Call Center Attrition and Turnover:

Average Rates and Common Causes

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INTRODUCTION

Attrition and turnover can both happen when an employee leaves a company. Although connected to each other and commonly interchanged, attrition and turnover have entirely different meanings. **Employee turnover** is defined as the replacement of a worker with another worker, and it usually occurs as a result of attrition. **Employee attrition** happens when a worker voluntarily or involuntarily leaves his job.

Call centers are known for having some of the highest employee attrition and turnover rates among all industries in both the US and even around the world. These already high numbers were even more magnified during the past decade's global outsourcing boom, as investors consider turnover rates as one of the determining factors in choosing an outsourced call center to handle their voice services.

A high turnover rate causes significant detriments to the workplace. Many instances of quitting can deteriorate the remaining agents' morale, which could subsequently impact customer satisfaction. It also puts a strain on the management to replace previous employees with more capable and loyal workers. In doing so, they incur additional costs for recruiting and training new-hires, not to mention providing them with various incentives as part of the call center's employee retention strategies.

Call center turnover rates differ by the year, company size, position, industry, and employee age. Employees' reasons for leaving also vary, with the gravity of tasks, compensation, and overall work environment being some of the main factors affecting attrition.

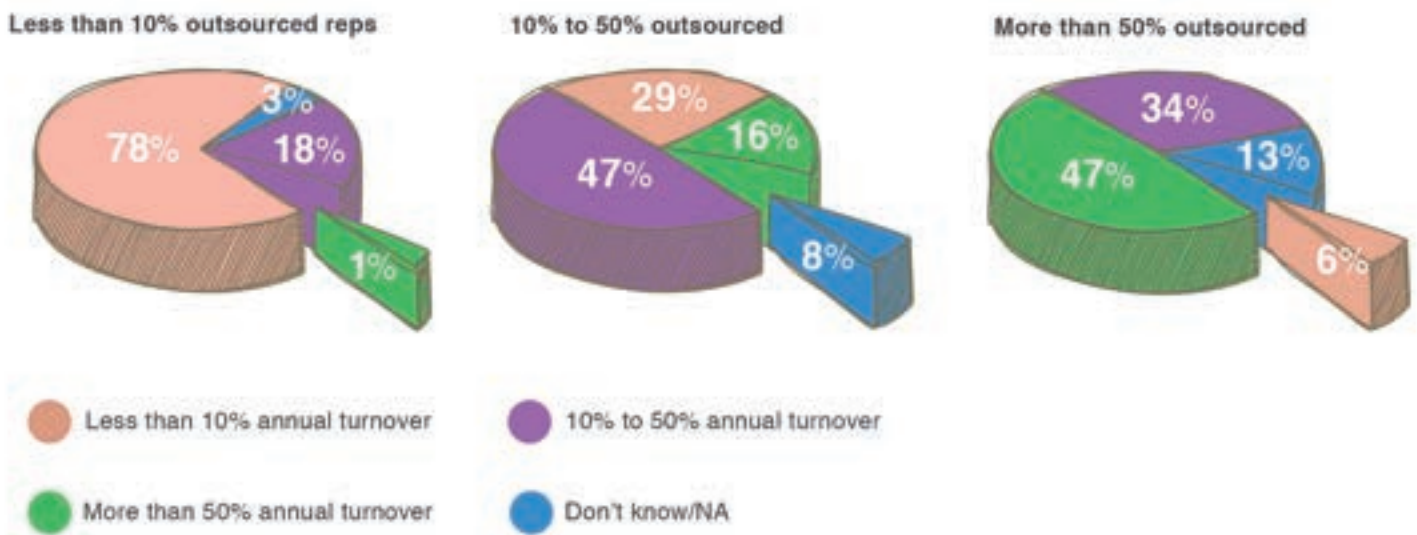# AVERAGE TURNOVER RATES

BY YEAR

Training institute The Call Center School reported that the 2008 average call center turnover rate worldwide lies between the 30% and 45% range. The rate was reduced by 1/3 in the US during the recession, but the American average reached 26% in 2009. It spiked to 43% in 2011 when job supply was slowly regaining steadiness, and it then rose slightly to 46% in 2013.

BY COMPANY

Company size plays a significant role in employee turnover rate. Deloitte Consulting found through its 2013 Global Contact Center Survey that "large, outsourced contact centers have the highest turnover rates." Big companies suffer from very high annual turnover rates among call center representatives, while organizations with fewer outsourced workers have lower annual turnover.

Deloitte asked over 560 call centers across the globe about their annualized turnover rates, and companies with less than 100 representatives reported to have the fewest instances of turnover, as opposed to firms with 500 or more employees, which reportedly suffer from turnover rates above 50% on a yearly basis.

Organizations with more outsourced agents also record higher turnover rates compared with those employing a greater portion of in-house representatives. Companies with less than 10% outsourced employees have less than 10% annual turnover, while companies with 10-50% outsourced agents report a 10-50% turnover rate. On the other hand, firms that outsource more than 50% of their workforce consequently suffer an above 50% turnover rate.

Less than 10% outsourced reps

78% 3% 18% 1%

10% to 50% outsourced

29% 16% 47% 8%

More than 50% outsourced

34% 13% 47% 6%

- ● Less than 10% annual turnover
- ● 10% to 50% annual turnover
- ● More than 50% annual turnover
- ● Don't know/NA

BY EMPLOYEE ROLE

Agents tasked to carry out repetitive office functions get replaced more often than those with specialized, high-level positions. High burnout tasks like outbound telemarketing also reflect a high resignation rate while turnover is lower in workplaces with union environments (17%) than that in non-union workplaces (33%).

The Global Call Center Project by Cornell University surveyed 473 American call centers and gathered the following statistics. Call centers that have 30% or more agents dedicated to problem-solving tasks (technical support, customer service) have nearly 50% lower resignation rates than those with less than 30% problem-solving positions. The average resignation rate of the former is 11.1% vs. the latter's 16.3%. Meanwhile, centers with at least 30% of employees under self-directed work teams (SDWT) have 38% lower resignation rates than firms with below 30% of the workforce under SDWT. Their average resignation rates are 10.9% vs. 15.1%.
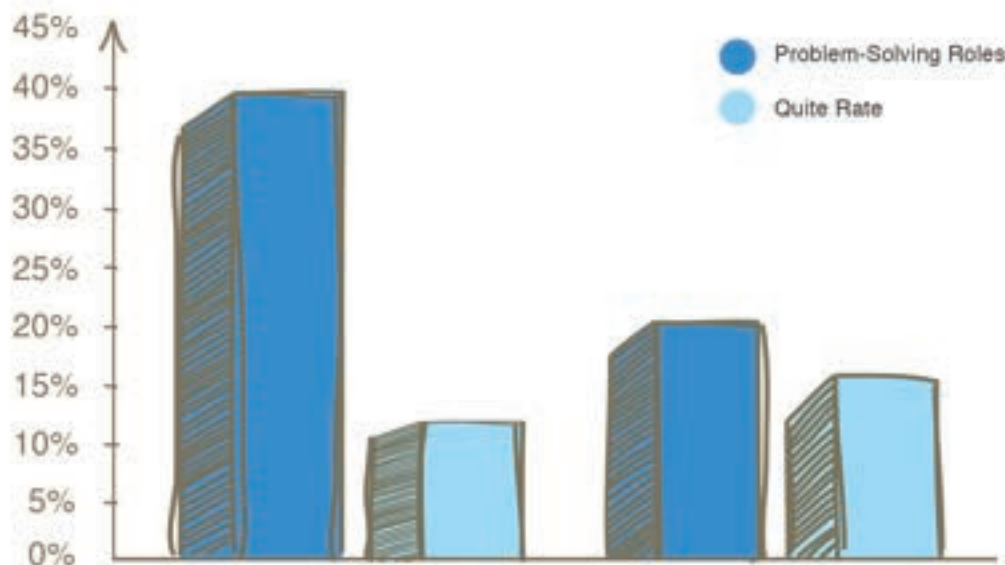
US contact centers using high involvement practices have significantly lower turnover, absenteeism, and resignation rates compared to those using a standardized production line approach. The annual turnover average of production-line call centers is 45% while high-involvement companies have a rate of only 25%. Employee resignation rates average around 23% in production-line firms while it is 9% in high-involvement call centers. Average absenteeism rates are 9% and 5% respectively.

BY EMPLOYEE AGE

The aforementioned Cornell University study states that the average American call center agent is 30 years old with at least one and a half years of college education. The 2008 data collected by the United States Bureau of Labor Statistics showed that employees aged 20 to 24 stay with an organization for an average of 1.1 years, and workers aged 25 to 34 stay for 2.7 years.

According to job portal Callcenterjobs.com, call centers are normally composed of people within the mentioned age ranges, and workers aged 20 to 34 stay on the job for only about one year. A 2010 research by call center hiring solutions firm Furst Person revealed the same figures, specifically stating that call center recruiters believe that an agent should be ideally between the ages of 27 and 45. Older workers are viewed to be more stable, reliable, and mature—traits that are said to affect retention.

Furst Person presented tenure comparisons of Baby Boomers (50-67 years old), Generation X (29-49 years old), and Generation Y (7-28 years old). Conducted analyses suggested that Baby Boomers stay 28% longer in call centers than Generation X and 44% longer than Generation Y. The attrition rate of the oldest age group is also 19% lower than that of Generation Y and 28% lower than that of Generation X.

BY INDUSTRY CATERED

The highest turnover rates are in subcontractor or outsourced call centers (51% average), and the second highest are the in-house call centers of retail brands (47% average). In contrast, contact centers catering to large corporations (28%) and telecommunications companies (26%) have the lowest total turnover. Outsourced call centers also recorded the highest absenteeism rate at an average of 10%. Retail again comes in second with 9.3%, and the lowest rate of 4.8% still goes to the in-house call centers of telecommunications companies.

FACTORS BEHIND TURNOVER AND ATTRITION

Forrester categorized turnover as involuntary and voluntary.

INVOLUNTARY

This is attributed to "a mismatch between the contact center agent and the expectations of the position for which the agent is hired." The following factors lead to involuntary turnover: poor hiring and training practices, weak job descriptions, requirement miscommunications during the interview, and inadequate training toolset.

VOLUNTARY TURNOVER

This is attributed to the contact center's failure to meet the long-term job expectations of the agent. The factors that lead to voluntary turnover include:

- Job monotony
- Salary dissatisfaction
- Lack of career advancement
- Over-supervision
- Poor management

- Lack of agent empowerment
- Personal schedule dilemmas
- Frustration with the toolset
- Stress brought by irate customers

The common causes of attrition are resignation, layoff, dismissal, and retirement. Among the four, resignation is recorded to be the biggest reason behind employee departure, according to a human resource survey conducted by the University of Sheffield and the CCA Research Institute UK. The highest resignation rates range from 28% to 82%, while the lowest is 8%.

Employee resignation rates are affected by issues in recruitment, compensation, workplace atmosphere, and career growth.

RECRUITMENT ISSUES

Poor recruitment practices are largely blamed for the high resignation rates with third-party outsourcers where mass hiring is commonly implemented to immediately fill a large number of vacancies. Thorough applicant screening is sometimes sacrificed because of this practice. Often, the pressure of urgency additionally leads recruiters to ignore the candidates' lack of skills, background, or attitude necessary for telephone work. Insufficient training also increases attrition, as agents who aren't sufficiently prepared to handle a call center workload tend to get overwhelmed quickly.

COMPENSATION ISSUES

Reasonable pay and recognition help motivate agents to stay longer on the job and reduce the number of workers looking for better opportunities elsewhere. In contrast, low salaries and lack of medical/dental benefits contribute to agent resignation rates. Research shows that call center employers who pay a portion of the agents' health insurance premiums have 10x lower retention rates than employers who don't.

According to a 2011 study on more than 1000 American full-time call center agents, a cash bonus (82%) is the most preferred recognition reward they want to have. This is followed by verbal praise (49%), recognition for individual achievements (46%), written praise (45%), and non-cash incentives (44%). However, only 24% of the respondents who expected cash bonuses claimed to have received actual cash incentives from their employers.

Despite claims of retention boost, attractive salaries and benefits packages don't always lower attrition, especially if the bonuses are unattainable or poorly structured. Agents become dissatisfied and less motivated to reach quotas if the bonus criteria is impossible to meet. Furthermore, frequent changes in the incentive program structure leads to goal confusion and frustration.

WORKPLACE ATMOSPHERE ISSUES

Call center work is mostly procedural, closely monitored, metrics-centered, and target-driven. Agents are expected to be flexible and compliant to schedules, quotas, and sometimes emotionally abusive calls from consumers. A workplace with stringent policies and a restrictive culture can drive away employees, especially those who are accustomed to a more relaxed working atmosphere.

The interactions between co-workers and supervisors can also affect workplace satisfaction. Employees working in isolated workstations that provide little room for face-to-face communication with fellow agents reportedly have higher dissatisfaction levels. Moreover, poor management and indecisive supervisors who use criticism as a management technique prompt workers to resign, according to the Inside CRM website.

CAREER GROWTH ISSUES

Burnout rates are high among call center representatives, particularly agents whose roles are repetitive and emotionally straining. Agents who have been with the organization for years performing the same tasks daily tend to get burnt-out more.

Lack of career growth also contributes to an attrition rate increase. While poor recruitment practices play a greater role in new-hire resignation rates, a low chance of career development can cause high-ranking or veteran agents to exit the company. These are the employees whose superb performance and company tenure merited them a mentor status, a role that many of them consider a "glass ceiling" position where no further career growth is promised.

CONCLUSION

Various factors affect call center attrition and turnover. In recent years, the average rates have been continuously rising along with the increasing popularity of voice-based customer service outsourcing, where the labor force is mainly composed of young workers. Age plays a large role in employee satisfaction, as younger call center agents tend to leave their positions more often for higher-paying jobs with less stringent roles and working environments. They choose companies that promise a high involvement management approach and less monotonous tasks. On the other hand, seasoned agents and top performers resign to search for career growth that they feel their employers can no longer offer.

Despite the many factors that may prompt workers to leave their call center agent positions, all the reasons originate with dissatisfaction on either the employer or the employee's side. Between the two, voluntary resignation is more prevalent. Agents either feel discontent over the company's career promise or overwhelmed by the stress-prone line of work that subjects them to constant monitoring and a low personal interaction environment.

In summary, call center attrition and turnover are generally caused by differences between the employer's set requirements and the employee's work expectations.These differences are more present in massive outsourcing firms, particularly those that are largely composed of routine positions or positions that handle repetitive tasks. Inferring from the findings, businesses that plan to entrust their call center operations to service vendors could decrease attrition and turnover rates by:

- Outsourcing to smaller firms

- Outsourcing less routine and high-burnout tasks such as service dispatch and telemarketing

- Outsourcing more high-involvement and problem-solving roles such as customer service and technical support

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