Smart City North:

economic and labour force impacts of call centres in Sudbury, Ontario

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ABSTRACT

Geographers debate the value of telecommunications-mediated jobs (or ‘eWork’) for the economies of smaller, deindustrialised and rural areas. Against the backdrop of globalisation, various regions across Canada are courting knowledge-sector business development. Sudbury, a medium-sized northern Ontario city, has invested heavily in telecommunications infrastructure and touted its assets and resources to potential employers in order to help its ailing economy. Since the late 1990s, Sudbury has attracted some ten new call centres, with a combined labour force numbering about 4,000. In this article, we use Sudbury as a case study to consider the overall effects of eWork on a local labour force and a regional economy. From the combined perspectives of employers, unions, municipal planners, local economic development officials, and academic researchers, we assess the net impact of these new economy jobs.

Introduction

At its April 14, 2004 meeting, the city council of Sudbury, Ontario noted with disappointment that a new book, Cities Ranked and Rated (Sperling & Sander, 2004) had ranked Sudbury last among 30 Canadian metropolitan areas, but took heart one year later when, on May 27, 2005, Sudbury was identified among Canada’s best cities on an index of economic activity. In that World Markets survey, the Sudbury metropolitan area, ranked seventh among Canada’s largest cities (CIBC, 2005). Different indices, different times; do these differences reflect real change or just issues of measurement? Sudbury, a medium-sized Canadian city in northern Ontario, a four- to five-hour drive from Toronto (Canada’s largest metropolitan area), is a resource-based community that in recent years has suffered significant unemployment and out-migration in the face of loss of its mining jobs. Sudbury’s population declined 6% from the 165,618 reported in the 1996 census to the 155,601 recorded in the 2001 census (Statistics Canada, 2001). Sudbury’s employment rate – the percentage of working-age persons actually
employed – was 58.5% in June 2006, 5.3 percentage points below the Ontario average and the third lowest rate in Canada (Lange, 2006).

In the face of these economic and demographic pressures, Sudbury’s city council has been attempting to rescue its economy. Part of its strategy has been to wire the city to make it attractive for information and communications technology (ICT)-based firms. The city has recently expended considerable resources to court new call centre business. Steedman (2003) quotes former Sudbury mayor Jim Gordon’s prediction of the benefits to the city: ‘the financial impact of these new jobs will create tremendous opportunities, not just for the downtown, but for the economy of the entire region’ (Steedman, 2003:4).

This article reports on a case study of Sudbury’s burgeoning call centre industry to consider the economic and labour force impacts. First, we review literature on the economic and labour force impacts of ICT-based industry on smaller cities and regions, particularly those far from major metropolitan areas. We also look at literature on the quality of call centre jobs and the demographic profile of call centre workers. Following discussion of Sudbury’s economy from a historical perspective, we describe the growth of its call centre industry. Finally, using available quantitative data and interviews with key informants, we evaluate the impacts of ICT-based industry on Sudbury’s economy and labour force.

Research on the economic impacts of call centres

Call centres, also known as contact centres, are a relatively recent phenomenon. Facilitated by developments in ICTs and motivated mainly by a desire for cost savings, firms are increasingly relocating back-office activities to areas spatially separate from front-office functions. Initially, back-office activities were relocated to suburban locations, where there was a large pool of skilled clerical workers (mostly female) willing to work for relatively low wages (Gad, 1985). This has begun to change, with firms increasingly siting back-office activities in more remote locations (Breathnach, 2000). The question becomes: what are the economic impacts of call centres in these regions? Are call centres an economic ‘silver bullet’?

Richardson and Gillespie (2003) examined the development of call centres in rural Scotland. They suggest that there are many economic benefits of locating this industry in areas characterised by declining traditional industries and rising unemployment. Conversely, there are shortcomings associated with work in call centres that limit their effectiveness in addressing an ailing economy. For example, call centres create jobs and, in doing so, they provide opportunities for employees, the majority of whom are women, to update their skills. However, the jobs created tend to be low-end in terms of skills, pay, and opportunities for advancement, especially if the call centres are not ‘higher order’ (requiring higher levels of skill, education and training). Call centres bring new investment in technological infrastructure, but this raises concerns about the potential for job creation because new developments

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1 Key informants interviewed include: municipal politicians and government officials, local economic development officials, academics, call centre managers (human resources, staffing, and operations), call centre workers, and trade union representatives. Company names have been anonymised throughout this article.

2 Back-office activities are those that require little face-to-face contact These activities tend to be highly routine, automated and labour-intensive' (Breathnach, 2000, p.480).
in ICTs may reduce the need for human intervention, thus reducing job numbers. On balance, Richardson and Gillespie conclude that, while there are drawbacks, ‘the attraction of mobile call centres represents … a viable – if time-limited and partial – route to economic development for at least some rural areas’ (Richardson & Gillespie, 2003:104).

Studying the call centre industry in Dublin, Breathnach found that call centres have helped the region overcome its isolation. However, although living standards have risen substantially, due in part to the creation of call centre jobs, much of that employment is poorly paid – a fact that Breathnach attributes to ‘the high proportion of women workers in the sector, despite their high skill levels’ (Breathnack, 2000:482). Furthermore, call centres are not firmly embedded in the local economy: ‘…with few local economic linkages and little fixed investment in machinery and equipment they therefore can be relocated quite readily’ (Breathnach, 2000, p.483). As a result, in attracting back-office operations, Dublin’s economy remains dependent on investment ‘whose continuance is externally determined’ (Breathnach, 2000:484).

Other studies (Larner, 2002; Richardson & Belt, 2001; Richardson, Belt, & Marshall, 2000; Richardson & Marshall,1999; Richardson & Marshall, 1996) have reached similarly mixed conclusions. In sum, the most common economic impacts of call centres found in the literature can be summarised as follows: they create jobs, which in turn generate money for the regional economy; and they bring in IT infrastructure, upon which other industries can build. These impacts are generally said to be minimised by the following limitations: they are notoriously footloose and can be relocated readily, posing a danger to economies which become overly reliant on them; and their jobs do not replace the disappearing resource-based industry jobs as the quality of call centre jobs tends to be low.

Because concerns arise in regional studies about the quality and security of call centre jobs, working conditions in call centres merit examination. It is important to note that not all call centre jobs are created equal. As Paul and Huws (2002) explain, call centres differ, and most can be placed on a continuum between two models: at one extreme is the ‘technological version of the Fordist production line’ and at the other ‘an example of knowledge-based organisation’ (p.16). Typically, workers at outbound call centres (e.g. those engaged in production-line-style telemarketing) are characterised as worse off in terms of quality of work than those working at higher-skilled, higher-paid inbound call centre jobs (Steedman, 2003, p.4). Despite this, there are common characteristics of call centre workers (referred to in the industry as Customer Service Representatives or CSRs) and call centre work.

**Call centre workers**

In general, call centre workers are predominantly young and female. In their study of the call centre industry in Canada, Van Jaarsveld and Frost (2006) found that 69.2 percent of Canadian call centre workers are women. According to Decima Research (2005), the majority of Canadian call centre workers are under the age of 34. The profiles are similar in Europe: according to Peter Bain (2003) and Glucksman (2004), the UK call centre workforce is approximately two-thirds female, with the majority under the age of 30. Bristow, Munday, & Griapios (2000) highlight UK survey research which found that ‘the typical employee in a larger call centre was a 21-29 year-old female…’ (Bristow, Munday, & Griapios,2000:530). In
both Ireland and the Netherlands, 70% of all call centre workers are women (Breathnach, 2000; de Grip, Sieben, & van Jaarsveld, 2005); in Sweden, 76% are women (Lorentzon, 2004). Interestingly, the number of men working in call centres appears to be increasing (Paul and Huws, 2002; Richardson, Belt, & Marshall, 2000). It is also important to note, as Glucksmann (2004) does, that while the gender balance in call centres is similar in North America and Europe, in India, call centre workers are more likely to be young men. Based on surveys of Canada’s call centre industry, a 2004 report by the Canadian Customer Contact Centre Industry (CCCI) reports that 43% of CSRs in inbound centres had a post-secondary diploma or degree, compared with 28% in outbound centres. The report claims that call centres are generally looking for CSRs experienced in customer service, communication, and sales. Many who possess these skills come from retail or the tourism and hospitality areas. Webster (2003) notes that the skills required depend on the sector in which the call centre operates, with centres in financial services requiring the least amount of knowledge or training and centres in the computer services sector requiring a high level of prior knowledge and computer skills. Breathnach (2000) describes a similar skill level ‘divide’ in Ireland, noting that Irish call centres in the reservation and sales subsectors tend to require lower skill levels, while centres in the customer support subsector require technical qualifications and higher skill levels.

A different perspective on the job description and skills required is provided by a union representative’s account of call centre work, citing a night shift worker who had to answer calls in response to a television ‘infomercial’ for a product designed to improve men’s sexual performance:

‘It’s 2:00-3:00 am and men call and you’re a woman answering the call. You can immediately imagine where the conversation goes. And you have to make your quota, you have to sell. Have you got the picture?’

Call centre work

Studying call centres in Manitoba, Guard (2003) found that pay varies according to the type of call centre and whether or not the call centre is unionised, with those in non-unionised call centres earning only the minimum wage. Most sources agree that call centre work is relatively lower-paid work, especially in outbound call centres. In Ontario, the CCCI reports that the average annual CSR salary is CAN$35,280 – the highest in Canada; the lowest is in the Atlantic provinces at CAN$23,370. Hourly are, on average, much lower than those paid for other Canadian service sector jobs: CAN$12.45 as compared with an average CAN$18.50 (Guard et al., 2006). In general, the situation is similar in other countries. For instance, Larner (2001) explains that the ‘relatively low wages’ paid by New Zealand call centres have ‘led to recruitment difficulties’ (p.304). Call centre workers in the Highlands and Islands of Scotland are also ‘at the lower end of the spectrum’ in terms of renumeration (Richardson & Gillespie, 2003, 9.101).

3 According to Glucksman (2004), the predominance of men working in call centres implies that, in India, ‘factors other than employers’ gendered assumptions [that is, the assumption that women are better communicators] are also at stake (notably the cost of educated labour)’ (Glucksman, 2007: 797).
According to the CCCI, ‘the use of part-time staff in the Canadian contact centre environment does not appear to be a significant trend’ (CCCI, 2004:73). Fewer than five per cent of surveyed centres relied exclusively on part-time staff and, while 80% of financial services call centres used part-time staff, part-time workers accounted for less than 25% of the total staff. Internationally, the use of part-time workers in call centres varies. As in Canada, most US call centre workers work on a full time basis (de Grip, Sieben, & van Jaarsveld, 2005). Likewise in the UK, 70% of call centre workers are full-time, signifying a shift away from the hiring of part-time call centre workers (Richardson, Belt, & Marshall, 2000). However, in Germany 43% of call centre workers are part-time and this number rises to 64% in the Netherlands (de Grip, Sieben, & van Jaarsveld, 2005). Having a full-time job in a call centre, however, does not necessarily translate into job security. A union representative notes that even full-time work is organised around short-term ‘campaigns’ or contracts, and can be insecure:

‘Workers are called in for “campaigns”. You work a particular campaign. When that campaign is over, you get another campaign, or they will call you when there is the next campaign.’

According to the CCCI, Canadian call centres have lower rates of turnover than their US counterparts, though these are still high relative to other types of employment. Some contact centres are in a ‘perpetual cycle of replacing staff’ (CCCI, 2004:84). Union sources interviewed reported that many call centre workers are disenchanted with the quality of their jobs, including the bad pay, bad treatment, and health and safety problems, resulting in high turnover rates. The situation is similar in outbound call centres in Dublin, Ireland where turnover rates reach levels as high as 37% per year, attributable in part to ‘the intensive, strenuous and closely monitored nature of the work… - a factor which tends to be universal in this sector’ (Breathnach, 2000:482).

Another important cause of high turnover in call centres is the limited opportunity for career advancement, which, predictably, tends to be more pronounced in outbound call centres. Larner cites ‘limited career paths’ as one of the reasons (the other being the highly repetitive nature of the work) for high turnover rates in New Zealand call centres (Larner, 2001:304). Richardson, Belt, & Marshall (2000) report similar limited opportunities for career development in call centres in North East England Even the CCCI report states, ‘there are not enough opportunities for CSRs to be promoted to supervisory or management type positions…’ (CCCI, 2004:120-121).

The CCCI’s study found that more than 50% of staff in contact centres felt that workplace morale was low, and 40% were unhappy with management support and direction (CCCI, 2004:124). A number of factors have been identified in the international literature as contributing to a stressful call centre working environment: repetitive routines, performance pressures, infrequency of breaks, strict performance measures, and the heavy emotional content of some CSR tasks (Bain, 2003; Paul & Huws, 2002). Bain also points out that round-the-clock work, as opposed to regular

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4 The reason for the high numbers of part-time call centre workers in the Netherlands is attributed to the fact that many Dutch women stop working after their first child is born, or switch to part-time work. This has triggered researchers to label the Netherlands as ‘the only part-time economy in the world’ (de Grip, Sieben, & van Jaarsveld, 2005, p.30). Interestingly, some Dutch call centre managers specifically avoid hiring full-time workers because they believe it to be unreasonable to expect a worker to spend 40 hours a week on the phone.
9 to 5 hours, puts added pressure on workers. Studying the call centre industry in the North East of England, Richardson, Belt, & Marshall (2000) similarly found that ‘The main problems experienced by agents are the intensity of the work, the limited and repetitive nature of the job, and the strain of dealing with customers all day’ (Richardson et al, 2000:364).

Many Indian call centre workers also experience call centre work as ‘demanding, pressurised and frequently stressful’ (Taylor & Bain, 2005:271); likewise in New Zealand, Larner (2001) concludes that ‘Call centres can be difficult places to work, particularly those performing low-end sales or reservation functions’ (CCCI, 2004:304).

The CCCI reports that Canadian contact centres remain largely non-unionised. For example, only 7% of call centres in the Financial Services sector are unionised. A union representative characterises call centre work bluntly as ‘shitty’ but notes that unionisation has improved conditions, including pay. However, stories still emerge of scandalously poor working conditions: ‘One of the supervisors decided that the person that was working the phones was not meeting her quota and told her to keep working, standing up, until she caught up with the quota. And this is a place that is unionised!’

As reported above, call centre jobs are generally held by young women and are not particularly highly paid, at least, not as highly paid as unionised mining jobs. Given that Sudbury is historically a union-dominated mining town with job losses occurring primarily in that sector, is it possible for call centres to be its economic saviour? An examination of Sudbury’s economy from an historical perspective can help to shed light on the effects of the call centre industry on its economy and labour force.

**Sudbury: a history of dependence**

Since the discovery of vast copper and nickel reserves in the area in the early 1880s, Sudbury has grown through cycles of boom and bust. The city reached its zenith in 1970, when nickel reached peak prices and employment in the city’s two mining operations, INCO Limited and Falconbridge Limited, reached 30,000. Unfortunately, changes in the international nickel market ended Sudbury’s boom. INCO, which at one time controlled 90% of the world nickel market, lost its monopoly because of international competition. Advances in mining technology also meant that fewer workers were needed. The effect on Sudbury’s economy was dramatic. By 1983 workers in mining numbered less than 14,000—barely 10% of Sudbury’s workforce (Richardson, 1991). By 1981, Sudbury had lost 4.5% of its population (Buse, 1993). While the decline in mining was offset somewhat by expansion of Sudbury’s role as a regional centre for government, commercial, educational, and health services, the city’s economy was thereafter characterised by high unemployment and low income levels, in stark contrast with the high income and high employment of the early 1970s (Robinson, 2002).

Today, despite continued efforts to diversify (Sudbury, 2004a), Sudbury’s economy is still in trouble. The median household income is CANS$45,206, much lower than Ontario’s average of CANS$53,626 (Statistics Canada, 2001). Sudbury continues to
experience a long-term downward population trend that is unlikely to be reversed because ‘the North has too many people for its economic base’ (Robinson, 2003). There is a large out-migration of those in Sudbury’s younger age groups: between 1996 and 2001, the population in the 25-34 age group declined by 25% (Social Planning Council of Sudbury, 2005). Sudbury’s trend of youth (18-24) out-migration is primarily due to the lack of local job availability (Sudbury, 2005). Sudbury has an ageing population: 13.9% of the population are seniors aged 65 and over, compared with 12.9% for all of Ontario (Statistics Canada, 2001). It is projected that in 2011 the percentage of seniors will reach 16.3% and by 2021 will rise to 21.3% (Sudbury, 2003).

Predictions have been made that Sudbury’s population will continue to decline because of a declining birth rate and ageing population unless more immigrants settle there (Wilkinson, 2005). However, to date Sudbury has not succeeded as an immigration reception area: between 1996 and 2001, only 505 people immigrated to Sudbury (Statistics Canada, 2001). Sudbury continues to face considerable economic and demographic pressures. It is in this context that Sudbury developed its call centre strategy.

**Marketing the Smart City: attracting call centres to Sudbury**

In the late 1990s, Sudbury began investing in costly ICT infrastructure to become an attractive destination for outsourced technology services. The city focused on attracting the call centre industry because it promised the ‘quickest job-creation potential’ (Gordon, 2003). Municipal leaders anticipated that once call centres started to locate in Sudbury, high tech companies such as software development firms would follow. This approach was spearheaded by then Mayor Jim Gordon, who saw the industry as ‘central to economic growth’ (Steedman, 2003:5). According to one key informant, the mayor was ‘very heavily committed to wiring the city,’ promising that connecting Sudbury electronically to the rest of the world would help its ailing economy.

By 2000, the city had laid some 2,500 kilometres of fibre optics and 150 kilometres of broadband cable, readily accessible by business enterprises (HRSDC, 2004). According to the city’s website, Sudbury now had an ICT infrastructure rivaling major urban centres, including New York, Chicago, and Toronto. One Sudbury economic development official describes how a multimedia creative sector company tested the speed of telecommunication between Sudbury and their Toronto head office – and how Sudbury passed with high marks:

“They “pinged” the network right across the street from where they’re located in Toronto and then they did it from Sudbury … And the response was faster from Sudbury than it was down in Toronto!”

Sudbury’s advanced infrastructure has meant that a call centre can choose to locate anywhere in the Sudbury area because, as one source explained, ‘anything that they need in terms of telecom is available in pretty much any location.’

After becoming call-centre-ready in 2000, Sudbury began wooing call centres by promoting the city’s assets. The call centre managers and city officials we interviewed identified the following ‘selling points’ of Sudbury: a state-of-the-art infrastructure; extensive financial incentives offered by the federal and provincial governments to firms locating call centres in Sudbury; non-financial incentives, such as leasehold
improvements, provided by the city; a well-educated labour force, bi-lingual in English and French\(^5\) – the area is well served by post-secondary educational institutions, being home to Laurentian University, Boréal Collège, and Cambrian College; a high unemployment rate, which translates into a large available labour pool; extensive natural resources; good air and water quality; many outdoor leisure activities; and an abundance of available space in which call centres could locate at favourable rents. Thus, call centres did not incur building expenses, allowing them to get established much more quickly than if new builds were required. A city official cautioned, however, that the office space available has decreased in recent years.

To date, Sudbury has recruited several major telephone call centres. While some have since left, at the time of our research there were nine call centres operating in Sudbury, employing several thousand people and it had recently been announced that a new call centre was set to open in the near future, providing a projected 440 new jobs (Northern Ontario Business, 2006). A diverse group, these workplaces included private sector telecommunications firms, public sector and non-profit sector offices (Greater Sudbury Development Corporation, 2005). One centre is a federal government agency satellite office which operates a telecentre in downtown Sudbury with about a hundred employees handling information requests from across northern Ontario. Two others are in the health sector - one a national call centre for a federal agency and one an information line serving the francophone Ontario population. Some of the call centres, such as a contact centre for a telecommunications cable company, are satellite offices of Canadian firms headquartered elsewhere in Canada. Others are foreign-owned, mainly by US-based firms with one or more Canadian locations\(^6\).

In sum, Sudbury has succeeded in attracting call centres. But have these call centres delivered the benefits that were promised to Sudburians? How have call centres affected the economy and labour force of this historically blue-collar mining town?

**Economic saviour? impacts of the call centre industry on Sudbury’s labour force and economy**

Using the four main impacts and limitations identified from the literature and listed above, we can evaluate how Sudbury has fared in the call centre gamble.

**Potential Positive Impact #1: Call centres create jobs, which in turn generate wealth for the regional economy**

Back in 1999 the idea of attracting call centres to Sudbury raised a certain amount of hope in Sudbury as it did in New Brunswick\(^7\), rural Scotland, and Ireland. Jim Gordon promised jobs and this was just what people wanted to hear in a city plagued by high unemployment. In terms of overall contribution to the economy, the numbers are impressive. Steedman (2003) estimates that by March 2002 the call centre industry had created over 3,000 jobs and had contributed CAN$160 million annually to Sudbury’s

\(^5\) 40% of Sudbury’s population is bilingual, which is greater than Ottawa’s level, at 36.6% (Statistics Canada, 2001).

\(^6\) Such shipping of work from the US to Canadian locales has been termed in the media ‘nearsourcing’, in contrast to ‘offshoring’ in which US jobs are exported to India, China, or the Philippines (Gulli, 2004, p. 58).

\(^7\) New Brunswick is an Atlantic Province in Western Canada that pioneered a successful strategy for attracting call centres in the 1990s.
economy. One source estimates that one of the larger call centres alone contributes CAN$20-30 million, depending on the number of employees at any given time. The city’s economic development staff claim that Sudbury’s call centre industry reinforces the economic base because it provides entry-level jobs for young people and jobs – especially second-income jobs – that support families. A high-ranking political official explains that the call centre industry

‘... has created a couple of thousand jobs and many of those have been good-paying jobs and, for some families, if that’s not the primary income source, it’s been a secondary income source. That’s good. It respects the economic diversification strategy that we’ve been pursuing.’

In fact, the gap between Sudbury’s unemployment rate and that of Ontario as a whole has narrowed in recent years (Robinson, 2007b; Statistics Canada, 2007), but it is not known how much of the narrowing, if any, is attributable to the call centres. Robinson (2007a) predicts that Sudbury’s economy will continue to perform well in the near future because of new investments announced by INCO and continued strength in the mining supply sector. because of increasing global demand for raw materials Indeed, one might hypothesise that as the mining sector regains strength, there will be less need for the second income provided by the call centres. While this issue goes beyond the scope of this paper, addressing the impact of the secondary effects that the mining sector may have on service sector employment would be an interesting focus for further research. In general, there is a sense that Sudbury’s recent improved economic performance is the result of a ‘sharp shock’ (Robinson, 2007b) and that the overall trend in mining communities such as Sudbury continues to be ‘shifts downward in employment levels, resident incomes, and infrastructure…’ (Leadbeater, 2007).

Potential Positive Impact #2: Call centres bring in IT infrastructure, upon which other industries can build.

Establishing the city’s telecommunications infrastructure for call centres helped to advance the wiring of the city which, in turn, provided a base for other economic development. For example, because of the city’s advanced telecommunications infrastructure, a Toronto-based multi-media company, Animedia, was able to locate an office in Sudbury. One official at Animedia explains the importance of Sudbury’s infrastructure in the company’s location decision:

‘The infrastructure that was in place at the time was extremely appealing and the mayor and the individuals who were involved in Northern Ontario at the time had a lot of foresight and they actually … made [the city] a contender for working in the high-tech environment … that was absolutely pivotal because they knew that we could easily be linked anywhere in the world.’

Planners hoped that call centres would merely be a ‘stepping stone’ on the way to developing a cluster of high tech firms, such as software development firms and other high tech firms like Animedia, in Sudbury. At present, this has only happened to a limited extent, and most sources agree that a genuine high tech cluster has not yet emerged in Sudbury. Even the city’s economic development boosters cannot find a fully-developed cluster amongst the few high tech companies that have located in Sudbury:
‘We have, I believe, emerging industries that have the potential, I think, to be a cluster but if you looked at the IT and telecommunications sector, I think a ‘cluster’ would be a stretch.’

The city’s 2003 economic development plan, which uses Porter’s (2000) definition of clusters, echoes this sentiment explaining that only the mining supply and services sector fits the definition. Other sectors, such as the high tech sector, ‘are in more formative stages of evolution’ (Greater Sudbury Development Corporation, 2003:16). Some sources say that other high-tech jobs have not really followed in the numbers that were expected because of the crash in the software industry. Others maintain that this is because Sudbury did not put enough effort into attracting these firms, beyond attending trade shows and offering non-financial incentives such as on-site technology upgrades. This was regarded as much less than the effort put in by New Brunswick to attract call centres. In one interviewee’s opinion, Sudbury’s strategy ‘isn’t going to have the legs of the broader strategies that [New Brunswick premier] McKenna followed.’

Potential Limitation #1: Call centres are notoriously footloose and can be relocated quite readily, which poses a danger to economies which become overly reliant on them.

As noted above, call centres are mobile and their corporate ownership is fluid, so there is always a chance they can flee, hurting the local economy. This has certainly happened in Sudbury. One call centre, opened in Sudbury in December 2001 by a US-based marketing firm, closed its doors in 2004. A municipally-owned call centre in the Sudbury region was sold in 2002 to a private sector operator. Another call centre with 50 employees closed because of financial problems resulting from call centre software that ‘didn’t work properly’ (Carmichael, 2005:A4). According to the City of Sudbury’s website, the workforce in one of the large outbound call centres recently dropped from 1,100 to 380 workers (Greater Sudbury Development Corporation, 2005), a drop which some sources attribute to the American ‘Do-Not-Call’ legislation:

‘You can’t meet your requirements, people pull the contracts… it certainly had a very direct effect. ‘ Others attribute this development to a recent unionisation campaign; still others believe that the terrorist attacks of September 11, 2001 were partially to blame when ‘sales dropped off and … we lost contracts’.

Potential Limitation #2: Call centre jobs do not replace the disappearing resource-based industry jobs as the quality of call centre jobs tends to be at the low end.

In Sudbury, call centres have not replaced higher-paying unionised mining jobs, but, according to those interviewed, they were never meant to; they were intended only to form part of diversification strategy. A high-ranking city official puts it this way: ‘[Is the call centre sector] going to replace CAN$75,000 jobs in mining? No. It hasn’t done that. But… it has helped.’ Some of the new jobs created are higher-value technology-based professional jobs with opportunities for advancement. It is generally agreed upon that there is a difference between the quality of jobs created at inbound versus outbound call centres. One source explains:

The US ‘Do-Not-Call’ regulation allows individuals to register their phone numbers with a national Do-Not-Call Register. Telemarketers are prohibited from calling numbers on this register.
'When [call centres] first came to Sudbury, people were calling them “Mcjobs”. They thought they were low-paying jobs and I don't think that was entirely fair. It depends on the call centre. The inbound, in particular, are higher paying jobs. I got a tour over there. I’ve talked to a lot of the employees [and received] all very positive feedback; [they] like working there…'

However, most of the call centres that relocated to Sudbury provide relatively lower-skilled, low-wage service sector jobs with many of the characteristics described above. Average age and education levels vary by call centre. At one inbound call centre, Tektonix, the average age is 33 and the skill level required is not very high. One Tektonix manager states that, when recruiting, the company generally looks for someone with six months experience in a customer service, retail, or hospitality environment. The company looks for basic education: ‘grade twelve, high school grad, and the right attitude.’ Familiarity with computers is an asset but ‘I don’t think our requirements are that high.’ Another manager spoke of the strong communication skills required to be a successful CSR: ‘

‘You can’t … crack under pressure. …If you’ve got someone yelling at you because of a billing issue, you need to be able to take control of the call. You need to be empathetic, not sympathetic.’

At one outbound call centre – NickelNode – there are two very different groups of employees:

‘The young group is the kids between 18 and 25 and for a lot of them it's their first job. The older group is older women who for some reason or another have had to come back out into the workforce. In general, it's a very unsophisticated workforce.’

In this informant’s opinion, the majority of the workforce at NickelNode has ‘very little education… most of the kids that are there have not completed high school. And the older people that are there, probably very few of them completed high school.’

Rates of pay at Sudbury call centres range from CAN$9.00 to CAN$26.00 per hour. At the higher end are public sector call centres, one of which employs professional nurses and pays them at competitive professional rates (Greater Sudbury Development Corporation, 2005). At the lower end are the outbound call centres. NickelNode pays CAN$8 an hour to start, moving up to CAN$10.60 after 30 days. The company provides only two sick leave days a year, and no long-term or short-term disability benefits. One company informant shrugs, ‘some benefits are better than nothing at all, you know, so…’ Inbound call centres tend to fall somewhere in the middle in terms of pay, but closer to the lower end: at Tektonix, salaries start at CAN$10 per hour and are capped at CAN$12 per hour. Benefits are provided after six months but there are no paid sick days or sick leave. According to a Tektonix manager, ‘There is a fairly good benefits package [of] which [the employee] pays about twenty-three percent of the cost and the company pays the balance.’

The turnover rate at many private sector call centres is significant. According to one informant, most of these are jobs that many people will channel through, but few people will keep, for the most part because of the stressful nature of the work and the
lack of opportunities for career advancement. For instance, the average annual staff turnover rate at Tektonix, 74% of whose employees are full time and 26% part time, is around 42%: over 50% for part-time employees and 26% for full-time employees. One company source explains:

‘We constantly recruit. We have a constant need. We’re always hiring people every month.’

At NickelNode, the turnover is ‘just constant. It’s a constant changing of the guard.’ In addition to being unable to keep people in Sudbury, one interviewee points out that call centre jobs are also generally not successful at attracting people to the region: ‘nobody is going to move far for a call centre job’.

Those interviewed generally agree that working conditions in Sudbury’s call centres vary greatly, with outbound centres garnering the most criticism. One source described work at an outbound call centre as follows:

‘It’s a very stressful job. And… management makes it more stressful than it really has to be… they’re constantly badgering people, you know, for more sales… [and] you’ve got customers screaming at you because they don’t want you phoning them, and a lot of times you’re waking them up… but we have no control over who we call, it’s an automatic dialer… I’m selling something, and they don’t even want it, right? So yeah, it’s difficult.’

Another interviewee recounted stories of people living out of their cars because of the low pay while working at an outbound call centre in Sudbury. Even inbound call centres have their stresses. As another manager at Tektonix put it, in addition to dealing with a ‘screaming customer’s’ immediate concerns, the CSR is expected to ‘upsell’:

‘These days every call is a sales call, so you are going to try and generate some additional revenue for our client. So there is quite a bit of pressure.’

It seems, then, that Sudbury’s call centre experience has been comparable to that in other smaller and/or peripheral areas where call centres have been courted. There is some reason to be optimistic. The industry contributes substantial money to the economy by providing entry-level and second-income jobs. It provided an impetus to develop telecommunications infrastructure so that high tech firms could come to Sudbury. However, there is also reason to be cautious: most of the call centres provide low-paying, high-stress, insecure jobs that have not replaced the highly-paid union jobs that have been lost. Furthermore, the high tech firms that were supposed to follow the call centres to Sudbury have not yet materialised in the numbers expected. And call centres can come and go fairly easily, as is evident from the number of firms that have already departed.

Future trends

At present, Sudbury continues its strategy of economic diversification. However, despite the CIBC’s recent vote of confidence and despite recent improvements in economic performance, it continues to lag economically, with unemployment well above both federal and provincial rates. Call centres certainly have contributed to the local economy, but not to the extent that was promised initially. Most interviewees agree that the call centre industry was ‘oversold’ politically in the beginning by much
'propagandising’. People expected scores of call centres and many thousands of jobs but the industry has not met those expectations. One informant describes call centres in Sudbury as ‘a marginal industry’, saying ‘call centres are not bad; they’re just a bit of a distraction’.

The general consensus seems to be that Sudbury needs to develop a broader strategy to attract high tech firms and build on what has been accomplished with call centres. There are still few good jobs for young people who will continue to leave if long-term patterns do not change. One city official pointed out the need to educate the public about the value of technology so that people understand that ‘You can be a software developer. You can be an IT person. You can be a researcher, an engineer, or whatever, and get a great job, a good-paying job right here in this community.’

Public awareness, however, will not go far on its own towards attracting high tech jobs to the city. One interviewee suggests that part of the answer lies in the education system: Laurentian University is primarily a liberal arts institution. He characterises liberal arts as a ‘portable’ education: ‘it’s perfect for people to leave with!’. This interviewee suggested that Laurentian University should add a school of architecture and northern design, to encourage young people to stay in the North. Most of those interviewed agree that Sudbury has far to go in building on what has been started with the call centre industry and attracting high-tech business to the city. ‘Fundamentally,’ one interviewee explains, ‘the story of Sudbury is either it becomes a place for exploring technology and ideas or it continues to decline’.

In their rankings of quality of life in North American cities, Sperling and Sander use a multi-dimensional scale comprised of indices of recreation, weather, housing, health, education, arts and culture, transportation, crime, and the economy. Sudbury, with its rivers and lakes and dramatically beautiful wilderness parks nearby, will surely secure a high rating on recreation. At least during the summer months, its weather tends to be good. Housing starts are up. Government policy changes have improved the numbers of physicians per capita. University and college campuses and favourable pupil-teacher ratios mean the city will be rated high on education. It is likely that Sudbury will also score well on arts and culture and transportation, boasting numerous museums and a busy schedule of flight and train connections. Rates of violent and property crime are also likely to remain low. It is less clear how Sudbury will score on the critical economic index, including rates of job growth and unemployment. Until Sudbury builds on the call centre industry in order to attract more high-tech, better-quality jobs to the city, it does not seem likely that a high score will be warranted.

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REFERENCES


