Trade unionism hits India's BPO

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They may be considered the sweatshop laborers of the information age in the developed world, but call-center and help-desk workers are considered to be professional elites in India.

With their swank offices, cutting-edge technologies, fancy designations and large paychecks, BPO (business process outsourcing) workers in India are a pampered tribe for whom some may consider labor-union protection unnecessary.

But that is about to change.

As India's money-spinning BPO sector emerges as one of the largest employment-providing sectors in the country, India's primarily young workforce is fast turning into cyber-coolies who some critics charge are treated like indigent laborers.

Consequently, trade unionism is finally entering the country's BPO sector, which until recently was considered a knowledge-based industry bastion free from most labor issues. Over the last few months both local and international trade unions have not only become active but are also stepping up their efforts to bring about a movement in the county's IT and BPO sectors.

"With a large chunk of middle-class workers getting into the sector we feel that there is a need for them to protect their democratic rights that need to be addressed by only trade unions," said Narayan Hegde, coordinator, Union Network International. UNI is a global union

network of 900 skills and services sector unions, which under the umbrella of The Centre for Business Process Outsourcing Professionals has also launched a new organization called, UNITES Professionals.

"We aim to organize a union that will work in partnership with BPO companies to facilitate collective bargaining for Indian BPO workers, who do not have that facility yet," added Karthik Shekhar, general secretary of UNITES Professionals. "It's a new movement we are creating."

But UNI is just one of the trade-union organizations making inroads in the country's back-office sector. A few weeks back The Centre of Indian Trade Unions -- a Left-affiliated labor union and one of the largest in the country -- announced that it has already set up a small union for BPO workers in Calcutta and has deployed its cadres in Bangalore, Chandigarh, Chennai and Hyderabad to organize a union of IT workers in those cities.

And, in collaboration with CITU, the All India Trade Union Congress, yet another Left-backed trade union, has also announced that it is starting a movement on its own to "separately deal with the labor issues of the Indian IT industry."

"Seven years back (the time when the BPO sector took shape in India) BPO workers told us that there is no need for unions, but now they say that for ensuring physical well being and job security there is a need for unions," said WR Vardarajan, secretary, CITU. "Our top agenda is to ensure job security and we want to ensure the IT workers work under proper physical environment that is safe from the health perspective."

Clearly "movement" is a word that is sending shivers down the industry's spine. Kiran Karnik, the president of the National Association of Software and Services Companies, the local IT industry lobby, calls it a

retrograde step, adding that unions in IT industry will be "counter productive," while others have said that unions were irrelevant in the IT space.

In fact, even the BPO workers are divided. For instance, the Bangalore-based IT Professionals Forum, which calls itself a human collective of all IT and ITES professionals in India and promotes Indian IT worldwide and has about 20,000 BPO workers as members, feels that a union at this stage of the country BPO sector evolution does not augur well for the sector.

"A union movement could dilute the competitive edge of the Indian back-office sector," said M K Swaminath, chairman & chief functionary, IT Professionals Forum. "The Indian BPO sector should try to go against the union movement."

Yet unionism seems to be catching on.

"Many have realized that for ensuring physical well being and job security there is a need for unions," said Karthik Shekhar of UNITES Pro. He reckons that over 4,000 BPO workers are already active in UNITES Professionals and the CITU affiliated unions.

"The Indian ITES sector is experiencing scorching growth in terms of employment where 1.1 million workers are expected to be working in the sector by 2008," he says. "Every state government is giving all incentives possible to this sector, all which is directed towards the benefit of the owners/employers of the ITES sector. But what are the Indian governments doing for the BPO workers?"

The BPO industry, however, doesn't agree that Indian BPO workers are a neglected lot. "Employees in the sector are looked after well by BPO companies," says Karnik, adding, "in fact, company managements even

fear workforce attrition and loss of scarce talent."

In comparative terms, the BPO workforce is well off. While an average Indian (per capita income) makes about $600 a year, and many even with education make less working perhaps longer and harder, a BPO worker with just a high-school level education makes over $2,500 a year. This is about twice the earnings level of an entry-level high school teacher, accountant, or even an entry-level marketing professional with a graduate degree. With experience and education, the salaries go much higher.

Besides, there are other attractions as well, such as door-to-door transport, security-guard escorts, refreshments on the house, a yearly company-paid picnic or an excursion pleasure trip, in-house health-club facilities and the like.

Yet all that glitter is not gold. According to a recent study by VV Giri National Institute of Labor, an autonomous body working under the Indian labor ministry, "Work conditions in (Indian) BPOs is similar to 19th century prisons of Roman slave ships."

The study says that the organizational structure of local BPO companies is "basically dualistic" consisting of a core or permanent set of employees and "periphery" or non-permanent workers, "which gives employees a superficial sense of empowerment."

Most BPO workers, especially the call-center workers, complain of high job stress and friction in their social life. The common refrain is that the odd working hours -- to maintain the work hours of the Western hemisphere most BPO shifts start at 6 p.m. and continue well past 4 a.m. -- of working nights and daylong sleeping make one out of sync with their society.

"Moreover, there is the constant frustration of handling irate and abusive customers," says Raghavan Iyer, a disillusioned BPO worker.

Vardarajan, secretary, CITU, also feels that even as BPO workers are seemingly well paid in local terms, global firms pay "just a fraction of what they pay to similar workers at home." Deloitte Research found that the wage differential between the United States and India for a software engineer is 8:1; for BPO workers it is even larger.

Nevertheless, there are a few on the other side of the table who support the idea of BPO unions. "If a union movement brings in best practices in the sector and works towards reducing attrition as they do in the U.K. and the U.S., it is good for the sector," said T Kurien, CEO of Wipro BPO.

A similar view is held by Raman Roy, one of the founders of the Indian BPO sector, who said, "Unions are good if they control the menace of attrition that is emerging as a stumbling block to BPO sector's growth."

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