCC), Global Commodity Chain (GVC) and Global Production Network (GPN) theorising (see Bair, 2008). Integrating labour with this synthesis, the call centre is situated within political-economic contexts at global, national, sector and local levels, and within the concrete organisational contexts of the firm and its networks. Its most important analytical contribution is to explicate the mode of governance in the transnational call centre chain. The significance of the Service Level Agreement (SLA) is neglected by researchers, yet it is the coordinating mechanism that attempts to prescribe the exact quantities and quality of services to be delivered from offshored sites, the precise numbers of employees engaged, the costs involved and, finally, the rewards and penalties attendant on contractual fulfilment or non-fulfilment. The ways in which SLAs articulate lead firms’ cost-cutting with service delivery from Indian BPO sites requires investigation. The SLA is the key instrument for making manifest the transaction costs implicit in the global servicing chains and, it is proposed, is central to understanding the impact of crisis.
The essential dependence on cost-based decisions made in the global north does not diminish the significance of place-based factors in shaping working conditions in India. The dynamics of national and city-wide labour markets, HRM challenges (including attrition), levels of skill and education (including linguistic and cultural capabilities) and working times and hours (Cowie, 2007; Noronha and D’Cruz, 2009b; Taylor et al., 2009; D’Cruz and Noronha, 2010; 2012; Sengupta and Gupta, 2012; Das et al., 2013) are important ‘territorial’ factors. Understanding the impact of crisis, then, necessarily involves grasping the global–local dialectic, as firm-centred chains (or networks) impact on, and are impacted by, concrete socio-economic contexts (Henderson et al., 2002; Coe et al., 2004). A finely grained analysis should include consideration of firms’ utilisation of in-house and/or subcontracting arrangements.

The article is structured as follows. A critical engagement with themes in the literature on work and employment in Indian BPO foregrounds the study and is followed by an overview of the immediate impact of crisis on the Indian economy. Then, the qualitative research methods and data sources are described and justified. Thereafter, the empirical evidence is presented, with Indian employer evaluations of effects of crisis preceding the more substantial section on employee experiences and perceptions. In conclusion, the article re-engages with principal themes on work and employment in Indian BPO. The question is posed of the sustainability in post-crisis conditions of certain characterisations of work and employment formulated in pre-crisis years.

Work and employment in Indian BPO

BPO is distinguishable from software or IT work (Taylor and Bain, 2005; Dossani and Kenney, 2007) but encompasses both voice (call centre) services and back-office activities of varying complexity, ranging from routinised data processing to higher order analytical workflows. The proportion of call centre work declined from 65 per cent of total Indian BPO (Nasscom, 2002) to around 50 per cent (Nasscom, 2010), as back-office activity grew disproportionately within an expanding industry (Table 1). This article considers employer perspectives on, and employee experiences of, both voice and non-voice segments.

Academic interest has focused almost exclusively (pace 2008 Howcroft and Richardson, 2012) on call centres. Many earlier studies were preoccupied with the cultural paradoxes arising from globalised service work within post-colonial and gendered contexts (Mirchandani, 2004; Cohen and El-Sawad, 2007; Poster, 2007). How Indian agents negotiate, and resist, an imposed identity as, ‘being American’ while ‘being Indian’, has revealed the complexities of encounters between remote service workers and Western customers. Recently, Mirchandani (2012) developed the notion of

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment</th>
<th>% rate of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>107,000</td>
<td>n/a</td>
</tr>
<tr>
<td>2003</td>
<td>171,000</td>
<td>58.8</td>
</tr>
<tr>
<td>2004</td>
<td>216,000</td>
<td>26.3</td>
</tr>
<tr>
<td>2005</td>
<td>316,000</td>
<td>46.3</td>
</tr>
<tr>
<td>2006</td>
<td>409,000</td>
<td>29.4</td>
</tr>
<tr>
<td>2007</td>
<td>553,000</td>
<td>35.2</td>
</tr>
<tr>
<td>2008</td>
<td>704,000</td>
<td>27.3</td>
</tr>
<tr>
<td>2009</td>
<td>738,000</td>
<td>4.6</td>
</tr>
<tr>
<td>2010</td>
<td>770,000</td>
<td>4.1</td>
</tr>
</tbody>
</table>

‘authenticity work’ performed by agents as ‘the bedrock of the transnational service economy’ (ibid.: 15). Nath (2011) has explored how, stigmatised by Western customers, agents manage their ‘national identity’ through aesthetic and emotional labour. This emphasis on cultural exchange, however illuminating, generally understates the political-economic, technological and organisational elements that constitute the ‘servicing chain’ that shapes agent–customer interaction.

Research in management and labour studies has focused on work organisation, management practices, the labour process and, relatedly, conditions of work and employee experiences (Ramesh, 2005; Taylor and Bain, 2005; 2006b; 2010; Batt et al., 2005; D’Cruz and Noronha, 2006; 2010; Russell and Thite, 2008; Noronha and D’Cruz 2009b; Thite and Russell, 2009; 2010). Diverse lines of inquiry and approaches have been pursued producing, inevitably, differing perspectives. Eschewing overly pessimistic depictions of Indian employees as ‘cyber coolies’ (Ramesh, 2005) and excessively optimistic accounts of rewarding work and opportunity (Knights and Jones, 2007), a consensus of sorts emerged. Indian call centre work was seen to consist largely of highly standardised, transactional workflows, imbribated with stringent job controls and demanding targets (Taylor and Bain, 2005; 2006b; Batt et al., 2005; D’Cruz and Noronha, 2006; Noronha and D’Cruz, 2009b). Even those depicting Indian agents as semi-skilled ‘info-service’ workers (Russell and Thite, 2008; Russell, 2009) evidence work standardisation and tight controls.

However, most studies have not located work organisation within the dynamics of business process globalisation. Exceptions include Taylor and Bain (2005; 2008), who demonstrated that offshoring was precipitated by lead firm restructuring in the ‘home’ country, during which processes were re-engineered, and the most standardised were ‘sliced off’ and migrated overseas, a cost-reducing, spatial transition described as ‘Taylorism through export’. During and following this relocation, SLAs were the mode of operational governance (Noronha and D’Cruz, 2009b: 73–4; Taylor, 2010b), by which remote services were aligned to the requirements of client firms and end customers. SLAs prescribe the quantitative metrics (e.g. call-handling times) and qualitative standards (e.g. customer satisfaction scores) that suppliers at the Indian node of the transnational chain must deliver.

When service delivery falls below prescribed standards, lead firms intervene, with penalties, contract renegotiation or even termination. Yanking the links in the servicing chain downwards to workflow level, shortfalls against SLAs will have implications for employees. Site management may take corrective action against, or even dismiss, underperforming agents, or compel more stringent adherence to performance standards. It follows that, in response to economic turbulence and cost-cutting imperatives at macro, sectoral or organisational levels, lead firms will readily revise clauses specifying cost, volume and quality of service delivery.

The experiences of Indian BPO employees, mostly call-handlers, have been documented. The synchronisation of Indian agents’ working shifts with Western customer servicing times is identified as a source of work-life conflict (e.g. Taylor and Bain, 2005; Poster, 2007; Noronha and D’Cruz, 2009b; Mirchandani, 2012), particularly for women with domestic responsibilities. ‘Working times’ was cited as a major grievance in an employee survey (Taylor et al., 2009). Dissatisfactions include shift duration and unpaid ‘extra time’ worked. Closely related are complaints regarding travel times and the inflexibility of firms’ transport arrangements that cause excessive waiting and drop-off times (Taylor and Bain, 2010). Employees report pressurised work routines, strict managerial control and demanding targets rooted in constrictive SLAs (Taylor and Bain, 2005; 2006b; Noronha and D’Cruz, 2009a, b; Taylor, 2010b; Mirchandani, 2012: 89–95). Evidence exists of authoritarian management practices, including bullying (D’Cruz and Noronha, 2013a), and a democratic deficit in employee representation (Taylor and Bain, 2008; 2010; Taylor et al., 2009).

HRM practices tended to be ad hoc during Indian BPO’s early years (Budhwar et al., 2006), but from 2005, acute difficulties in recruitment, training, retention and attrition prompted more structured approaches. In tight labour markets, attrition emerged as a massive problem as agents engaged in job-hopping to leverage better pay and condi-
tions (Sengupta and Gupta, 2012; Das et al., 2013; Deery et al., 2013). Increasingly, performance management, often under the rubric of ‘performance excellence’ or ‘process excellence’, was implemented. Rising labour costs of 10–15 per cent per annum (Nasscom-McKinsey, 2005) reduced labour cost arbitrage, compelling employers to raise worker productivity through tougher performance metrics.¹

One influential characterisation of BPO employees is that they are defined by professional identity (D’Cruz and Noronha, 2006; Noronha and D’Cruz, 2009b). Professional identity embraces agents’ self-identity, their sense of skill (superior cognitive ability), advanced qualifications (degrees) and commitment to customer and employer. Among ‘the privileges of professionalism’, job demands are ‘offset by agents’ sense of well-being [which emerges] from organisational artefacts, personal remuneration and benefits’ (2009b: 100). The fact that employees work in modern facilities, have professional appellations (e.g. customer care executive), attractive pay, performance incentives, promotion possibilities, company-organised fun activities and informal work relationships contributes further. High commitment management practices enhance the cultural and normative controls underpinning professionalism (D’Cruz and Noronha, 2012).

One limitation of this literature is that it is based overwhelmingly on pre-crisis research data (pace D’Cruz, 2012). Its merit is that it provokes questions that need now to be asked of the BPO industry in the changed environment. What were the immediate effects of financial crisis on employment? What were the consequences of disruption for labour markets and for employees’ experiences of job security and mobility? To what extent did cost-cutting become an organisational imperative? How were measures implemented across the servicing chains and, to the extent that SLAs were revised, what were the impacts on working time and management control? In what ways did changed conditions modify employees’ experiences and what implications might these have for ‘professional identity’? This article will consider these questions in turn.

Crisis and recession in the Indian economy

India’s integration into the global economy since early-1990’s liberalisation meant that the crisis would have significant domestic impacts, especially where exports are a major proportion of total production in industries, such as textiles, automobile components, engineering goods and jewellery (Debroy, 2009; Ghosh and Chandrasekhar, 2009; Kannan, n/d). Consequently, almost all sectors resorted to job cuts, reduced production, employment rationalisation and frozen recruitment. Singh (2009) reported workers being forced to take leave without wages or being illegally retrenched or laid-off for two to three days each week without compensation. Working hours and/or days were reduced. Some firms delayed payment of wages and pressurised unions into accepting reductions in wages, paid leave and holidays.

A survey of enterprises in badly affected sectors indicated that employment fell by 491,000 during October–December 2008, with further falls in the second quarter of 2009. Yet, these figures were serious underestimates. To provide an example, the Labour Department of the Gujarat Government showed that in the diamond industry as many as 413,000 jobs were lost (RBI, 2009). The Federation of Indian Export Organizations suggested job losses of 10 million, although Debroy (2009) argued that the total made redundant could not exceed 2 million. In the automobile industry, production was cut, either through temporary plant closure or by reducing hours. Maruti Suzuki readjusted production and Honda-Siel Cars India rescheduled capacity. Hyundai cut shifts and pruned temporary staff (Prasad, 2009). Similar strategies were adopted by auto-part vendors (Narayanan, 2009).

The IT/software industry fired those with questionable resumes, dismissed ‘poor performers’, and put employees on performance improvement plans, forcing resignations (Mahalingam, 2009; D’Cruz et al., 2014). Other measures included increasing hours, monitoring attendance and breaks (Rao, 2008), postponing promotions and reducing variable pay (Shivapriya, 2009). Wipro delayed hiring or gave recruits the...
option of joining the BPO business (*Times of India*, 2008). Benefits were reduced and transport provision curtailed. Within this context of the significant effects of crisis, the impact on Indian BPO is examined.

**Methods and sources**

Employer and industry sources include strategy documents (Nasscom, 2009, 2010) and author transcriptions of sessions from Nasscom conferences (Leadership Forums and BPO Strategy Summits, 2009, 2010). Additionally, 12 on-site interviews were conducted with BPO senior management (February /June 2009), three from ‘captives’, four from global MNC companies and five from Indian third-party providers (Table 2).

Semi-structured interviews were conducted with employees in Bangalore, Hyderabad, Mumbai and Delhi (February, June and September 2010). Interview schedules followed pilots and probed experiences of redundancies, job security and mobility, labour market conditions, attrition, cost-cutting, work timing, work intensification, targets and performance management. Subjects were identified through snowballing techniques following contacts made in previous research (Noronha and D’Cruz, 2009a; Taylor *et al*., 2009). Altogether, 35 off-site interviews, lasting between 45 minutes and 2 hours, were taped and transcribed; 15 in Bangalore, nine in Delhi, seven in Mumbai and four in Hyderabad (Table 3). Quotations are attributed to the interviewee according to the locational identifier in the final column of Table 3 (e.g. Bang1). Typical of the international-facing BPO industry, all interviewees were graduates, whereas three held higher degrees.

The mean age was 28, which accurately reflects the youthful BPO workforce. Four interviewees, with 12, 12, 10 and 8 years’ employment, respectively, considered themselves BPO ‘veterans’. Most had experience of more than one BPO company, whereas some resembled the stereotypical ‘serial agent’, who flitted between workplaces in pursuit of better conditions. It is notable how few had commenced current employment after late-2008.

Reflecting the sector’s organisational diversity (Kuruvilla and Ranganathan, 2008), the sample includes employees of Indian third-party firms, multinational service providers, in-house operations (‘captives’) and one joint venture, distributed between customer interactive and back-office roles. Two characteristics give confidence that the reported experiences provide reliable insight into the impact of crisis. First, there is ‘vertical’ (i.e. sectoral) representativeness; around a half worked on financial services processes, followed by those in telecoms and IT/computing. Second, the location of clients and end-customers, in the US predominantly the UK, reflects industry activity.

A final strength comes from the fact that interviewees were asked to reflect both on their own experiences and those of friends and family working in the sector. BPO employees form city-wide occupational networks that engage their ‘members’ in constant comparisons of pay, conditions and job opportunities and are a sensitive barometer of local labour markets and working conditions within and between firms.

**Employers’ perspectives on crisis**

The 2008 crisis followed a decade of sustained growth in BPO (Table 1). Employment figures for 2009–2010 reveal the immediate impact of crisis, but the trend is of significantly reduced growth rather than contraction. Nasscom (2009: 39–40) conceded that the industry was divided between optimists and pessimists about its likely effects. The pessimists, a minority of employers, raised profound concerns regarding the recession’s severity. At the first post-crash Nasscom Leadership Forum, the Chairman of Infosys (Narayana Murthy) emphasised the similarities with 1929. Vineet Nayar, CEO of HCL (12/02/2009), believed the industry was ‘in a dark tunnel because clients are telling us they are in trouble’. Senior managers gave evidence of declining transactions, of clients insisting on contract renegotiation and price reductions, and little prospect of major new projects.
Table 2: Senior management interviews

<table>
<thead>
<tr>
<th>Title</th>
<th>Organisation type/market served</th>
<th>‘Vertical’ sector(s)</th>
<th>Back office/call centre</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captives</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Senior HR Manager</td>
<td>UK-owned-UK customers</td>
<td>FS</td>
<td>BO/CC</td>
<td>Bangalore</td>
</tr>
<tr>
<td>HR Manager</td>
<td>US-owned-US customers</td>
<td>Computing</td>
<td>CC</td>
<td>Bangalore</td>
</tr>
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<td>Operations Manager</td>
<td>US-owned-US customers</td>
<td>FS</td>
<td>BO/CC</td>
<td>Mumbai</td>
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<tr>
<td>Global Service Providers</td>
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<tr>
<td>HR Manager (Reward)</td>
<td>US-owned-US customers</td>
<td>Diverse mainly FS</td>
<td>Mainly CC</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Operations Manager</td>
<td>US-owned-US customers</td>
<td>Diverse including FS</td>
<td>Mainly BO</td>
<td>Noida</td>
</tr>
<tr>
<td>Site Manager</td>
<td>French-owned-UK customers</td>
<td>Diverse including FS</td>
<td>BO/CC</td>
<td>Noida</td>
</tr>
<tr>
<td>HR Manager</td>
<td>UK-owned-single UK client</td>
<td>FS</td>
<td>BO/CC</td>
<td>Mumbai</td>
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<tr>
<td>Indian Providers</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ops/Marketing Manager</td>
<td>US customers</td>
<td>Diverse mainly FS</td>
<td>BO/CC</td>
<td>Bangalore</td>
</tr>
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<td>Call Centre Manager</td>
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<td>Mainly telecoms</td>
<td>Mainly CC</td>
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</tr>
<tr>
<td>Call Centre Manager</td>
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<td>FS</td>
<td>Mainly CC</td>
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<tr>
<td>Senior HR Manager</td>
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<td>Diverse including FS</td>
<td>BO/CC</td>
<td>Gurgaon</td>
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<tr>
<td>Operations/Site Manager</td>
<td>US and UK customers</td>
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<td>BO/CC</td>
<td>Gurgaon</td>
</tr>
</tbody>
</table>

NB: FS, financial services; BO, back office; CC, call centre.
<table>
<thead>
<tr>
<th>Sex</th>
<th>Degree</th>
<th>Age</th>
<th>Role/grade</th>
<th>Years in company</th>
<th>Years in BPO</th>
<th>Company type</th>
<th>Back office/call centre</th>
<th>Sector</th>
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<td>BO</td>
<td>F&amp;A</td>
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<td>Telecoms/IT</td>
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Conversely, optimists stressed the past decade’s growth and the possibilities arising from the medium and longer term responses of lead firms to recession. Driven by intense cost-cutting, they would renew or expand offshoring and outsourcing. This optimistic narrative derived from an influential report on the long-term prospects for IT-BPO (Nasscom-McKinsey, 2009). Irrespective of short-term recessionary effects, the ‘addressable’ global BPO market was growing. India was well placed to benefit from decisions to offshore, if service providers could increase their client appeal by going ‘beyond labour arbitrage’ and capturing domain knowledge.

Pessimists and optimists were united, though, by a shared understanding that service providers in India must capitalise on post-crisis conditions to reduce operating costs to enhance attractiveness ‘when the turnaround came’. McKinsey recommended a ‘transformation of the existing cost structure’ (Ganesh Natarajan, 12/02/2009). Reflecting client demand for efficiencies, McKinsey insisted that costs reduce by 20–30 per cent through ‘performance excellence’, a combination of platform and process improvements and changes in labour utilisation, including headcount reduction and per capita productivity increases. Although ‘process and people changes are difficult to separate’, an Operations Manager of a third-party provider conceded (Interview, 26/02/2009), senior management at conferences and interviewed put most stress on labour/HR initiatives. The CEO of Tata Consultancy Services expressed a widely held view when urging the removal of ‘the inefficiencies in labour productivity and labour costs that had accumulated’ during the period of rapid growth (Ramadorai, 13/02/2009).

Driving leaner processes, the recession could be ‘a blessing in disguise’. Site managers gave evidence of execution. The senior HR Manager of a Bangalore-based provider, specialising in US call centre services, stated ‘If 12 people were required for a process, I would now look for 8 people, there’s no flab, no buffer, much greater flexibility’ (Interview, 20/02/2009). All senior managers interviewed (Table 2) reported a major focus on performance management. The Operations Manager of a US-owned provider based in Noida reflected on its ‘recent transformation’.

Of course, we had performance management and appraisals since starting in India [2004]. They are our DNA. But much of the time they were only on paper. On some processes clients demanded high performance standards, so we pushed people hard because we were closely measured. There was always a problem in the background, because you had to keep people—even reward them—when they were not performing, you didn’t want to feed attrition. That’s changed. We are now very detailed in what we do. People below standard get one chance to improve or they are terminated. We have cleaned out the underperformers. (Interview, 16/06/2009)

Managers believed that the crisis had altered labour market dynamics, ending the period of growth and labour shortages that had placed individual employees in a relatively strong bargaining position (Nasscom-McKinsey, 2005). A telling summary of people management consequences was given by a senior HR Manager of a Bangalore-based UK captive.

Three problems have been solved through market changes—attendance, attrition, discipline. People are more likely to stay than look for another job with another company. Their timings are going to be good, their attendance is going to be good. They work harder and there is less misconduct. We have experienced all this in the last few months. HR spent years trying to control employees internally and now the external situation has given the solution. (Interview, 18/02/2009)

Thus, post-crisis, senior management were determined to undertake significant cost-reduction measures that centred on changes to labour utilisation and remuneration.

**Employee experiences and perceptions of crisis**

Employee experiences include the impact of redundancies, employment insecurity and the changed labour market, as well as the effects of cost-cutting and changes to working time. Following accounts of work intensification, increased targets and performance management, the section concludes with employees’ general reflections on work and employment in BPO.
Redundancies, insecurity and labour market

Many of those immediately affected were engaged on financial services processes for US customers. One recalled the ‘sense of panic’ that swept his workplace and how ‘no one knew what was going to happen over the next few days’ (Bang2). The widespread perception in the words of a team leader was of ‘meltdown across most of the industry’. Yet financial services are not undifferentiated and experiences varied. The greatest job loss was undoubtedly in banking, but in other workflows, such as medical insurance, employees discerned no effects (Bang3; Bang8). One counterintuitive outcome of the sub-prime crisis was that it generated huge call volumes on debt and collections processes. Thus, the immediate impact was for the most part sectorally contingent. Employees on telecoms and computing/IT were generally less affected and technical helpdesk work was often unchanged. One interviewee (Del5), who provided services for Microsoft, said retrenchment never happened. Exceptions did exist in telecoms; Del1 experienced ‘cut backs, redundancies and layoffs’ when working for HCL.

Entry-level roles were most vulnerable (Del4), including the 1,600 made redundant at Delhi company vCustomer (Del2). Yet, certain organisations eliminated more costly higher grades. Bang5 recalled, ‘They sacked managers and team leaders the quickly promoted . . . in areas where there were 4–5 team leaders, 2–3 were thrown out’. Bang6 reported that ‘more expensive older workers were targeted’. The inevitable outcome of hastily enforced redundancies was widespread insecurity. Decisions to lay-off senior management were momentous. For Del4, better paid managers, scathingly referred to as ‘white elephants’, were given ‘pink slips’ (redundancy notices). The effect was to ‘scare lower strata subordinates that if they were not getting spared, then what are the guarantees for us?’

Employees had to adjust to changed labour market conditions. Crisis abruptly ended employment growth in the ‘overheated’ Tier 1 cities, in which rising salaries, bonuses and high attrition had become the norm (Nasscom-McKinsey, 2005). All interviewees reported difficulties. Experienced employees with excellent employment records who were out of work in late-2008 and 2009 had to attend several unsuccessful interviews before being engaged, as ‘the small number of hiring employers could now pick and choose’ (Bang 2). Attrition declined significantly. Bang1’s testimony was typical; she reported how she and her acquaintances had ‘stuck to their jobs, as they had their futures to consider’. Another commented:

I noticed something with [fellow] employees. They had a mindset that if they left the present organisation they might not get another job, or if they did it would be at lower salary. (Hyd2)

The widely held belief was that there was no alternative but to accept changed employment conditions and wait for the market to improve. Remaining with their company often entailed redeployment from cancelled or contracting projects. Firms often used ‘the bench’ as a means of retaining experienced staff while maximising internal labour market flexibility. The practice3 involved keeping employees on the books, paying them minimum salaries or retainers, and deploying them appropriately when posts became available through ‘natural wastage’, enforced exit or new projects. Management claims that the bench provided protection were countered by employee complaints of its permanent insecurity.

The problem with the bench is you are expendable. Basically, it is a trauma that some people go through because you are in the office and you’re doing nothing, and you know you are the first to go if something hits the roof. (Bang5)

With hiring frozen and minimal attrition, promotions largely ceased. Del4 recounted how the recession cost him ‘an agreed promotion’. Internal Job Postings (IJPs) in pre-crisis conditions was designed to engender employee commitment and foster loyalty by providing agents with competitive opportunities to progress internally. Achievement depended on successful performance and on gaining accreditations. IJPs and personal development training were curtailed or ceased altogether.

All my BPO friends . . . told me there were no more IJPs. It affected me. I had gone for an IJP, which they did not finalise because they did not get the business. In the last two years, they have not recommended any new employees. (Del2)
Some interviews suspected duplicity in that companies maintained the formality of IJPs without offering the promised opportunities (Hyd2).

**Effects of cost cutting**

Interviewees gave ample evidence of the consequences for remuneration. Most commonly, no ‘pay hikes’ occurred for two years. Salary adjustments linked to performance-related pay had hitherto been widely used and increases awarded according to banded appraisal scores. Interviewees reported the ending of this pay element.

Appraisals used to happen in 2007–2008, when people were given awards for exceeding expectations or even the normal, the big chunk, who were meeting expectations. They used to get 7–10%. But last year there was no appraisal. (Del1)

Bonuses and add-ons, previously part of packages designed to retain or attract employees, were abolished or reduced. Although pay cuts were implemented, employers preferred the tactic of removing ‘underperforming’ employees, to accommodate ‘freshers’ on lower pay. Del4 reported a monthly salary cut from 20,000 to 15,000 rupees.

Now they employ people at 8–9k a month, when previously it was 14–15k and they know that people do not have better options, so either you take it or leave it. (Hyd3)

Micro-management of cost-cutting often bordered on the obsessive. Some firms suspended free transport or no longer provided air-conditioned cabs (Del1; Del3; Del4), which caused considerable discomfort in summer months. Others described how pick-ups and drop-offs were minimised, decisions that exacerbated women employees’ well-grounded safety fears and extended travel times (Del7; Hyd2; Mum5). Canteen subsidies were cut (Bang5; Hyd2) and grievances surfaced regarding food quality. Hyd1 reported that management stopped supplying glasses and tissues at water coolers. The much publicised fun activities were often terminated; ‘the facilities—the gym and the other recreation activities have gone’ (Del5). Some cuts appeared comical. Del4 recalled that HCL cut the power to the lifts making staff climb stairs, with managers insisting, literally, that ‘We ought to cut out the flab’, justifying this cost-cutting with a concern for workers’ well-being.

**Working time**

Several stated that eight working hours per shift had been extended to nine plus one-hour unpaid break. A front-line manager (FLM) of a multinational providing voice services for US customers reflected.

We moved to a 10-hour day, a 50-hour week. That was the tremendous change that happened in late-2008. People were not happy about it but they didn’t have a choice. (Del3)

Bang2 provided an extreme example of a trend that inevitably had negative effects.

They extended work from 9 to 12 hours and sometimes 15. It did not happen every day, but at least 15 days a month. We would start at 4pm, and instead of finishing at 1am, it would be 3am. People left because of these timings.

Management exercised its ‘right to manage’ leaving employees feeling powerless; ‘You had to work however much they told you’ (Bang5). The practice of ‘stretching’ forced workers to start before the formal commencement of shifts and to remain engaged on tasks after shift’s end. ‘Stretching’ was more injunction than expectation and, despite no contractual requirement, employees faced severe penalties if they did not comply.

Stretching one or two hours is normal and unpaid. An extra day was given to people but not as an option. There was big pressure to come in, because if you want to stay in the company . . . you definitely have to follow your manager. [If you had not come in] you would have been on the ‘first’ list. (Del2)
Saturday working became almost compulsory in many firms, and employees were made aware of the consequences following non-attendance.

We now needed to work Saturdays. If you did not a mark was put against your name and you were declared absent. If you did that three times you’d get a warning, and if you got three warnings you were out. Although Saturdays were not written into contract, you knew what would happen to you if you did not work. (Del7)

Extended working could be catastrophic for morale. Even in the relatively more benign pre-recession conditions, employees had expressed displeasure at the length of hours, the shift timings and the impacts on health and personal life (Taylor and Bain, 2006b; Noronha and D’Cruz, 2009b). How much more profound was employee dissatisfaction following such extensification?

They were not happy at all with the change in hours. Who wants to work an extra hour, especially when they are not getting paid? The workplaces in Delhi are very far from where people live. I work in Gurgaon, so I travel 3–4 hours every day. A ten hour shift becomes 14 hours. It leaves me only 6 hours for sleep. (Del4)

**Intensification of work, targets, performance management**

Most organisations, even if they did not immediately downsize, let attrition, redeployment and/or the dismissal of ‘underperformers’ reduce workforce size. ‘Doing more with less’ became the managerial mantra. What was justified as exigency became a permanent condition, and the implications for employees became quite apparent.

. . . they [managers] got into a mode where they were thinking that if the work can be done by fewer people, why employ more? (Del1)

The most tangible manifestation of intensification lay in ‘widened parameters’ or ‘increased metrics’, whatever the preferred term. Employees understood that intensification originated in the greater demands placed by lead firms on Indian suppliers (third-party or captive). They experienced changed SLAs as increased targets.

The matrix is what governs the payment that the company gets from the client. Client satisfaction and AHTs are part of the matrix. Since late-2008, the company got less margin from the client so they changed the parameters, which means we work harder and longer. (Bang5)

The efficiency and target level dictated from abroad increased over the last two years by 20–30%. These demanded more pressure on speed and turnaround times. (Bang2)

The interviewees complained of target escalation. Bang9 stated that on a specific process at Infosys applications completed increased from 16–17 to 42 daily. Bang3 described how targets had to be reached ‘at any cost’ by five instead of ten workers. Higher quantitative metrics and qualitative criteria in the form of customer satisfaction scores were demanded.

We have been hit with shorter AHTs, tighter wrap times, but we must always improve customer satisfaction. It’s impossible to clear the bar on the numbers and keep quality high, let alone make it better. (Mum6)

Evidence suggests that in sharply competitive market conditions pre-crisis, work had already intensified (Taylor and Bain, 2006b). Testimony indicates that the gaps between tasks that had narrowed in recent years were minimised further.

You can’t even take 5 minutes to go to the loo. If you take more than 2–3 minutes the managers search for you. [After breaks] if you’re late by even one minute, they put your name up on the TV, on the ‘late list’. (Bang5)

Dissatisfaction with performance management revealed pervasive feelings of insecurity. Bang4 reported that workers were given only two months to ‘get up to speed’ before being ‘shown the door’, whereas Bang5 revealed that underperformers had ‘three chances in a month’ to demonstrate proficiency on calls, but if weekly monitoring did not show improvement then ‘you would get thrown out’. The fairness of ratings was questioned.
Score ‘normalisation’ disadvantaged those on complex and time-consuming tasks, or those handling lengthier calls. Bang9 highlighted this equity deficit; ‘I might do 20 cases a day, and someone doing 50 cases will get a higher processing score, but my cases are more difficult’. Several believed that managers deliberately rated their performance lower than merited ‘so that there was no need to pay high salary’ (Hyd3). The most trenchant criticism was reserved for the targeting of ‘underperformers’.

... a lot of pressure is put on underperformers. Management repeats the message, ‘There are a lot of people waiting outside for a job, so if you don’t perform they will take your place’. (Bang1)

In the pre-recession scenario, if they wanted to chuck someone out there had to be some solid reason. But in the recession when there’s so much pressure—heavy targets—there’s a clear line between performers and non-performers and it a Darwinian theory of the survival of the fittest. That gives some companies the justification for firing those employees. (Del4)

Del5 reported an instance where a top performer over several years was laid off, because the company considered ‘only the past three months’. Even in less affected sectors, extreme micro-management became the norm.

... people now treat each call with great care. They fear that whatever they say... even a slight mistake, their job might go. I have seen people sitting beside me and five minutes later they’re gone. They have a separate compliance team who grab the cases and point out the people who should be taken out. That makes an employee live in fear, work in fear. (Del5)

FLMs provided insight into the conflicting pressures placed upon them, accountable to senior management for satisfactory performance while simultaneously ensuring that team members are sufficiently motivated to deliver the quantity and quality required by SLAs.

I basically act as some sort of insulator between the manager and employee. I tend to absorb that pressure, because if I pass it on they would not be able to perform... I’ve seen many employees getting chucked out just because they were not able to manage pressure, which was simply transmitted by other supervisors. (Del1)

Despite the preparedness of some FLMs to shield subordinates, albeit for reasons of self-interest, there were limits to the protection they would afford. Ultimately, FLMs were SLA compliant.

SLAs changed and targets increased. Whatever the SLAs are, we make the targets a bit higher so we shorten the minutes of wrapping calls or add a couple of percentage points to customer satisfaction scores. When targets become stringent, we become stringent. Pre-recession, it was ‘OK, you made a mistake’. But now if you make a single mistake, the whole escalation procedure happens. (Del3)

Reflections on work and employment in BPO

Interviewees offered a broader critique of employers’ and the industry’s responses to crisis. Several common themes were articulated. It was widely perceived that companies were exaggerating job insecurity in order to justify salary cuts and pressurise employees into working harder.

They exploited the situation, saying that there are no jobs, so people would think that they’ll never get the chance to get out of the company. If you’re ready to work, you work extra, but you’ll be paid less. So complete exploitation in the name of the recession. (Bang5)

Intensification was unjustifiable given the profits their employing companies were still making. Furthermore, if the market revived or if new orders were placed, targets would not be relaxed and the harassment of underperformers continued.

Companies were saying that as there was a recession they would not be able to give us certain facilities and rewards. On the contrary, there was a recession in the US and Europe, but it was not affecting the Indian BPO industry which was making huge profit margins. (Hyd3)

This evidence suggests a shift in expectations. The cohort admitted having become openly critical of their employers in ways that they had not been during pre-crisis
years. The changes in labour utilisation practices brought salutary lessons. Agents now understood the industry was vulnerable to external shock. If, in the period of rapid growth, career expectations had been widespread, the future seemed far less capable of delivering on that promise.

Employees have learned big lessons compared to the employers. What we have learned is that the Indian BPO industry is not secure. (Bang2)

Discontent focused on perceptions that employers had used the crisis as a pretext for ramping-up productivity. There would be no return to pre-2008 conditions.

We’re like slaves. We’re not treated as normal human beings. People will bite back. It’s only because of recession that people did [put up with] these things, but people are now beginning to leave the company. It’s a backlash . . . (Bang5)

A recurring theme of employees’ reflections was the level of salary and remuneration. Several authors showed that pay had been generally higher in BPO than elsewhere for these graduates in the Indian labour market (e.g. Taylor and Bain, 2006b; 2010; Noronha and D’Cruz, 2009b: 102–103; D’Cruz and Noronha, 2010). The outcome had been a certain level of satisfaction, notwithstanding the pressures of demanding work (D’Cruz and Noronha, 2013a). This post-crisis testimony suggests an attitudinal change.

35k per month is not a lot; because you have to shell out 30% of pay on accommodation. It has changed the way that I think about my job and the industry. There is dissatisfaction from comparing pay across countries. It’s normal psychology. If I do the same job, the same work, the same hours, why am I not paid the same? That is how it is perceived. The recession was over in 2009 and we still haven’t received pay hikes. Why? This is the first question on everyone’s mind . . . If [employers] do not give it to us now, it’s like justice delayed is justice denied. (Del3)

Resentments over pay, combined with an unforgiving labour process and job insecurity, prompted reflection on how BPO employment had lost its attractiveness.

. . . there is a sense of fear in each person’s mind that if there’s a slight change that happens in the targets or the SLAs . . . they may lose their jobs. Job security has gone. Of the 200 who started with me, two are left. Even people working with me right now want to leave. (Del5)

A harsh reality dawned . . . that the industry is transient. People do think differently about their jobs; they don’t have many expectations and loyalty has suffered. The zest and passion they used to show before this kind of treatment has changed. Now they come to work and go home. The emotional contact with their company has gone missing. (Del4)

**Conclusion**

The evidence from the employer/industry and employee sources demonstrates the disruptive effects of the ‘Great Crisis’ on the Indian BPO sector. Yet, the diminished growth rates reported by Nasscom (2009, 2010) only gesture towards the dramatic changes in work organisation and social relations of production precipitated by the crash. Employees provided fulsome testimony of profound insecurities generated by the fact, or fear, of redundancies and retrenchment, and of the consequences for their aspirations due to constricted local labour markets. The ability of agents and team leaders, pre-crisis, to leverage pay improvements internally or through inter-company mobility (e.g. Budhwar et al., 2006; Deery et al., 2013) was abruptly curtailed.

This disjuncture cannot be explained solely by reference to political-economic, market and sectoral and dynamics and organisational decisions within India. To return to this article’s point of departure, Indian BPO must be understood within the context of the global flows of capital, technology and knowledge and the spatially shifting international divisions of labour (Russell, 2009). It is a truism, but one often neglected, that levels of BPO employment in India, the domestic sector excepted (Taylor et al., 2013), are essentially dependent on decisions taken in the boardrooms of lead firms in developed countries. Given that the United States and UK were responsible for 82 per
cent of Indian BPO, crisis in their economies would inevitably have significant effects. Considering the global–local dialectic from this perspective, the former dominated the latter.

In volatile market conditions, many lead firms sourcing from India either reduced demand or cancelled contracts, including Citigroup and the Bank of America. They also yanked hard on their transnational servicing chains, seeking to eliminate unnecessary slack or waste. The SLAs, which coordinated the links in these chains, were invariably adjusted; targets increased and productivity improvements pursued. The recalibrated ‘deliverables’, for which site managers were responsible, were translated downwards into revised metrics for middle managers and FLMs who, in turn, directed subordinates to do ‘more with less’. Thus, cost-cutting imperatives driven by lead firms (in outsourced relationships) or by HQs (in-house arrangements) were articulated with significant efficiencies from remote service centres. The outcome was micro-management. Remuneration practices, according to employee testimony, were transformed. For years, Indian management had striven to rein in wage inflation and restrict diverse inducements to control attrition and enhance retention. The changed balance of labour supply and demand provided employers with opportunities to overcome the legacy of what they regarded as excessive reward. Parsimony included limiting, or ending, subsidies on food and transport or terminating corporate bonding, ‘fun’ activities.

Important manifestations of productivity-raising were adjustments to working time. In pre-crisis years, ‘voice’ agents, principally, had cited shift timings, the synchronisation of work hours to service distant customers (Mirchandani, 2004; 2012; Poster, 2007; Noronha and D’Cruz, 2009a, b), and work duration (Taylor and Bain, 2006b; 2010), as major grievances. Following the crash, an ‘extensification’ of work time was reported. Contracts were changed and agents were required to work additional hours. Equally significant was ‘stretching’, where agents were expected to perform unpaid labour, a practice pre-dating the crisis, but which has become more widespread as a consequence of it.

However, nowhere was the articulation of cost-cutting between lead firm—or corporate centre—and Indian servicing sites more evident than in work intensification, increased targets and performance management. Indian call centre/BPO work had consisted largely of transactional workflows accompanied by rigid job controls and tough targets (Taylor and Bain, 2005; 2006b; Batt et al., 2005; D’Cruz and Noronha, 2006; 2009b; Mirchandani, 2012). However, recalibrated SLAs produced step changes in targets, managerial control and discipline. Increasing amounts of effort have been squeezed out of workers as the porosity of work time has reduced. One limitation of this study, though, might be that employees were not always able to explicitly relate their experiences to the specific decisions of lead firms to change SLAs. Respondents were often reflecting on the effects of changed SLAs for them, without having full knowledge of the causal chain with which they were connected.4

Bullying behaviours (D’Cruz and Rayner, 2013) might flourish in the climate of insecurity caused by relative job scarcity and harsh performance management practices, which identified, pursued and exited ‘underperformers’. Employees’ vulnerability is exacerbated by the absence of meaningful representative mechanisms (Taylor and Bain, 2008; 2010; Noronha and D’Cruz, 2009b). The failure of an embryonic union initiative has hardly helped to restrain the unfettered exercise of managerial authority (D’Cruz and Noronha, 2013b).

This study makes several contributions. Analytically, it affirms the utility of the GCC, GVC and GPN frameworks, and in particular Taylor’s (2010b) synthesis of elements of each, to analyse the call centre/BPO transnational servicing chain. The conditions of labour at the ‘remote’ worksite of the developing economy are connected with the corporate priorities of lead firms in the developed economy. The SLA articulates the links in the servicing chain and aspires to make explicit the transactional costs involved. Empirically, it fills an important knowledge gap for, apart from D’Cruz and Rayner’s (2013) study of bullying, there is no published work on post-crisis work and employment in Indian BPO.

The empirical focus is on the two years following the financial crash. Therefore, the findings, compelling though they are, must be regarded as provisional in respect of the longer term effects of crisis and recession on BPO. This is an exploratory study that points to the need for future research with a more extended time frame to answer a series of questions. To what extent did the changed experiences of work reported here become more permanent conditions? In what ways have SLAs been subject to further revision? To what extent have performance management measures, applied with such rigour in the aftermath of the crash, been extended or conversely relaxed as the immediate crisis passed?

Finally, a longer term investigation into work organisation, employment relations and HRM would permit more informed judgement on the sustainability of earlier depictions of BPO work. To the extent that professional identity (D'Cruz and Noronha, 2006; Noronha and D'Cruz, 2009b) was a valid characterisation during the industry’s formative period, in what respects is it still appropriate? ‘Professional identity’ was constructed by employers to mobilise employee commitment and was embraced by employees to reflect their own sense of responsibility, commitment and professionalism, and their awareness of their qualifications and ability. Might not the consequences of crisis have brought home to many more BPO employees than before the rhetorical element in employers’ high commitment management (HCM) practices (D’Cruz and Noronha, 2012)? What is left are the claims of HCM without the substance, just like the smile on the face of the Cheshire cat in Alice in Wonderland, which remains as its body vanishes. A broader question concerns historical contingency. Just as earlier representations of Indian BPO might be challenged by the effects of economic disruption, so too might future exogenous shocks induce further far-reaching change in transnational servicing chains and, consequently, the conditions of work and employment. It remains to be seen whether Indian BPO employees are able to develop forms of collective organisation to counter these relentless waves of work intensification.

Notes

1. Evidence suggests that a key role was played by ‘captives’ or overseas-based multinational service providers, particularly GE, in diffusing performance management techniques such as forced rankings.
2. McKinsey in a series of key reports (Nasscom-McKinsey, 1999; 2002; 2005; 2009) had promoted the industry, provided a conduit between government and service providers, and shaped the direction of the industry.
3. The use of the bench pre-dates the recession.
4. Notwithstanding the degree of compulsion from SLAs, Indian managers were quite willing on their own initiative to utilise the prevailing ethos of crisis in order to push back the frontier of control.

References

D’Cruz, P. (2012), *Workplace Bullying in India* (New Delhi: Routledge).


