The State of the Customer Service Labor Pool in the Current Economy

BY RON L. HETRICK

As far as the labor economy is concerned, 2008 seems bleak. By mid-2008 nearly half a million U.S. jobs have been lost, according to the Bureau of Labor Statistics of the U.S. Department of Labor (BLS), averaging a monthly decline of 73,000 jobs. Financial pundits and bank economists regularly fill the news channels with reports of dire hiring conditions, which makes talk of labor market shortages untimely, right? Not exactly.

The problem with analyzing these labor statistics from an overall perspective is that it only paints a broad picture that isn't showing the finer points. With the current U.S. unemployment rate looming around 5.5 percent it may seem as if all industries and occupations are affected proportionately. However, for companies seeking to hire contact center agents, the main labor economy should be concerned about the one that employs the workers they are looking to hire. It is this sector that is functioning in opposition to national statistics.

These seemingly disjointed trends are what economists refer to as a "split economy." In other words, only those industries affected by the economic downturn are those that hire labor-intensive, non-transferable skill sets.

The brunt of the job losses has been experienced almost exclusively in the construction and manufacturing industries. Approximately 496,000 jobs have been lost in these two industries thus far in 2008. However, if these industries were not accounted for when determining job-loss figures, the United States would actually have experienced a net job increase of nearly 60,000 jobs.

So how does this relate to the contact center industry? Although the construction and manufacturing industries are contributing to the poor labor situation, the BLS reports these industries only employ 8 percent of the customer service population in the United States. Customer service positions are not production related; therefore the downturn of the economy is having little affect on hiring conditions in the contact center industry.

If manufacturing and construction are not able to affect the customer service supply pool, what industries are key employers of these skill sets?

Currently, financial services, insurance and business-support services (which contain the outsourced contact center segment) employ nearly one-third of all customer service representatives. Through this economic downturn, these three industries have experienced very little change in employment. In some cases, hiring has actually increased.

If contact center managers are wondering why attrition remains a problem or why people they are attracting for positions do not match expectations, the answer lies in the stabilization of these industries.

To illustrate this further, we can look at mortgage banking. This highly publicized focal point of the real estate meltdown has cut just under 150,000 jobs, or 30 percent, of its workforce since payrolls peaked in mid-2006. Customer service representatives make up about 8 percent of those losses or 12,700 jobs lost in the past 24 months. Considering the latest projections, data from the BLS indicate 55,000 customer service representatives will be hired per year across all industries; those 12,700 agents most likely were consumed in a matter of days or weeks after they were laid off.

If a contact center's sole hiring strategy is to hope the weakening economic conditions would somehow improve their situation, this strategy could have negative long-term consequences. Companies should strive to be employers of choice, despite the state of the U.S. economy. Working conditions must be acceptable. Managers must be competent and pay levels must be competitive.

Companies employing customer service professionals should look at the success and potential for improvement for its short- and long-term recruitment approach, compensation packages and ongoing professional development support. CP

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