



INFORMALIZATION OF WOMEN WORKERS AND ITES IN INDIA

Dr. Abha Agrawal

Lecturer Economics, Govt. P.G.College

Kashipur (U.S.Nagar), Uttarakhand

ABSTRACT

WOMEN being equally recognized for their ability and contribution in “KNOWLEDGE” oriented industry with less of physical and masculine demands for execution of work. The great philosopher Socrates once said “If women are made equal to men they will overtake them in no time.” And this seems to be playing out well in India Inc. In this context sexual harassment regulations should be followed more stringently to impart adequate security for women to accept organizational culture and work climate.

KEY WORDS: B PO, Electronic sweetshops, ICT, ITES, Comparative advantage

In the 1980s and 1990s, the introduction of computer technology led to an effective fragmentation of production processes and facilitated the outsourcing of manufacturing jobs from high-wage countries to low-wage ones. Young women in developing countries, inside and outside export processing zones, were the major recipients of these jobs. In the spirit of the UN Millennium Development Goals, which aim to reduce poverty and gender inequality, and in order to assess the opportunities and threats that the growing volume of offshore outsourcing of ITES poses for traditionally disadvantaged groups, the present topic has been chosen.

The opportunities that ITES open up for women and men in India, however, need to be assessed in the context of the vulnerability of these jobs in the face of:

- Rapid technological changes that are likely to erode the relevance of the skills that women have acquired and can offer to call centre; and
- The growing protectionist lobby in the North against the offshore outsourcing of customer services and other ITES work.

Export-oriented development, as epitomized by the booming ITES sector in general, and call centre

in particular, thus presents aspects of informalisation based on the latent insecurity in the sector. However, the skills and expertise acquired in the process can be extended to strengthen the information and communications technology (ICT) base of the national economy, geared to the needs of the local communities and not simply to the business needs of overseas clients. The best practice, in this context, will be to combine global knowledge with local expertise to alleviate the problems of inequality based on class privilege and gender. The strategic vision should be to link the global with the local so that women, together with other disadvantaged groups, can aspire to have sustainable employment.

It is within this framework that the paper evaluates and assesses:

- the benefits and threats that offshore outsourcing of ITES jobs bring to women in the South;
- the informalization of employment that these new jobs imply;
- The possibilities of extending the benefits of these jobs to under-privileged women of the South;
- The roles that policy-makers can play in utilizing the potentials of service sector jobs for poverty reduction.

From a technical and productivity standpoint, an information-processing worker sitting 6,000 miles away might as well be in the next cubicle as on the local area network. In this scenario, with the cost of telephoning steadily falling, the advantages of relocating ICT-related and ICT-enabled jobs from the US or the UK to India, Malaysia or Ghana are obvious. It costs a US company \$13,000 to hire a new graduate, with combined IT engineering and business skills, of the Indian Institute of Management, Ahmedabad. A Stanford University graduate with similar qualifications can demand somewhere in the region of \$95,000. These are what the trade describes as world-class graduates (Business, September 2003: 116), but the cost differentials are equally noticeable at the relatively low-skilled end of the information processing sector, as in customer care services, medical transcriptions work, processing of airline tickets, accounting and tax return forms. These are described generally as Information Technology Enabled Services and are opening up novel opportunities for women. Women also gain because these jobs are of much better quality than those previously on offer in export-oriented manufacturing. There are no gender-disaggregated statistics on employment in outsourced ITES in India, although according to the Deputy Director of the Confederation of Indian Industries (CII) at least 40 per cent of these newly created jobs are filled by women (Field Survey, 2002). Prospects for women workers look good in this sector because the ITES segment of e-business is more resilient than the software sector. There are various types of back-office services, requiring different levels of skills from women and men, and there is a discernible trend to hire women in operations that require less complex skills i.e. Routine: requiring only basic skills – women predominate.

- Data capture and processing
- Customer call centre – for routine queries, order taking and referrals
- Hotel or rental car reservations
- Virtual service centre (e.g. home delivery pizza companies)

Discretionary: requiring technical training and problem solving – women predominate

- Data verification and repair (e.g. optically scanned documents)
- Claims processing
- Mailing list management
- Remote secretarial services.
- Customer call centre – account queries, after-sales support

Specialized: requiring specific expertise and managerial authority – men predominate

- Accounting, book keeping, payroll processing
- Electronic publishing
- Customer call centre– problem/website design and management
- Dispute resolution
- Technical transcription (e.g. medical, legal)
- Medical records management
- Technical online support
- Indexing and abstracting services
- Research and technical writing

An additional reason for caution is that, in addition to threats of redundancies as a result of technological changes, most ITES jobs are ‘footloose’ in nature, and there is growing competition among Commonwealth countries in the South to attract these jobs.

The most active receiving geographies in the globalization of services

The Leaders: India, China, Canada, Mexico, South Africa, Ireland, Russia, the Philippines’

The Challengers: eastern Europe, Malaysia, Israel, Singapore, Vietnam, Costa Rica, Chile.

The Next Tier Bangladesh, Ghana, Korea, Senegal, Sri Lanka, Taiwan, Mauritius and Thailand

The hopefuls Argentina, Botswana, Guatemala, Panama, African countries such as Ghana, which have made visible entries into the internet economy, are attracting some of the jobs that went previously to India. Wages in some African countries are much lower than those in India and the lower cost makes these countries attractive sites if the requisite environment and skills can be found for outsourcing companies in the US. The average wage of a data entry operator is US\$480 per annum in Ghana; the wages for a worker with comparable skills is US\$1,250 in India and US\$25,000 in the US. These footloose jobs open up new opportunities and higher pay for women in Ghana, a

country with a lower per capita income than India (Business, September 2003: 159), but as with labour-intensive, export-oriented manufacturing jobs, there is reason to be concerned about the quality of work in what are sometimes referred to as 'electronic sweatshops'

INDIA'S COMPARATIVE ADVANTAGE

In spite of competition from other developing countries and the difficulties that global companies face in operating in India, it has been the most popular site of ITES outsourcing by US and UK based companies, particularly for call centres. It is worth exploring the reasons for this. India is a country of contrasts. Despite its presence in the global digital economy, it contains the largest number of poor people in the world. 300 million Indians subsist on less than \$1 a day; more than one-third of India's 1.3 billion citizens are illiterate. At the same time India has certain features that make it a prime site for relocated service sector jobs. The relatively low cost of manpower makes India a very attractive base for sourcing cross border IT-enabled services. India's large English-speaking, highly educated and low-wage talent pool has established itself as one of the fastest-growing outsourcing services markets in the world. A 12-hour time zone difference with the US and other markets for medical transcription or call centre services is also in India's favour. India also offers a conducive environment which other developing countries do not have. There are more IT engineers in Bangalore (150,000) than in Silicon Valley (120,000), creating an enabling cyber culture. India now produces 2 million college graduates a year, of whom 80 per cent are English speaking (Economist, 13 December 2003). Another country, the Philippines, that is well equipped to compete produces only about 3,00,000 English speaking graduates a year. India's main competitors are China and Malaysia. Currently the cost of operations in India is 37 per cent lower than in China and 17 per cent lower than in Malaysia, but China in particular is putting its resources into the quality of education so that it can remain competitive in the ITES sector.

A turning point in the industry came when GE Capital began to set up large call centre around Delhi in 1996, thus demonstrating that relocation could take place on a large scale and giving the centre a high visibility. Within ITES, customer care has emerged as the most important segment with call centre catering to customer queries from overseas countries booming in India, not only because of low wages, but also because of the availability of high quality workers. Nearly all Indian call centre workers have college degrees. In contrast, many of their American counterparts are high school graduates. More education can be helpful, as consumers increasingly need complex technical or financial information. In addition the attrition rate is much higher in the US compared with that in India.

There are already more than 160,000 men and women on the payroll of Indian call centre in India; approximately 45 per cent of them are women. In some companies, the figure can be as high as 70

per cent. Companies are now scouring the towns and countryside away from the big cities to locate employees who can be trained for jobs in these centres. If the trend continues, women in India are likely to benefit, at least in terms of quantity of work. The question that needs to be addressed is that of the sustainability and desirability of these jobs.

SECURITY OF EMPLOYMENT

The reasons for apprehension about call centre jobs relate mainly to their long-term sustainability. Although located in the formal sector, the newly created jobs display characteristics that verge on the informal. It is to do with the fact that the business is controlled by global companies that could withdraw their custom without having to face resistance either from the employees or from the national government. Insecurity in employment arises also from the current conditions and contracts of employment.

Employment in export-oriented services sectors, including in call centre, is also highly volatile, as it depends a great deal on the economic and political climate in the client countries. The complaints from the employees in the IT/ITES sector include the following:

- ☐ The employees are working around 12 hours a day without getting any overtime payment.
- ☐ In many call centres/BPO establishments, employees are forced to work only in night shifts, in contravention of ILO convention on frequency of night shift and compensatory allowance for doing night duty.
- ☐ There is no grievance redressal machinery and the employees working in the industry face summary dismissal if one even tries to raise any complaint about working conditions.
- ☐ Several undertakings do not give even appointment letters to the employees so that they can be dismissed from service without even giving notice.
- ☐ Any attempt to form a union or association by the employees is penalised by summary dismissal.
- ☐ Several cases of sexual harassment and molestation of women employees have occurred but invariably it is the women complainants who are asked not to report for duty from the next day. This creates a situation where women employees are faced with humiliating working conditions, while the culprits are rarely punished. The occurrences are more frequent when women work in the night shift
- ☐ There are no rules to govern the working conditions, and occupational hazards have been reported in several cases without any remedy for redressal.
- ☐ Remunerations are arbitrarily fixed with consolidated wages and there is no social security or job security for the employees.
- ☐ Compared to the profits earned by the undertakings, the salary level is extremely low leading to discontentment among the employees but they cannot raise any dispute for fear of losing jobs.

☐ Maternity benefit is denied to women employees. Crèche facilities are absent causing hardships to mothers with young children.

These are only illustrative and not exhaustive. The most common complaint is the practice of the employers impounding the educational certificates and the passport of the employees, in their attempt to tackle the problem of high attrition levels prevalent in this sector. Yet another practice, widely prevalent in this sector, is not to pay the employees their contracted monthly salary upfront, but to defer a substantial part of it to be paid after expiry of a specified period subject to their performance being satisfactory.

OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT EMPLOYMENT STANDARDS

The Trade Union Advisory Committee (TUAC) to the OECD state that ‘The international trade union movement has not called for national borders to be closed to flows of labour. But trade unions cannot passively accept the working of economists’ “relative price effect” in terms of labour, leading to a “race to the bottom” in employment standards’. Rather unions have called for a “whole of government” policy response to the employment consequences of off shoring that also encompasses the international institutions. Governments must guarantee core workers’ rights on a global basis’.

Hot issues in this context include minimizing compulsory lay-offs and increasing firm-level redeployment as well as support for re-training and up-skilling.

A WAY OUT OF LOW-VALUE INDUSTRIES

Globalization of services is providing poorer geographies with a way out of low-value industries and a way into developing high value niches and new industries. For example in India (where data on services is most easily obtainable), business processing industries accounted for 6% of GDP and 95% absolute growth between 2000-04. Direct employment is estimated at 700,000 and indirect employment at 2.5 million. To grab – up this vast potential Governments of service providing geographies are vying to provide investment incentives for outsourcing and off-shoring. For example:

☐ The government of China has agreed to meet the recruitment costs and wages of all graduates during their ^{first} 2 years of employment with the SI Satyam.

☐ India is deregulating its higher education sector to encourage private sector investment to meet the demand for skilled professionals in IT enables service provision.

☐ Senegal and Mexico are providing capital investment **tax** breaks for outsourcing campuses.

These incentives should be coupled with breakthrough public/private partnerships on e-waste, energy efficiency, urban/export zone design, and social sustainability aspects such as higher and adult education, work environment improvement, and wage differentials (especially important when

dealing with skilled labour)? Such partnerships are critical ensure that the benefits of 'world-sourced' services are distributed across the economy.

THE URBAN INFRASTRUCTURE CHALLENGE

The prerequisite need to upgrade service provision infrastructure provide important opportunities to master plan sustainable development. The 2006 Nasscom McKinsey Report on India's Leadership in the Global Business Process and IT Service sector states: India needs to deliver on both basic (e.g., power, public transport, international connectivity) as well as business infrastructure (office and retail space, security services, etc.). Between today and 2013 it is estimated that the IT and BPO industries will have to employ an additional workforce of approximately 1 million workers near five Tier I cities (New Delhi, Bangalore, Hyderabad, Chennai and Mumbai), and approximately 600,000 workers across other towns in India. Thus the IT and BPO industries need at least five new "Gurgaon-plus" and five to seven new 'Pune-plus' integrated townships. The resulting burden on urban infrastructure is likely to be substantial. For example, over 1 million international airline trips a year will be required for these industries by 2013, constituting around 20% of total international airline trips undertaken by Indians in 2013'.

SUPPLYING LARGE POOLS OF TALENT

NASSCOM reports that India will need a 2.3 million-strong IT and BPO workforce by 2013 to maintain its current market share and a by 2013, a potential shortfall is projected for nearly 0.5 million qualified employees—nearly 70 per cent of which will be concentrated in the Business Processing Industries. Geographies that will win as services go global will be those that will continue to supply large pools of educated labour, and this will require substantial rethinking of education, urban infrastructure, legislation on wages and benefits, and the overall social and cultural infrastructure in both the outsourcing and service providing geographies

SOCIAL PROTECTION POLICIES

The debate on Aid for Trade has highlighted the value of social protection. Training and retraining is critical for both workers who lose their jobs in off-shoring regions and for workers who gain new employment in receiving geographies. Workers on both sides may also be required to relocate and live through periods on unemployment. Labour market policies that provide for such employment shifts include passive income support during unemployment and active policies that meet the costs of retraining in order to facilitate re-employment. The globalization of services is triggering industrialized countries to develop/reform labour policies social support systems to better suit the needs of global markets.

Education levels determine a country's absorptive capacity, including the ability to learn and improve on new technologies and new fields of knowledge. Education also affects the flexibility of

people and their ability to live and work with change. Global markets require that workers remain flexible and mobile to adapt to new situations and to relocate to new hubs. At the company level, skills that improve coordination, collaboration, teambuilding, and cultural sensitivity are the buzzwords. Are educational systems been reformed to research and responded to these requirements?

THE 'SKILLS PREMIUM'

The globalization of services opens the debate on the 'skills premium', i.e. the wage differential between low and high skilled jobs, which contributes directly to larger income inequalities across and within geographies.

GLASS CEILING

According to Nasscom, out of the 1.6 million employees in the IT industry, approximately 30 per cent are women and by 2013, this number will rise to 45 per cent. But statistics shows that the percentage of women in the IT/ITES sectors is more at the entry level but is not so at the middle and senior management roles.

This trend of Glass ceiling is, now, slowly changing for the best and more women are getting into the top echelons of power, across industries. And to keep this trend alive, the corporate world is bringing in various initiatives to nurture and groom potential women leaders within organizations and thus making the organizations more gender diverse.

Dr. Guruduth Banavar, Director, IBM explains that 72 per cent of their global women executives are working mothers and they offer a full range of flexible work schedules ranging from the ability to adjust start/stop times by up to two hours before or after normal start times, compressed work weeks, working at home etc., ”

Listening skills, a fine-tuned sense of timing, and the ability to bring together diverse voices around common goals have emerged as key components for the success of women in the post-modern workplace and also the reasons for organisations turning to them for leadership roles.

A survey by Nasscom found that 11 per cent of leaders in the IT industry are women and these roles are in senior management and as decision makers. The survey also revealed that two years ago, only three or four companies formally followed gender diversity programmes, but today there are about 80 companies that have some initiative to handle issues of women and take care of gender diversity and inclusiveness. This emerging trend is basically due to

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