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Abstract

The growth of offshored services has brought about an important flux of jobs from developed towards developing countries. In this context, outsourced call centres, with their complex insertion of services across countries and organisations, demonstrate a high potential to create jobs, thus influencing the labour markets of a particular country. However, there are some doubts about the quality, longevity and working conditions that these jobs afford. This article uses the conceptual background of global value chains and global networks in order to analyse the impact of outsourcing and offshoring call centre activities on the employment practices, organisation, management and quality of jobs in the receiving economy of Argentina.

Keywords

Call centres, employment practices, global value chains, networks, offshoring

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Introduction

An extensive process of vertical disintegration has taken place in the last decades, with firms deepening their strategies oriented to outsource and offshore a wide range of activities formerly carried in-house (Flecker and Meil, 2010). This has facilitated the indistinct use of human resources in emerging economies and in the most developed countries (Sturgeon and Levy, 2005).

In this context, the provision of long distance business services has acquired a growing economic importance around the globe, with call centres representing a paradigmatic case as a new way of adding value in the current business environment. In this sector, the phenomena of outsourcing and offshoring are frequent and, in many cases, simultaneous practices; both involving different types of arrangements and relationships between different organisations (Marchington and Vincent, 2004). Thus, these processes transcend the boundaries not only of organisations but also of countries (Gereffi and Fernandez-Stark, 2010).

However, many efforts to study these phenomena still focus on the observation of single organisations. Indeed, the study of outsourced call centres, with their complex insertion of services across countries and organisations, requires new lenses that help us understand the complexity and dynamics of this reality. In this sense, we propose that the conceptual frameworks of the global value chain (GVC) perspective and global networks (GN) may be useful conceptual tools in order to analyse call centres in the context of production processes that are fragmented in ownership and space.

It is important to highlight that the growth of offshored services has brought about an important flux of jobs from developed towards developing countries. However, Gereffi (2005b) notes that this process has happened in an asymmetrical way in different countries, with higher added value activities concentrated in developed countries, and lesser added value activities located in developing countries.

The objective of this article is to analyse how the trends to outsource and offshore service activities impact on the receiving economies. In particular, it focuses on how the array of strategies adopted by outsourced call centres (such as offshoring, cost reduction and numerical and financial flexibility) shape the labour market of the sector in the specific receiving economy of Argentina. Throughout this article, we intend to enquire beyond the description of the economic relationships between firms and in so doing, to attempt a critical analysis about the implications of these relationships for the many agents involved.

Thus, this article aims to explore the following questions: (1) how are outsourced call centres linked to their wider production networks? This question will be addressed by analysing call centre activity from a GVC and GN perspective. And, (2) how do these linkages shape the organisation and quality of jobs in host countries? To answer this question, we will look both at the impact on the national labour market at large and on companies' resulting work conditions.

In the next section, we situate the topic within the conceptual framework of GVC, highlighting its contributions to understand such complex structures and institutional relationships between firms. We also undertake a critical revision in order to draw attention to the limits of this framework for the analysis of the topic at hand. Indeed,

we pose that there are some missing links when attempting to locate the great variety of activities undertaken by the call centre sector such as customer service, sales, systems technological support, etc. into a value chain. Therefore, we suggest that a more accurate analysis will emerge through the lens of a global network (GN) perspective. This will allow us to point out that, in order to finally produce a product or deliver a service, rather than a succession of phases, there are many complex activities to be integrated, many of them taking place simultaneously and not in a unidirectional way (Rainnie et al., 2008; Smith et al., 2002). We then present the methodology for this study and briefly describe the context of the outsourced call centre sector in Argentina in the period 2001–2010, as it constitutes the case to be analysed. We then continue by presenting the results regarding the two questions posed above: the analysis of the agents involved in the network, and the labour market and work conditions that result from their interaction. Finally, we discuss the results and present the main conclusions.

From global value chains to global value networks: A critical review

We now turn to review the main ideas posed by the GVC and GN perspectives in order to identify their explanatory potential for the study of work and labour relations in complex forms of service delivery.

Global value chains

In the 1990s, Gereffi and Korzeniewicz (1994) proposed the notions of ‘commodity chain’ and ‘global commodity chain’ to refer to the wide array of activities involved in a product’s design, production and commercialisation. These developments highlighted the importance of the coordination mechanisms between firms beyond national borders. Within this framework, the concept of ‘global value chains’ emerged as an extension of Porter’s (1987, 1990) value chains, in order to apply the concept to the global organisation of industries. Their analytical framework mainly concentrates on the different coordination modes between the organisations involved, attempting to understand the nature and consequences of the fragmentation of global industries. It also focuses on the institutional context where the relationships between firms occur. In other words, the GVC perspective, in its most well-known version led by Gereffi (2005a: 168), analyses the relationships between the organisations that integrate the chain, as well as the ways in which these relationships affect the firms’ performance. In order to carry out these enquiries, two concepts appear to be central to this perspective: the *governance* of the chain and the *upgrading* process within it.

Looking at *governance*, the central question from the GVC perspective involves the analysis of the forms of coordination between firms in the chain. Each type of governance reflects the position of an activity and the types of relationships that it establishes with other activities further up or further down the chain. Forms of coordination range from one extreme where almost hierarchical relationships occur (as if one organisation was simply a unit or department of another), to the other extreme, where arm’s length

forms of coordination exist, near a market model with some horizontal coordination structures (networks). Each type of governance involves different levels of coordination and power balance between the organisations participating in the chain (Kosacoff and López, 2008: 22).

The other key concept is the *upgrading process*, which consists of the possibility for some organisations within the value chain to become involved in more complex (of higher value) activities (Ramirez and Rainbird, 2010). Many GVC authors concur in highlighting that, in order to face the pressures of globalisation without losing competitiveness, organisations will naturally tend to upgrade, by improving their products or functions, in order to achieve a higher (of more added value) position in the chain. This type of interpretation, characteristic of the first phases of GVC studies, is limited by a tendency to simplify reality into lineal (or even 'vertical') relationships. Such linearity is indeed embedded in the very metaphor of the chain.

Analyses about GVC are thus centred in inter-firm relationships, and they are oriented to explain to what extent asymmetric relationships between buyers and suppliers offer opportunities for learning and upgrading. This perspective allowed a more comprehensive exploration of the types of links and governance of the organisations integrated in the global chains, but it lacked a systematic analysis of certain key topics (Knorringa and Pegler, 2006; Ramirez and Rainbird, 2010). In this context, Knorringa and Pegler (2006: 472) underline that one of the main gaps in the study of GVC involves insights about work, thus somehow underestimating its key role in the development and sustainability of GVC. Thus, more needs to be understood about the incidence of the globalisation of services on the conditions and quality of jobs.

Some of these concerns, which have been posed by the very same authors engaging in GVC research, are also shared by another stream of literature related to the global networks (GN) perspective (Coe and Hess, 2006; Coe et al., 2008; Fairbrother and Rainnie, 2006; Rainnie et al., 2008; Smith et al., 2002). These authors are not only concerned with the balance of power between organisations in a value chain, but also with the consequences of these asymmetries for jobs and employees. Since this gap is in line with the explanatory needs of this article, we will now present some of the elements that may enrich the conceptualisation of the call centre sector as a part of wider GVN.

Enriching the GVC literature: The global networks perspective

The global networks (GN) perspective may be considered a theoretical contribution in itself, or as a natural progression that, according to Coe and Hess (2006), is one of three conceptualisations of how firms are organised and interrelated at a global scale, and of how the insertion in a global chain may afford opportunities for improvement to companies and regions. Chronologically, a first perspective is that of global production chains by Gereffi and Korzeniewicz (1994), which advanced in the cartography of global companies. Second is the notion of global value chain, initially developed by the Institute of Development Studies in Sussex, around which a research network was developed (Gereffi, 2005b; Gereffi et al., 2005; Gereffi and Kaplinsky, 2001; Gereffi and Korzeniewicz, 1994; Gereffi and Sturgeon, 2004; Humphrey and Schmitz, 2000; Sturgeon and Levy, 2005). Finally, the notion of production networks or global production networks (Coe and Hess,

2006; Coe et al., 2008; Rainnie et al., 2008; Smith et al., 2002, among others) has been put forward. We first describe the notion of global networks and how this perspective highlights some of the limitations of GVC, and later we discuss how these theoretical contributions may be bridged.

Broadly defined, the network metaphor is used to describe the ways in which various 'nodes' (people, firms, states, organisations, etc.) are connected among themselves in multiple and complex forms. Thus, the morphology of these relationships that cut across production, distribution and consumption may be visualised as a complex network of interdependencies, as opposed to vertical and unidirectional relationships. Also, such interdependencies not only connect organisations through an exchange of goods, but also involve the circulation of flows of information, services, knowledge and other factors that enable the main exchanges (Hughes, 2000; Ramirez and Rainbird, 2010).

Theoretical network studies combine the developments achieved within the framework of production and value chains with ideas derived from actor-network theory (Callon et al., 1986; Latour, 1986, 1987) and management studies. According to Del Bono (2010a), this perspective attempts to unveil the multiple actors that integrate a global network (GN) by focusing attention on the different levels that make up transnational production by applying the notions of power, value, territory and embeddedness. The GN perspective, developed mainly from critical geography, conceptualises economic life as a social phenomenon that is geographically constituted. Through these lenses, capitalism is seen as a system with important variations when analysed at a spatial scale where not only territory must be plotted, but also firms, work and the nature of interconnected agents. The ultimate objective is to examine the conditions that affect the global economy and its geography, as well as the environmental, social and political opportunities that it affords or prevents (Coe and Hess, 2006). With these tenets in mind, authors such as Cumbers et al. (2008), Rainnie et al. (2008) or Smith et al. (2002), who subscribe to the network perspective, have revised and debate some aspects of the GVC perspective, mainly:

The importance of space and institutional contexts. The networks literature expands on the limited consideration of territory made by GVC and emphasises that geographic space is socially shaped, and its use is subjected to the institutional frameworks in operation in each space (Coe and Hess, 2006; Ramirez and Rainbird, 2010; Smith et al., 2002). This consideration is crucial when dealing with the factors that encourage or discourage the localisation of economic activities, for example, coming from the state in the form of rules and policies or from labour organisations such as trade unions (Smith et al., 2002) or others.

The limitations of lineal and/or sequential analyses. The chain metaphor involves the progressive movement of a good. But such conceptualisation may present certain risks to undertake analysis that are too lineal and thus either simplify a much more complex reality or prioritise the study of certain activities over others (Smith et al., 2002). The visualisation of chains tends to highlight a central or main point of the chain, whereas networks do not necessarily centre on any one node.

The governance and appropriation of value. Smith et al. (2002) propose a holistic and more critical perspective in order to analyse the generation and appropriation of value. This perspective attempts to understand how this appropriation takes place and who are the actors involved. In this context, networks should be analysed as interlinked organisations and institutions that allow or impede increases in productivity, reductions in labour costs and reductions in the time circulation of capitals in order to extract added value. This highlights the limitations of carrying out analyses in simplistic terms of buyer–seller relationships within a chain, assuming that these are of an equitable nature.

Lack of in-depth analysis of work and its characteristics. Consensus exists among authors about the little relevance afforded to the analysis of work in the GVC framework (Bair, 2005; Cumbers et al., 2008; Flecker and Meil, 2010; Knorrinda and Pegler, 2006). In this context, Cumbers et al. (2008) have pointed that work is a fundamental component of GVC: in an abstract sense, because it is a source of value creation; in a specific sense, because of the actual quantity of workers available and their qualifications are key in determining value; and in an institutionalist sense, because labour representation, whether in the form of trade unions or not, may influence or even limit accumulation processes. Aiming to overcome this deficiency, some authors have started to address this topic with case studies in specific national contexts (Nadvi and Wältring, 2004) and others have pointed out the importance of considering labour not only as the receiving end of economic geography dynamics, but as an active agent with a role in shaping them (Castree et al., 2004; Cumbers et al., 2008). This point will be noted in our empirical work.

Further insights into labour and space

In sum, these are some of the key questions under debate that have not been fully addressed in the conceptualisation and particularly in the empirical exploration of the GVC but may be partially overcome by the network perspective. In any case, the importance of bringing in the element of labour into studies of spatiality has been highlighted as a key common need from both perspectives, and thus, further conceptual studies should continue making insights in this regard. A challenge in this point may be in reconciling these theoretical frameworks, which even though could be presented as natural developments, as seen at the beginning of this section, are based in different epistemological points of departure.

In this sense, some contributions have used a postmodern epistemology in order to highlight the centrality of social aspects, such as critical geography (Benko and Strohmayr, 1997; Soja, 1989). Certainly, this approach has played and can still play a crucial role in the development of this topic. From a different standpoint, other contributions have been made and may be further afforded by labour process theory, as it also focuses on the interplay between the participating agents in the employment relationship within the context of capitalist political economy (Thompson and Smith, 2010). Recent developments within this framework have highlighted the significance of the spatial dimension (for example, Flecker and Schönauer, 2012). Despite the differences between these approaches we consider that they can be combined in order to respond to certain

analytical questions such as the ones that we have posed in this text. As suggested by Rainnie et al. (2010), the spatial embeddedness of labour and capital could be fruitfully studied at the crossroads between geography and labour process.

For the time being, and taking into consideration that the main contribution of this article lies in the empirical application of these theoretical frameworks, we use the concept *global value network* (GVN) as it appears to provide a broad point of view for the study of the labour-related topics in the globalisation of the outsourced call centre sector and its impact on labour market and labour conditions. Specifically, it maintains the elements of globalisation and value that were initially proposed by the GVC authors but it discards the term of chain due to its aforementioned linearity. The concept of network reflects more closely the phenomena studied, since it emphasises that the development of productive processes, rather than a succession of stages, involves the complex overlapping of activities, many of these simultaneous and multidirectional (Cumbers et al., 2008; Rainnie et al., 2008; Smith et al., 2002). Our perspective incorporates thus the main contributions of the GVC and GN and against this conceptual background we locate the empirical work that follows.

Methods and sample

With this theoretical support, we focus our empirical analysis on Argentina as a national context. Gereffi (2005b) establishes that there are substantial differences among developing countries so that they may be classified according to their degree of integration in the global economy, placing Argentina in the group of smaller developing countries closely connected to the international economy. Its size differentiates it from Brazil and Mexico, characterised by their large internal markets (and thus in a category of their own). However, little is known about Argentina as one of the main services providers among the Spanish speaking countries in Latin America.

Argentina has experienced an expansion of the call centre sector in line with the global trend of growth of this industry. Moreover, the case of Argentina is remarkable as it shares the main characteristics of other receiving economies in relation to the call centre sector evolution, but it encapsulates the lifecycle and dynamics of this industry in a more compact and defined manner than in other countries due to its economic events of the last decade.

Fieldwork

The investigative approach of this article is mainly qualitative and the results presented here are based on three types of empirical data. First, the information gathered through the analysis of documents and other secondary data related to the sector. Second, the information collected through semi-structured face-to-face interviews with representatives of the different institutions involved in the Argentinean call centre network. Third, it draws from the earlier quantitative and qualitative fieldwork carried out by Del Bono and Henry (2010) in Argentina, and Gorjup et al. (2009) and Valverde et al. (2007a) in Spain.

Regarding the data collection for the specific purposes of this article, 19 interviews were carried out personally by the researchers with representatives of the main

participants in the call centre global value network (GVN), including outsourced call centres in Argentina, as well as other stakeholders, such as policy-makers, trade unions and client companies, in order to gather different perspectives. The data gathering process extended from mid-2008 to mid-2010.

In the case of outsourced call centres in Argentina, the individuals interviewed were either the CEO or main director of the organisation, or the human resource manager. We made sure to cover outsourced call centres in the whole spectrum of size, activities, markets served (national and international), sectors served, service segment (mass oriented and customised services) and most importantly, national and foreign-owned organisations operating in Argentina.

Regarding labour as an important constitutive element of the GVN, we chose to interview trade unions in order to view labour as collective agency (Holloway, 2005). In this choice, we acknowledge that the relationship between unions at large and individual workers has been contested, and thus their voices may somehow express different views, as well as the tensions and contradictions in the considerations of work and labour agency as discussed by Cumbers et al. (2008). Also, our primary concern was with the trade union agenda and the labour conditions that exist in the sector, and thus trade unions represented adequate informants. In our interviews with trade unions, we observed their different points of view relating to the activities of call centres in Argentina, and carried out our enquiries with some of the main unions representing the sector (Argentinean Federation of Employees in Trade and Services [FAECYS], and the telephone workers unions: Federation of Workers, Specialists and Employees of the Services and Telecommunications Industries [FOEESITRA] and Federation of Telephone Workers and Employees of the Argentinean Republic [FOETRA]).

Finally, in order to acquire information regarding the other actors involved in the Argentinean call centre network, we interviewed members of the Argentinean chamber of commerce and top management of outsourcing and offshoring client companies. Also, we carried out an extensive revision of press articles, institutional documents, company reports, government documents, among other sources. All this material was also examined in light of (and in combination with) previous studies carried out by the authors concerning these actors' activities and stances (Del Bono, 2006, 2007; Valverde et al., 2006, 2007b), thus obtaining a fairly broad picture of the situation in the call centre sector in Argentina.

Context: Argentina's economic development and labour composition

During the 1990s, Argentina went through a process of economic liberalisation, whose main pillars were the opening to external markets, a structural reform programme oriented to reduce state regulation and the so-called Convertibility Plan that equated the value of the Argentinean currency (*peso*) with that of the dollar, in order to control inflation. In addition, the successive governments of the decade of the 1990s prompted a series of labour flexibility policies. The results of these policies materialised in a degradation of the quality of jobs, external vulnerability and a loss of the state's regulatory capacity and a progressive economic stagnation that led to the collapse of the country in 2001 (Lindenboim, 2003).

The unprecedented social crisis and a radical currency devaluation in 2002 were the starting point for the installation of a new model of accumulation characterised by economic growth and a sustained recovery in employment levels. That was possible because after the currency devaluation, the new structure of relative prices made imports more expensive. This price structure also favoured the expansion of locally produced goods and services, first oriented to internal consumption and then to external markets at very competitive prices. All of this positively boosted employment levels. In the period 2003–2010, the economy grew at a cumulative annual rate of 7.4% and approximately 5 million jobs were created (Schorr, 2012).

It is also important to remark that from 2003, the government actively promoted the rise of wages and favoured collective bargaining in all economic sectors to offset the depressed earnings of workers after the economic crisis. The average nominal wage grew 135% between August 2001 (800 pesos, equivalent to around €132) and April 2007 (1881 pesos, equivalent to €310) while the minimum wage quadrupled over the same period from 200 pesos to 800 pesos (€33 to €132) (note: all values in 2012 conversion rates) (Palomino, 2007). These periodical increases in wages represented a way to maintain domestic aggregate demand. Since 2010, there is the notion of a new governmental framework, with some elements of continuity. However, this article focuses on the years 2001–2010, and therefore contextual references will be made regarding this decade.

Argentina is a country of 40 million people with a labour force of about 15 million (INDEC, 2012a). With a majority of the population of European descent, even though the official language is Spanish, a large proportion of the population masters a second European language (mainly Italian, English, German or French). This, alongside high literacy rates (INDEC, 2012b), makes the linguistic skill set of the nation a very interesting characteristic for call centre activities. Regarding the composition of the labour force, Argentina's is relatively young, compared to western-developed countries, and with an important female labour force participation (although Cerrutti [2000] argues that this is a reaction to the increasing uncertainty, unemployment and instability from the 1990s), again, two demographic groups likely to be found in call centre work. Regarding class, and also as an undesired outcome of the policies of the 1990s, Argentina shows high degrees of income inequality, which have led to the development of alternative activities to formal work by middle and lower classes, such as informal employment and self-employment, and micro-entrepreneurialism, also present in other Latin American countries (Portes and Hoffman, 2003).

Argentina as a receiving market for the call centre sector

In light of its economic development, it was during those early years of the 2000s that Argentina experienced an unprecedented growth of the outsourced call centre sector, especially since 2003. The call centre market became the third largest in Latin America, growing from 17,000 positions in 2003 to almost 45,000 positions in 2008. An important share of the sector (50%) was based on export markets (Frost and Sullivan, 2008).

This development can be explained by some common factors that characterise the location and growth of the industry in other countries (Richardson and Belt, 2001; Von Otter and Sandberg, 2001), such as advanced telecommunications, availability of

property alongside low occupancy costs, fiscal incentives, etc. In the particular case of Argentina, and distinctively from other Latin American competitor countries, this development was also attributed to economic and structural factors that made Argentina a very attractive destination: (1) the main economic trigger was the sharp devaluation of the currency in 2002 that made Argentina more competitive in the international arena and (2) the general education level and varied language set of the population. This resulted in a destination that was akin to what European call centres had to offer, but with the lower costs of a Latin American country.

Initially the growth of the call centre sector was mostly linked to the international markets, but the later years have seen a progressive growth of the national market. The sector developed both with subsidiaries of multinationals that grew through mergers and acquisitions (80–85%), and also with national capital companies that either emerged or changed activity in order to take the opportunities offered by the favourable economic situation to provide services abroad (15–20%) (Convergencia Research, 2008: 4).

These proportions indicate two characteristics of the sector in Argentina: (1) a high level of concentration, both for local and for offshored operations, with fewer than 10 companies leading the local market and no more than six leading the export market (Del Bono, 2010a); and (2) a considerable level of foreign direct investment, which was an important element in the establishment and consolidation of the sector in Argentina.

This characteristic is shared with other Latin American countries and has represented one of the engines of the growing participation of the region in offshore services (Gereffi et al., 2009). Moreover, the fact that the five largest companies in the sector are multinational subsidiaries highlights the rapid process of becoming an overly foreign-owned sector (Del Bono, 2010a).

The wider networks: Argentinean institutions engaged in the call centre network

In this results section we address the two questions posed by this article: (1) how are outsourced call centres linked to their wider production networks (with special attention to their roles and influence within the network)? and (2) how do these linkages shape the organisation and quality of call centre jobs in Argentina?

Having briefly described the general development and characteristics of the outsourced call centre sector in Argentina, it is now possible to examine the agents (including and beyond outsourced call centres themselves) that participate in this network and their role in promoting the integration of outsourced call centres into this GVN. As suggested above, the sector has developed not only because of the economic and structural characteristics of the country, but also by its progressive ‘construction’ through the interplay of various agents, whose role and influence towards the sector will now be outlined.

Argentinean Chamber of Commerce

The Cámara Argentina de Comercio (CAC) is the institution that represents organisations involved in any type of commercial operations. Within its organisational structure there is a section specifically devoted to the call centre sector, the Association of

Customer Service Centres (ACAC), which acts as a regulatory entity of call centre activities, as well as employer representative vis-a-vis other institutions, such as government and trade unions.

Some specific actions of the ACAC are described by Del Bono (2010b), based on the review of press articles and institutional documents of the association. We may point out, for example, that in 2008 the ACAC attempted to include the call centre sector within Law 25.922, which grants fiscal stability, 70% reductions in employers' taxes and 60% reduction on profit tax in order to aid the software and IT sector. However this did not materialise as the software sector did not recognise call centres as an activity integrated in their own value chain. Since then, the ACAC has opted to target special conditions and incentives outside the software and IT law, especially at provincial level.

The ACAC has contributed to making the sector visible by establishing itself as the sector's employer representative in collective bargaining. It has also formalised some aspects of its *modus operandi*. The association views itself as a means to professionalise the sector, as companies who wish to join the association must meet certain standards. However, as mentioned above, its role as a lobbyist for the sector with regard to the government (to whom it argues the need for direct subsidies to the establishment and operation of call centres, fiscal exemptions, finance for training and reductions in utility bills), has been less successful at national level and more so at provincial government level.

Government

Argentina's government institutions operate at two levels: national and provincial. At the national level, there is no specific strategy attempting to enhance either the outsourced call centre sector or to attract the location of large multinational operations. However, during our interviews with the representatives of call centre companies, we could establish that some of them have had access to general plans and incentives that the government offers to all companies, such as tax benefits, workforce incentives ('Youth with a Future' programme), productivity improvement schemes and so on. In this regard, companies and representatives of the sector would like to see a more proactive role on the part of the government in order to preserve the sector, highlighting its contribution in terms of job creation. However, as in other countries, national governments are aware of the volatility of jobs in this sector, and this may be a reason for not targeting the call centre sector with more proactive policies.

At provincial level we observed a different situation: some governments such as those of Córdoba, Santa Fé or Tucumán have developed specific strategies in order to attract call centres. Motivated by the immediate need to create jobs, provincial governments have passed laws and given direct incentives, such as exemptions on the rental of office space or on various taxes. These initiatives have generated changes in the localisation of some of the larger organisations. Thus, provincial governments have taken note of the capacity of the sector for generating genuine jobs in the formal sector (as opposed to the underground economy), thus achieving a positive outcome within their labour policies.

Trade unions

Regarding the representation of the labour force, and given the fact that both outsourced call centres and the Argentinean operations of foreign multinationals involve employees working across borders, we could expect to find some evidence of labour internationalisation (Ghigliani, 2005). However, we did not find any cases of material company-binding initiatives such as multinational collective bargaining (MNCB), even though Ramsay (1997) already anticipated problems with the actualisation of MNCB, particularly between more and less developed countries, or of other more general initiatives representative of new labour internationalisation (Ghigliani, 2005), such as networking, information sharing communication or the like, between the representatives of workers in the foreign headquarters and the operations in Argentina. Thus, we needed to turn our attention to national trade union representation.

Call centre employees are represented by the FAECYS (Argentinean Federation of Employees in Trade and Services), although the representation of these workers is subject to much dispute, especially by the unions in the telephone sector, FOESITRA and FOETRA, that claim that this activity falls with their field of incumbency (Senén González and Garro, 2008). Legally, outsourced call centre employees are included in the Collective Agreement No. 130/75 by default. This is a national sector based agreement that covers a great diversity of commercial activities and enterprises, thus not taking into account the specificities of call centre work (Del Bono and Henry, 2008). Indeed, according to this agreement, outsourced call centre agents' jobs are likened to the various categories of administrative employees or sales personnel, but neither of these activities are sufficiently similar to jobs in call centres. Moreover, this collective agreement sets very low wage levels and almost no minimum conditions. This has been a source of contention among trade unions. In this context, in 2005 FOETRA (Federation of Telephone Workers and Employees of the Argentinean Republic) supported a project to pass a law to define the call centre agent as a recognised job category and listing their typical tasks (Del Bono and Henry, 2008). However, to date this proposal has not even been discussed in the national congress.

This loose institutional framework in which outsourced call centres operate and the weakness of trade unions mean that Argentinean call centre managements enjoy great flexibility when determining the distribution of working time, as well as the level and composition of their employees' compensation (Del Bono and Henry, 2008). And the tendency is to advance even further in these various forms of flexibility since firms have succeeded in stopping any regulatory processes by arguing that these could affect the competitiveness of the sector in Argentina. From our interviews it emerges that even an agreement as unspecific as the Commerce agreement is considered too 'rigid' to the liking of call centre managers, particularly with regard to rules referring to shifts and arrangement of working time.

In fact, what call centre managers would like to see is that some working arrangements and practices that already exist – but are supposed to be special situations according to the regulations – become standardised and legally accepted: variable

working days, changing shifts and compensation per effectively worked hours. But so far, trade unions are not representing a challenge to advances in this direction, even though, as some commentators suggest, it is only through collective action and a strong trade union agenda that employees could wield any influence on the establishment of call centres working conditions (Taylor and Bain, 2001; Taylor et al., 2009).

Client companies

Outsourced call centres engage in contractual (buying and selling services) relationships with their client companies in what could presuppose as arm's length relationship (Marchington and Vincent, 2004) between these agents. In reality, once the negotiation has taken place and the contracts (or SLA, service level agreement, otherwise known as 'The Bible') established, client companies exercise an active role by closely monitoring and controlling the service delivery.

In this sense, in terms of the value chain perspective, the relationship between outsourced call centres and their clients may be considered a buyer-driven market (Gereffi and Korzeniewicz, 1994). Thus, the relationship is mainly mediated by the contract/SLA, and precisely what illustrates the power of client companies in this network is the terms of the contract. Indeed, contracts not only fix the expected level of service, the protection of the client in case of non-compliance, measurement parameters and criteria for updating prices, but in some cases they also determine a wide array of aspects related to the management of the supplier's agents, from their salaries and incentives to their coffee breaks. Furthermore, the clients' involvement in the management of their suppliers is to such an extent that in many cases it even entails the client's permanent physical presence on the suppliers' premises. This has a direct impact on the characteristics and conditions of jobs and their management in call centres (Flecker and Meil, 2010). Each contract/SLA, thus, gives a clear sign of the degree of autonomy of the supplier (outsourced call centre) and in turn, of the relative power of the client.

The fact that a client company may have a say in the management of its suppliers' employees is a characteristic quite peculiar to this sector, and an indication of the complex relationships that occur in a GVN. Indeed, many years of industrial clusters studies have highlighted the leadership of client companies in exchange of know-how and provision of training, but they have not identified this call centre characteristic whereby the client has the power to decide on the suppliers' employee management practices and working conditions. This points to the need to conceptualise governance with a broader lens that encompasses various labour aspects (not only who employs who, but also, who determines the working conditions of the various groups of workers in the network).

In sum, the interactions of the agents reviewed in this section have given shape to the current outsourced call centre sector in Argentina. These interactions have a direct effect on the labour market, both broadly in terms of job creation and sustainability and at a micro level in terms of the characteristics of the jobs and the management of people in the sector.

How global networks shape the organisation, management and quality of jobs in receiving countries

It is important to note that the call centre's main source of achieving a competitive advantage is through the organisation and management of human resources. This aspect is particularly important if we consider the fact that labour costs account for the largest proportion of costs in a call centre.

As suggested above, in order to take stock of the impact of the outsourced call centre sector and the implications of its integration in the GN, it is not enough to just consider its job creation potential. A more in-depth analysis is thus needed, particularly in terms of examining the effects of these GNs on the organisation of jobs and the management of human resources. These will now be outlined, introduced first by a description of the characteristics of Argentinean call centres' employees in terms of age, gender, marital status and nationality.

Workforce composition of Argentinean call centres

[It] is a job that does not generate incomes [that could] maintain a family, then in general one looks for a profile of student or a second family income . . . or complementary incomes. . . . But in general, we haven't breadwinners . . . (Interview: CC manager)

Considering the *age* of agents, both sectorial data and our interviews show that call centres tend to employ young people (post-secondary school or university students), for whom this is their first job. In this sense, 60–70% of employees are between 18 and 24 years old (AMCHAM, 2007, and own interviews). In the cases where the average age is higher, it is normally due to the adherence to incentivised employment plans (to contract older people, people with disabilities, single mothers, etc.) or when targeting specific language skill groups. In terms of *gender*, there is a similar proportion between men and women employed (women constitute between 50 and 60% of a call centre's workforce). This is a peculiar feature if these ratios are observed at a global level, where the sector is mainly characterised by a higher presence of female workforce (Holman et al., 2007), and may be explained by the high levels of young employees, whereby female entry to the labour force is more common.

The marital status of most people working in call centres is single. But according to our interviews, this trend is beginning to change in recent years, whereby more married women are beginning to work in call centres after maternity or as an addition to the husband's income (mainly when the husband is working under precarious conditions, as a way to receive the benefits of health insurance and other benefits of formalised contracts). Finally, regarding *nationality*, most of the staff in the call centres analysed comprise Argentines (approximately 85%), with their diverse, mainly European national backgrounds mentioned above (that afford a good language skill set).

Flexibility in managing people

It's all about HR management. If anyone thinks it's about technology, they are wrong. . . . Technology advances, even if it's faster and faster, but it becomes a . . . commodity, something

that we all have. So the differential among call centres lies in the management of human resources. (Interview: CC manager)

It's very changeable. Moreover, it's so changeable that during the validity of a contract of three years for instance – a contract to provide services from Argentina – it is very possible that several modifications will be introduced annually in that contract in order to meet the demands of the client firm: the provision to new markets, clock time modifications in some operating areas, variations in the products or the services offered by the firm. . . . It's very changeable. (Interview: CC manager)

From our interviews it emerges that flexibility is the ruling principle in order to achieve competitiveness through people in Argentinean call centres. The organisation of work, of working hours, the nature of contracts, the ways of managing compensation and labour relations, these are all variables that outsourced call centres constantly 'adjust' according to the SLAs that have been negotiated with their clients (or have been set from the headquarters of the organisation in the case of offshored call centres). These results coincide with those of Flecker and Meil (2010). This permanent adjustment of conditions is even more prevalent in the case of offshored call centres. Whether this is because as parts of larger networks they deal with a larger variety of clients and contracts, or because they can move to other countries more easily, should be further explored.

Each service deal involves a negotiation between call centre and client, and the contract or SLA describes the conditions of the deal and the account in great detail. This way of proceeding results in highly changeable HR practices according to the conditions that the client establishes (Flecker and Meil, 2010).

The limits to this offshored call centre flexibility are few, and tend to be proposed by other agents in the sector, such as trade unions, with varying degrees of success. This is another expression of the peculiar characteristics of the global call centre sector: in terms of global chain governance, even when the relationship between organisations may appear to be arm's length or market type, the client organisations determine the profile, salaries and other conditions of the suppliers' employees. As pointed out above, this would be a rarity in any other sector, where organisations decide on the working conditions of their own employees, but not of their suppliers'.

Type of labour contract

Call centres have a bad press here and everywhere in the world . . . but in our case, this is not fair. We create genuine jobs; they are neither precarious nor informal. This is what the employees of the sector value most: a formalised and permanent contract, and the social benefits. (Interview: CC HR manager)

Both Chamber of Commerce data and the information gathered in our interviews let us establish that the labour contracts most commonly found in Argentinean call centres is the permanent contract (*contrato efectivo*, which is formalised and for an unlimited period of time). In general, employees go through a trial period of three months, after which, by law, the job becomes permanent. The fact that they are formalised contracts should be considered a positive aspect of the call centre sector in Argentina, as many

other sectors, particularly when offering part-time jobs, make work arrangements that are not formalised under a contract, with the consequent lack of protection for the employee and the inability to access social security services. Indeed, this is what Del Bono and Bulloni (2008) found in previous analyses, when they had the opportunity to interview employees and learned that, for most of them, the attraction of working in a call centre was exclusively related to the need to have a formalised contract to access social security services.

The widespread practice of working with formalised contracts may be explained by the need of the suppliers of services to abide by the international standards of their clients or their headquarters (in the case of multinational companies operating in Argentina). This illustrates how the governance of the network, strongly established by the client companies, shapes the *modus operandi* of other agents in the network. And by mimesis, this practice also extends to national call centres. Furthermore, most companies interviewed in Argentina had almost their entire workforce made up of permanent employees, with some exceptions in situations of demand peaks. This prevalence of long-term contracts is in sharp contrast with the contracting practices carried out by some European countries, particularly those in the so-called coordinated economies, where the need to operate flexibly results in an extensive use of temporary contracts (Shire et al., 2009a, 2009b; Valverde et al., 2007b).

The positive characteristics of the contracts in the call centre industry might be considered, at first glance, as an indicator of good quality jobs. However, an obvious downside is that other aspects of job quality, such as salaries and working conditions, do not correspond to these standards. More on these aspects is discussed below.

Working time arrangements

As I said, our hands are tied by the SLA, so thank God we can play with time. Sometimes I think that time is our only management tool . . . for retaining students during their exams, to cope with peak campaigns . . . and of course, to save on overtime! (Interview: CC HR manager)

Flexibility is again the overriding principle in the working time arrangements in Argentinean call centres. This materialises in the establishment of highly varied structures of shifts and working days (although a typical weekly distribution would be a part-time dedication of six hours per day, five days per week), according to the needs of the service and the client. Apart from weekend services, perhaps the most complex are those requiring various night shifts in order to cater for the time difference between Argentina and the countries they service. Again, this reflects on the interplay between the various agents within the network: the flexibility in working time is so high because Argentinean labour law (the state) allows it, because trade unions are in a weak position and because client companies hold a strong position in the governance of the network.

As seen in the quote above, and confirmed in many other interviews, it is worth noting that call centres use this diversity of working time arrangements for a multiplicity of purposes, but mainly as a retention policy for young agents who are combining work in the call centre with studying, by adapting their work shifts to their study needs, and as a way of maximising the use of human resources without having to pay for overtime.

Training and career development

About training? Well, let them come in first, and we'll train them as needed . . . it's not nuclear science, and that's what we are here for. (Interview: CC HR manager)

Unfortunately, the hierarchical structure of a call centre is flat . . . so what can we offer by way of a career? To get to become a supervisor. Obviously, this is not very tempting. Sometimes they might become part of the 'structure' of the company, but these are really exceptional cases. (Interview: CC manager)

When call centre representatives were asked about training aspects, we found that little specific previous training is required for agents to be selected for the more widespread commodity type of services. Once in the organisation, training activities tend to respond to either very specific needs of each account or campaign (product information, etc.), or language skills, in particular the neutralisation of accents in order to offer services in standard Spanish in call centres that cater for other Latin American countries and Spain.

Career development opportunities follow similar paths as in the call centre sector in other countries (Richardson and Belt, 2001): outsourced call centres have flat structures and fewer opportunities of promotion than in-house call centres, where employees may move to other departments of the organisation. Within outsourced call centres, larger multinationals offer somewhat more opportunities than smaller local organisations, this being more a matter of opportunity than policy (Gorjup et al., 2008).

Salaries

Of course, they complain about the low salaries, but those who stay, they stay because of the contract. (Interview: CC HR manager)

Taking as a point of reference the value of the minimum wage (*salario mínimo, vital y móvil*) in Argentina in 2010, we find that the salary of outsourced call centre employees barely surpasses this benchmark, which in August 2010 was 1740 pesos (€333). Thus, towards the end of 2010, the net salary of outsourced call centre employees varied between 1800 Argentinean pesos (€345) for a Spanish speaking agent and 2100 pesos (€402) for bilingual agents. The minimum wage in Argentina is established by the Minimum Wage Council, a tripartite institution where the government, employers' organisations and trade unions negotiate the minimum wage that any worker has to receive. Twice a year, the Council arrives at these sums by agreement in order to update and maintain the purchasing power of workers. This is one of the issues that puts more pressure on the management of offshored call centres, together with the demands of their headquarters and of international clients, who until relatively recently could count on low wages at Argentinean centres.

As in other countries, the variability of salaries in the sector mainly depends on the nature of the tasks carried out, the languages used by the agents, the characteristics of the service and the conditions set by the client. The important component of variable pay should be highlighted. This must be understood as a strategy of the firms to achieve, once again, greater flexibility.

The acid test: Labour turnover

Clients are very worried about this topic [turnover], and we work together with the client on HR policies in order to see what benefits we can give to employees to prevent them from leaving. (Interview: CC manager)

High labour turnover in outsourced call centres in Argentina is one of the main difficulties faced by the sector. According to sector data, the *monthly* turnover rate is around 20–30%. This is in fact a peculiarity of the sector that has been highlighted at a global level (Holman et al., 2007) and seems to be indeed inherent to this activity.

In the case of Argentina, there are two job characteristics in the sector that may lead to the conclusion that call centre work has important advantages over jobs in other sectors, thus having a higher potential for retaining employees. First, is the fact that they offer formalised contracts, as opposed to the many other economic activities that fall into the informal sector in Argentina. Second, the fact that they offer permanent contracts, as opposed to other countries (particularly in Europe) where temporary contracts and other forms of insecure forms of relationship between organisation and workers are more prevalent.

Yet, these two relative advantages are not enough to ensure that outsourced call centre employees want to stay for an extended period of time in these jobs, albeit in a context of economic difficulty and high unemployment. This phenomenon may be explained by three main factors: first, the intrinsic aspects of the job. Indeed, the difficult nature of call centre work makes the desire to leave inherent to the sector. Second, are extrinsic aspects: the prevalent difficult working conditions – low salaries, work intensification, minimal opportunities for promotion, etc. – are so tough that people are willing to leave at the first opportunity. Third is the composition of the labour force, mainly made up of young university students, who consider this as a temporary phase in their careers. In any case, high labour turnover is viewed with concern both by employers and their clients, and despite the positive aspects of the contract characteristic of call centre jobs in Argentina, the resulting situation is one of high turnover.

Discussion and conclusions

This article has dealt with the consequences of complex forms of arranging global service delivery on work and workers of receiving countries. In particular, we have focused on the call centre sector as a global value network (GVN) and its impact on the receiving economies by examining the case of Argentina. In order to conceptualise the phenomena studied, we have taken as a frame of reference the global value chain perspective (GVC), and have critiqued its potentials and limitations as a useful framework for analysis. Indeed we have proposed to use the term GVN in order to overcome the limitations outlined.

The main advantage for Argentina as a receiving economy of the integration of the outsourced call centre sector in the GVN has been the generation of an important number of jobs that are registered and formalised. The growth of this labour-intensive activity has allowed thousands of young people to enter the labour market, thus being the main source of legitimisation of the sector.

However, this positive impact must be understood against the difficulties that outsourced call centres have in retaining employees and in offering interesting labour expectations (in terms of job quality, training and development and a socially recognised activity). This downside is commensurable with the type of organisation and HR management typical of this sector globally, where constantly acquiring, utilising to the maximum, and soon losing employees is part and parcel of the business, in what has been termed a 'sacrificial HR strategy' (Wallace et al., 2000). This is explained not only by the challenging nature of call centre work (Lloyd and Payne, 2009), but also by the intense use of flexible working practices that call centres undertake in order to compete and continue to be part of the network. To a great extent, these characteristics actually constitute a manifestation of the very *raison d'être* of the sector: outsourced and offshored call centres are a means to offer customer service through a cost reduction strategy. Thus, the labour conditions under which the sector operates in receiving economies are also based on cost reduction.

The fact that the very existence of the outsourced call centre sector was brought about by the initiative of companies wishing to externalise a function that was once carried out in-house, does not only tell us about the cost reduction orientation of the sector, but also about its governance. Indeed, we have examined the question of governance in the GVN, and the analysis of the role of different agents participating and influencing the network has shown that to a large extent the balance of power lies with the client organisations. As has been shown, even though call centres enter into market type relationships with their clients, a closer examination shows the great degree of subordination of call centres to their clients, who, in the case of Argentina, can relocate their activities to other Latin American countries where providers may offer the same service for equal or less money. This occurs both for independent domestic Argentinean call centres and for subsidiaries of multinationals. In the latter, the organisation's headquarters is yet one more agent to consider in the network, presenting a form of hierarchical governance.

In relation to the labour market, the transnationalisation of production and service processes brings about changes in the historical forms of the international division of labour. Thus, a new geography of production has emerged, based on the transnational (and asymmetrical) segmentation not only of production flows, but also of salaries and working conditions.

In this sense, our findings coincide with Knorringa and Pegler (2006) when noting that GVC (networks), as a subcontracting mechanism, bring about a progressive precarisation of labour conditions in the weaker links of the chain, as the subcontracted organisations are under severe competitive pressure. Thus, all potential suppliers are 'running to stay in the same place' in order to at least protect their position within the network. Suppliers are then pressured by their clients (as seen above, normally more powerful than them), and indirectly by their competitors, towards a reduction in costs and the improvement of speed and quality of their delivery. As this dynamic continues, suppliers' profit margins become smaller.

In this context, the need for greater organisational flexibility is passed on to employees under the forms of more precarious forms of work. This is apparent in the labour-intensive outsourced call centre sector where profits depend on offering low budgets in order to obtain accounts, with the corresponding pressure to reduce costs and increase

productivity in order to maintain competitiveness in what has been termed ‘a race to the bottom’ (Taylor and Bain, 2008), with its implications for employees in terms of pay and working conditions.

In order to attempt to escape this trap of ever decreasing profit margins, some suppliers aim to opt for upgrading. Indeed, when outsourced call centres can no longer compete on cost, their alternative is to offer added value with more complex, personalised, less commodity-type services, such as BPO (business process outsourcing), specialised services, etc. In our interviews, this theme came up repeatedly, and call centre managers are clearly aware that Argentina is losing its competitive edge on price against other Latin American countries. Thus their only option is to move upwards in the value chain, with the aim of increasing profit margins and maybe even redressing some of the power imbalance with the client companies.

However, the possibility to upgrade is contingent upon two conditions: first, they must avail of a pool of human resources sufficiently qualified to undertake more complex tasks; and second, there must exist other countries or markets that can offer the same commodity services at a lower cost. This has in itself its own implications: if more added value services are delivered, there may be room for improvement of working conditions. But these employees are probably different individuals from those who would have been working in the lower-added value operations. Thus, upgrading in a developing receiving country may mean the generation of better but fewer jobs, with the consequent disappearance of jobs for less qualified people. This needs to be considered carefully by policy-makers, as the loss of jobs may be more problematic in a developing country where less qualified people have fewer opportunities to access the labour market than in destinations with more developed social policies.

Finally, it is important to highlight the dynamic nature of the development of GN. By looking at the bigger picture, we can observe how some of the processes that are now taking place in Argentina have occurred before in other countries. Indeed, it is possible to make comparisons with the previous development of the call centre sector in other countries, such as those described by Richardson and Belt (2001) for the 1990s. Even in the case of pioneering receiving countries in the industry, such as Ireland (receiving businesses from the USA), the sector started with standardised low value services being offered to other large English speaking countries such as the UK and the USA. As the technology and management practices developed, these commodity services were moved to other lower cost countries such as India and the Philippines, who could offer English language services more cheaply. Ireland retained commodity services in multiple languages (as they had a large number of foreign young population) and other more added value services, thus upgrading. But soon after that, providers identified certain specific cities throughout Europe that had a large international population and lower salaries, such as Barcelona or Madrid. The same could be said for the outsourced call centre industry in Spain in the 2000s: it started with low value services to Spanish speaking countries, but soon moved these commodity services to other cheaper Latin American countries, retaining the aforementioned multi-language services, the domestic market and some specialised services. Again, the sector started down in the value chain and upgraded for its survival. The same process can be currently observed in Argentina, where the sector developed, consolidated and is beginning to be streamlined, in a case of

history repeating itself. This cyclical process is probably due to the very logic of the GVN, which needs to constantly identify the next competitive edge wherever it is in the world. But the consequences for labour markets and the working conditions involved in the sector have not usually been taken into account.

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