
New Brunswick: The Call Centre Capital of North America

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Overview of Talk

- Situating New Brunswick as a Location of Choice
- Emergence of New Brunswick as a Call Centre Location
- How New Brunswick Sells Itself as a Call Centre Destination
- Current State of the New Brunswick Call Centre Industry



Geography of New Brunswick

- Located in Eastern Canada;
- Relatively small population (3/4 million of Canada's 30 million);
- Previously resource based economy (fish) in decline;
- Strong sense of family and community; New Brunswickers like living there.

Employment and Income

- High unemployment rate:
 - 10.2% overall; 10.9% for men and 9.4% for women;
 - Lower Unemployment rate than 2 nearby provinces;
 - Newfoundland has unemployment rate of 16.9%;
 - Nove Scotia has unemployment rate of 14.0%.
 - Individual and family incomes were 82% of national average in 1996.

Linguistic Ability and Education

- 32.5% of New Brunswickers speak both official languages (English and French) compared to 16.9% nationally.
- Computer literacy is a high school graduation requirement.
- Highest high school graduation rate in country.

Emergence of New Brunswick as a Call Centre Location

- Deregulation of long distance service in Canada, 1989.
- Deregulation led 4 Atlantic Canadian telephone companies to specialize provincially, divide business foci, and subsequently form single company in 1999 (called *Aliant*).
- New Brunswick pursued call centres during era of provincial specialization.

Scale Matters

- New Brunswick Telephone argued that province's population was too small to support development of advanced telecommunication services, and in order to bear the cost of new product development NBTel must import electronic transactions and long distance traffic in order to survive.

Factors Influencing Location

- Low dollar relative to U.S. dollar
 - One U.S. dollar is worth approx. \$1.52 Canadian.
- Subsidized medical costs compare favorably to private sector health care costs in the U.S.
- Tax Incentives offered by provincial government.
- Strong telecommunications infrastructure.
- High rates of bilingualism in official languages.
- Depressed economy.

Tax Incentives

- New Brunswick's corporate taxes and workers' compensation premiums are among the lowest in Canada.
- Input tax credits are available for most businesses.
- Businesses do not pay payroll or health taxes in New Brunswick.
- Federal and provincial incentives and assistance from tax credits and R & D incentives to loan guarantees, start-up capital and free staff recruitment and training.

Strong Infrastructure

Claims to be most "connected" location on the continent.

- First telephone company in North America with a fully digital provincial switching network;
- First in Canada to construct dual fiber-optic rings around the entire province, connected to a national fiber-optics system;
- First to try TalkMail™, a universal voice-messaging service and CallMall™ interactive services, giving customers access to home-based banking, shopping and information services through a screen-based phone.

How New Brunswick Sells Itself

- A double-digit unemployment rate means ample workforce availability.
- New Brunswick's university and community college call center and e-commerce programs coupled with 9000 computer literate high school graduates suggests that the workforce is educated, well-trained and growing.
- On average, 10 candidates apply for each available call center position, 70% of whom have post-secondary education. Thousands are registered in a job-seekers database.

How New Brunswick Sells Itself

- New Brunswick's turnover rate is lower than 10%.
- In the U.S. the Inbound call center turnover rate is 26%, the Outbound is 21.3%
- One of the country's lowest rates of unionization (4th of 10 provinces).
- The New Brunswick Customer Contact Center Association fosters best practices among member centers and supports provincial training initiatives.

Positive Bottom Line

- The 'New Brunswick Advantage' saves 30-44% over most U.S. comparison locations. New Brunswick continues to have the lowest operating costs in North America.
- New Brunswick has one of the lowest worker's compensation rates in Canada.
- There is no upward pressure on wages.
- Input tax credits are available for most businesses.
- Businesses do not pay payroll or health taxes in New Brunswick.
- New Brunswick offers tailor-made, attractive assistance packages.

Current State of the Industry

- In 11 years 61 call centres have been created.
- The industry provides about 9,000 jobs, or 2 per cent of the work force.
- By 1999, the debt-ridden New Brunswick government had contributed \$32 million to call centres.

Current State of Industry

- Although job creation is frequently cited as a primary benefit of the call centre industry in New Brunswick, employment and income data for that province hints at a different scenario.
- According to the New Brunswick government, an increase in the number of part time jobs in 1996 was offset by a decline in full time jobs. The province's unemployment rate increased in 1996 for both men and women.

Disciplining the Workforce

Among the growing list of companies for disciplining or firing workers for attempting to unionize:

- Christian Labor Association of Canada (Press reports of labour unrest, April, 1998).
- ICT closed and laid off 100 workers (Nov. 1999) after province contributed \$400,000 to lure ICT to New Brunswick in 1995. Closure viewed widely as backlash to organizing.
- Nova Scotia Power Inc. (Employee fired for insubordination after writing letter to newspaper, Feb. 2000).

Going Global

- By the end of 1997, NBTel was selling its services in more than 10 countries across five continents.
- As NBTel pursued a goal of generating one-third of its business from outside of New Brunswick by the year 2000, it continued to market its products and services around the globe.

