

NOVA SCOTIA AND NEW BRUNSWICK: CREATING CALL CENTRE INDUSTRIES

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Both Nova Scotia and New Brunswick are deeply entrenched in development strategies based on the attraction of call centres to their respective jurisdictions. The call centres are wanted for their job creation potential. These call centres do bring jobs but they also take them away. Call centres are notoriously “footloose”- they move whenever they see the potential for higher profits elsewhere. Not only are most of the jobs created in call centres lacking in desirability but also because of the nature of the companies attracted- namely, Business Process Outsourcers or BPOs- along with the jobs, a new dependency on transnational capital is created.

There are similarities and differences in both the strategies and the industries in the two provinces. Yet although the industries in the two provinces have followed somewhat different paths, the basic outcome is the same. In both cases, they are “created” industries- created by government grants. The provinces are, to a certain extent, in competition with each other in the attempts to attract transnational companies to set up in their jurisdiction. Perhaps most importantly, the jobs in both cases are mindless, low paying, non-unionized, insecure and ill-suited to the culture and traditions of the two provinces, particularly in the rural locations.

The Nova Scotia case: beginnings

Nova Scotia’s call centre strategy for economic development was undoubtedly a copycat of New Brunswick’s strategy, initiated by Frank McKenna in the early nineties. ConnectionsNS, led by Michael Estabrooks, was set up in 1994. It had its first major success attracting a major call centre in 1995 when the CIBC centre opened in Halifax

employing more than eighty workers.¹ With the stated mission, “the attraction and growth of telecommunications intensive business”, ConnectionsNS reported equally to the Department of Economic Development and Business and MT&T, the Nova Scotia telephone company of the day.² This was similar to New Brunswick’s early strategy which was closely tied to a partnership with NBTel.

Unlike McKenna, John Savage, the NS premier, did not take a high profile role in attracting call centres. Nor were \$50,000 Globe and Mail ads taken out by Nova Scotia to attract call centres to the province as they had been in the New Brunswick case.³

By 1999, ConnectionsNS claimed to have attracted thirteen call centres to Nova Scotia producing 3700 jobs (although only 2900 full-time equivalents) with an average salary of \$23,000.⁴ These companies included CIBC, Convergys, ScotiaBank, Superior Propane, Rider Travel Group, Sears and Phonettix (later to become part of Minacs) to Halifax and an ICT call centre to Sydney.⁵

Whereas New Brunswick was giving forgivable loans (based on job targets), Nova Scotia used a system of payroll rebates. Under McKenna, New Brunswick gave \$10,000 per job created which didn’t have to be paid back if job targets were met in some given period of time (usually five years). The amount per job was lowered to \$7500 under the Lord government (1999-06). ConnectionsNS described the payroll rebates as a certain percentage of gross payroll, given annually once the agreed upon number of jobs were set up.⁶ Estabrooks claimed that Nova Scotia was never the highest bidder for jobs but the NS Dept. of Economic Development and Tourism estimated an average rebate of \$8,800 per job over the 1999-01 period.⁷ However, some were even higher. Convergys

was given \$10,400 per job in 2001 for the 265 jobs promised for the call centre in New Glasgow.⁸

In March 2000, a \$65 million Economic Adjustment Fund was established by the government of Canada as “its response to the restructuring and privatization of the Cape Breton Development Corporation (DEVCO) and the closing of the last of its coal mines.”⁹ Almost half of the funds from the Cape Breton Growth Fund, as the adjustment fund came to be known, went to call centres in Cape Breton. The first such call centre was EDS with 900 jobs in Sydney. EDS received \$13 million from the Growth Fund and \$8.4 million from Nova Scotia’s Economic Development department- \$21.4 million in all or \$23,777 per job created.¹⁰ In February 2001, EDS announced the creation of an additional call centre with 400-450 seats in Port Hawkesbury. The Port Hawkesbury call centre received \$2.5 million from the Cape Breton Growth Fund, \$2 million from Enterprise Cape Breton Corporation and \$4.5 million from Nova Scotia’s Dept. of Economic Development.¹¹ In all, this works out to \$21,176 per job created. Later, in August 2001, Stream announced a 900 seat call centre in Glace Bay to be located in the old mine building. Stream got \$10 million from the Cape Breton Growth fund and \$2 million from HRDC which works out to \$13,333 per job.¹² In August 2001, it was announced that Upsource was setting up a 60 seat centre in North Sydney. It got \$475,000 or \$7787 per job (my calculation) from the Cape Breton Growth Fund.¹³

In its economic development strategy document, *Opportunities for Prosperity: A New Economic Growth Strategy for Nova Scotians* released in 2000, the Conservative government of John Hamm announced plans for the creation of Nova Scotia Business Incorporated (NSBI) to replace ConnectionsNS.¹⁴ NSBI, set up in 2001 and described as

a “business development agency with a private sector board of directors”, operates outside of the Dept. of Economic Development. Using Ireland as its model, its mandate is “to expand business activity in Nova Scotia”- a broader mandate than that of ConnectionsNS.¹⁵ Supporters of NSBI have suggested that the real purpose of agency’s creation was “to get politics and bureaucracy out of the way” of economic development and job creation.¹⁶ Detractors of NSBI such as Darrell Dexter of the NDP brought up the matter of the appropriateness of bonuses being paid to NSBI staff for bringing investors to the province.¹⁷ New Brunswick has no agency such as the NSBI but rather continues to work through its department of economic development which is presently named Business New Brunswick.

Stephen Lund, the CEO of NSBI, reported that, by 2005, twenty-five payroll rebates had been negotiated and 11,000 jobs created or maintained.¹⁸ By March 2007, after five years in operation, the figure was 18,600 jobs- 600 more than NSBI’s target of 18,000 jobs.¹⁹

In terms of incentives, the NSBI website describes rebates to prospective investors of “usually 5-10% on eligible gross payroll” with the condition of meeting job targets within a given time frame.²⁰ The payments would be “back ended” annually rather than paid in advance. These amounts seem quite modest. However, as the table below of dollars per job for selected rebates shows, the payments can be quite a lot higher than the website suggests and are higher, in general, than comparable recent payments in New Brunswick.

NOVA SCOTIA'S INCENTIVES TO CALL CENTRES

YEAR	COMPANY	LOCATION	SOURCE OF FUNDS	TOTAL \$ AMOUNT	\$ PER JOB (# of jobs)
2001	Convergys ²¹	New Glasgow	Dept. Econ. Devel.	\$2.8 million	\$10,400 (265)
2002	Xerox ²² (Teleweb)	Halifax	Dept. Econ. Devel.	\$6.6 million (+tr.allow. \$1 million)	\$12,500 (600)
2003	Hebb Marketing ²³	Truro	Dept. Econ. Devel.	\$1.06 million	\$4711 (225)
2003	Teletech ²⁴	Halifax & Amherst	NSBI	\$11.8 million	\$7893 (1495)
2006	Acrobat Research ²⁵	Cheticamp	NSBI	\$850,000	\$7391 (115 FTEs)
2007	Servicom ²⁶	Sydney	NSBI	\$914,400	\$5225 (175)
2007	Minacs ²⁷	Port Hawkesbury	NSBI + federal	\$2,684,500 (+ federal)	\$7670 (350)
2007	Acrobat Research ²⁸	Greenwood	NSBI	\$864,000	\$5760 (150)
2008	ICT ²⁹	Sydney & New Glasgow	NSBI	\$1.4 million	\$7000 (200)
2008	Keane Canada ³⁰	Halifax	NSBI	\$3,445,313	\$9188 (375)
2008	Register.com ³¹	Liverpool & Halifax	NSBI	\$4,931,552 (+ 1 million)	\$17,143 (350 new)
2008	Research in Motion (RIM) ³²	Halifax	NSBI	\$19 million	\$15,833 (1200)
2008	Citco ³³	Halifax	NSBI (+ Ec. Devel.)	\$7 million (+ \$1.47 million Ec. Devel.)	\$21,538 (325)

The website also tries to attract potential investors with more qualitative enticements such as “talented and available labour” and “quality of life”.³⁴ In terms of the first, it is noted that there are eleven universities and colleges in Nova Scotia resulting in “the most educated labour force in North America”. It also suggests that turnover is not an issue in Nova Scotia, that some of the highest levels of job satisfaction and

organizational commitment in Canada are found in Nova Scotia, and that companies in Nova Scotia “have a proven ability to attract and retain the best and brightest from all over the world, in particular native Atlantic Canadians”. In terms of quality of life, the website claims that, in Nova Scotia, individuals are able to achieve a work-life balance that is “unmatched”- citing commuting time, housing prices, natural beauty, the opportunity for enjoying four seasons of recreation and arts and culture “that people rave about”.³⁵

KPMG, the international accounting firm, has done a cost comparison for investors locating in Halifax. In 2008, in Halifax, KPMG calculated an index in 2008 for back office/call centres of 99.1 compared to an index for the US equal to 100. KPMG’s 2008 calculation of indexes for Fredericton and Moncton are 97.4 and 96.1 respectively.³⁶

The Nova Scotia call centre industry: a current portrait

Recent figures from Nova Scotia Business Inc. suggest that there are 19,000 call centre workers in Nova Scotia in 35 call centres.³⁷ This compares to 21,000 call centre workers and 110 call centres in New Brunswick.³⁸ Clearly, since there are far fewer call centres in Nova Scotia than New Brunswick although almost as many call centre workers, the call centres in Nova Scotia are much larger on average.

Some earlier Statistics Canada figures for Nova Scotia report that call centre jobs increased by 450% in the province between 1999 and 2006. In 1999, there were only 2800 call centre workers in Nova Scotia but, by 2006, there were 12,600.³⁹

In both provinces, data on individual call centres in terms of companies, location and number of workers is difficult to obtain. In an earlier period, the New Brunswick

Dept. of Economic Development and Tourism would supply the information to researchers. I am told that the corresponding Nova Scotia department never did so.⁴⁰ However, recently, in Nova Scotia, Service Canada, under “labour market information”, provides such data by region for prospective call centre employees.⁴¹ In addition, I found a “call centre employment map” for Nova Scotia, dated November 2007, that Service Canada had prepared giving data on companies, locations and numbers of workers.⁴² I reproduce it below.

The picture of the Nova Scotia call centre industry in 2007 given by the map is the following. The Nova Scotia call centre employment figure is 15,693 workers with 53 call centres (not companies- their number would be less due to some companies’ multiple centres) listed in all. In Halifax/Dartmouth, there are 8087 workers and 28 call centres. In the rest of Nova Scotia, there are 7606 workers and 25 call centres. Of these 7606, 3840 are in Cape Breton in just five call centres. There are some very large call centres in Halifax- the largest being Convergys with 2400 workers. In Cape Breton, there is EDS in Sydney with 900 workers and Stream in Glace Bay with 1350. In other areas of the province, there is Resolve Corporation in Bridgewater with 550 workers and Convergys in Cornwallis and New Glasgow with 550 and 700 workers respectively. Companies with multiple call centres in Nova Scotia include Convergys with four- in Dartmouth, New Glasgow, Truro and Cornwallis; On-Line Support (OLS) with four- in Halifax, Antigonish, Kentville, and Liverpool; Minacs with two- in Halifax and Port Hawkesbury; Acrobat Research with two- in Cheticamp and Greenwood; Teletech with two- in Halifax and Amherst; Catalogue Teleservices with two in New Waterford and Eskasoni; and Eastlink with two- in Halifax and Truro.

The companies are mostly transnationals. The majority are American- e.g. Convergys, EDS, Stream, Catalogue Teleservices(Spiegel), ICT, Teletech, Xerox.⁴³ Some are Canadian transnationals such as CIBC, ScotiaBank, Resolve, Acrobat and Minacs until recently when it was bought out by the Indian transnational, Aditya Birla. Only a few of the companies are regionally based. This would include On-Line Support, Aliant, Blue Cross and Eastlink. Interestingly, there is not a great overlap between investors locating in Nova Scotia and New Brunswick. The exceptions would be Xerox, Minacs, ICT, CIBC and Teletech (although their new, and only, New Brunswick centre in Saint-Basile recently closed).⁴⁴

Contact Centre Nova Scotia, an association for Nova Scotia call centres (or contact centres as they prefer to be called) and others involved in the industry, was formed only recently – in 2006.⁴⁵ It is strongly supported by NSBI and, in fact, shares their address. ContactNB, the parallel association in New Brunswick, was established back in 2000.⁴⁶ It was strongly supported in its early phases by the NB Dept. of Economic Development and Tourism. ContactNB has been quite active with annual Atlantic-wide conferences, basic surveys of members and lobbying for the industry.

Working in Nova Scotia Call Centres

In 2003, there was an article in *The Coast*, “Halifax’s Off-the-Hook weekly”, about the morally compromising work at the Worldwide Source centre located in Dartmouth.⁴⁷ The company, a Montreal based telemarketer, was selling listings for a US-marketed business directory. Worldwide Source had been fined \$125,000 in Vermont on consumer fraud claims and had been disallowed from selling there. However, it was still

employing 70 in its Dartmouth centre. This example is probably not typical but nevertheless such operations have appeared in both Nova Scotia and New Brunswick.⁴⁸

My comments about working in call centres in Nova Scotia are based on information from the following sources. For this study, I did four intensive telephone interviews with call centre workers in Nova Scotia: one worked at Convergys in Halifax, one at Ron Webber (later to become ICT) in Sydney, one at EDS in Sydney and the last, an ex-miner, at Stream in Glace Bay.⁴⁹ I was also given information from friends about working at On-Line Support in Antigonish and Kentville. In addition, there was a Facebook discussion in 2007 participated in by two New Glasgow Convergys workers when Convergys started closing down centres across Canada. Finally, a recent book examines call centre work in Cape Breton in the broader context of global capitalism under neoliberalism and, more specifically, the closing down of the mines and the creation of a “new economy” of call centres.

The worker at Convergys, a single 42 year old mother with a 21 year old daughter not living at home, had been working at the Dartmouth centre since moving to the city five years previously. With a secretarial background, she had no problem getting the job when she applied. Providing customer care to US AT and wireless customers, she works days on a full-time basis. Her starting salary was \$8.50 per hour. In the first interview that I had with her, she was basically satisfied with the job. She didn't find it too stressful and the managers were reasonable. She had free parking after a 25 kilometer commute to work for each shift. The benefits, including dental, were very good and covered her daughter. However, in a second interview, eight and a half months later (July 2009), the situation had changed for this worker. With the economic crash, the company was cutting

workers' privileges and benefits and some workers were being fired. This was something that was going on at all Convergys centres, not just hers in Dartmouth. At Dartmouth, the seven days per year personal time that workers could earn was being removed. Their eleven holidays per year were being cut to six or seven. A point system was introduced in which a full point was lost for absenteeism and a quarter point for lateness. The loss of twelve points would result in the termination of employment with the centre. Furthermore, the system was grandfathered to the past quarter. People were also being fired for misconduct such as being judged "too rude on a call". In all, three of her team of twenty members has been fired recently on either points or misconduct. Although she had not been affected directly, she stated that the mood at work had changed for her and she had been made very nervous about her job.

The interviewee who had worked at the 200 seat Rob Webber Associates call centre (later to become part of ICT) in 2002 had been a student at the time and this was a summer job. It was a sales position involving full time work in the evenings (6pm-12am). She was selling Allstate Roadside Assistance although the centre also had another contract selling Gideon bibles. She earned \$8.50 per hour and received no benefits.

She also had no trouble getting the job. She talked about the lax discipline at the centre- about workers being fired on a Friday and rehired on the Monday. The grounds for firing were quite basic such as not showing up after a break, turning off the computer and just sitting there or not being any good on the phones. This worker found the job boring and stressful and she had been glad to return to university in the fall. However, she said that if she hadn't had that reason to leave, she might still be there. The pay was

above minimum wage and there was really no other work in the area apart from that in other call centres.

The EDS worker in Sydney that I interviewed was another single mother, 51 years of age, with a adult child living away from home. She had been working in the centre for just over one year after having spent thirty years as a waitress. The hiring process was quite rigorous at EDS and included an interview. She works full time on the day shift as a customer representative for various products/brands, many of which are sold on TV. Her earnings started at \$10.50 although the normal starting wage is \$9.25. She found her job stressful. Her main goal was to prevent customers who weren't satisfied with the product from cancelling the sale and getting their money back.

The rules on the floor were quite strict with a timed five minute bathroom break and only two other ten minute breaks during a full shift. Although there was quite a turnover of workers at the centre due to the stress of the job, this woman didn't expect to leave any time soon. She couldn't afford to unless she found something better which wasn't likely.

The last full interview, which also took place in the fall of 2008, was with an examiner who had worked at DEVCO, Cape Breton Development Corporation, for thirty-five and a half years. He works at the Stream call centre in Glace Bay. Hired in 2001 at the opening of the centre, he is in a team leader position- in charge of thirty-two people on the phones. He works only days and while he started out at \$9 per hour, he is presently earning \$14 per hour with full benefits. These are better benefits, he claims, than he had ever received at DEVCO.

Stream, he said, had two radio satellite contracts. Workers in the centre were customer reps for these. He was quite defensive about Stream although he admitted that call centre work was not for everyone. He suggested that negative stories about Stream came from young kids who didn't have the discipline or work habits required for the job. He also said that, despite the hype about it, not many ex-miners ended up in the call centre. They either went out West or did other things. He expected to continue in the job for some time- as long as he was "happy doing what he was doing".

From these interviews, some basic comparisons between working in Nova Scotia and New Brunswick call centres may be possible. Wage information for call centre workers is very difficult to get since it has to be collected at one-on-one interviews with workers. From the four Nova Scotia workers interviewed above, it appears that wages in the "basic" call centres in Nova Scotia are low- at least as low as, if not lower than, in New Brunswick.⁵⁰ This might be explained by the \$.50 lower minimum wage in Nova Scotia compared to New Brunswick. Of course, much higher wages are claimed for some of the "niche" call centres in Halifax. Starting salaries at RIM, for example, were said to be \$45,000 annually.⁵¹ But these "niche" call centres are almost in a different industry from the others.

In terms of the ease or difficulty of getting call centre jobs and the laxness or discipline in the centres, such information is also only available through one-on-one interviews with workers. In both provinces, there seems to be considerable variation amongst call centres in these aspects. It depends on whether the centre is outbound or inbound, with the former offering both easier to get jobs and less discipline. Outbound centres, although perhaps not in the early "sweatshop" days, tend to rely on performance

indicators for getting results from workers and for making decisions on which workers to retain. Also, there seems to be a pattern of easier to get jobs and laxness of discipline in call centres in rural as contrasted to urban locations. Perhaps my initial impression that jobs were easier to get and the discipline more lax in Nova Scotia in contrast to New Brunswick is a reflection of the greater number of centres and workers located in rural Nova Scotia as compared to rural New Brunswick.

In the spring of 2008, Convergys, with fifteen call centres across Canada, announced the closing of its Edmonton centre.⁵² This followed on the heels of recent Convergys centre closings in Kamloops and Red Deer. A Facebook conversation ensued amongst Convergys workers, including two at the New Glasgow centre.⁵³ Their comments illustrate the insecurity and both anxiety and cynicism of workers in the industry, especially those working for the huge transnational companies. Several mentioned the rumour that work was being transferred to the Philippines. This is what one New Glasgow worker said:

I'm in the Comcast project in New Glasgow, NS. Yes, we've heard the same BS from Managers and MO's about it won't happen to us. First losing the Microsoft windows XP/Vista project to India and then the Microsoft Office/Outlook as well. I know they let some managers go a few months ago, but they haven't done any scaling back lately. We have all US contracts here, Cigna healthcare, Comcast, and Microsoft CC & Pro support. They just finished 2 classes for Comcast, that have now hit the floor, and they just started up a new training class for Cigna, not sure if the government still gives them money for each person they hire but doesn't make sense why they would be advertising to hire people if they are thinking about leaving. Unless they are getting money upfront from the government for each person they put into training. Would also like to hear what is going on with Convergys in other centres as well.⁵⁴

On-Line Services is a PEI-based technical support and customer service company with four centres in Nova Scotia- in Halifax, Kentville, Antigonish and Liverpool. I have

heard a few comments about working in these centres. One was about a woman working in the Antigonish centre who “liked” her job and very much wanted the company to stay in her community.⁵⁵ Another was about a quite technically sophisticated male in 2009 who recently was applying for a position at the Kentville centre. He was finding the application process quite demanding. Applicants were being put through rigorous testing and the original ten or eleven being considered had been whittled down to two or three. Despite all of that, the starting wage was to be in the \$8 per hour range.⁵⁶

In a 2009 book, *The Failure of Global Capitalism: From Cape Breton to Colombia and Beyond*, University of Cape Breton professors Terry Gibbs and Garry Leech give a broader context to the impact on workers of structural changes brought about by global capitalism.⁵⁷ One of these impacts, in Cape Breton, is the creation of “the new economy”, which call centres represent, to replace the old “industrial” Cape Breton with the shut-down of the mines and steel factory, SYSCO (Sydney Steel Corporation). Since the industrial sector was dominated by these unionized industries, the change to non-unionized call centres has meant the loss of rights so long and hard fought for by organized labour.⁵⁸

There was a lot of hype and money put into trying to offer call centre jobs to laid-off steel and coal workers but the effort couldn’t hide the real significance of the changed situation.⁵⁹ Gibbs and Leech interviewed one of these workers:

Richard MacNeil [not his real name], a 49-year-old former steelworker who worked at an EDS call centre in Sydney, saw his pay drop from the \$16 an hour he earned in the steel plant to \$8.75 in his new job. MacNeil said the call centre work was stressful and the bosses at EDS “expected dedication and devotion for little more than minimum wage. Luckily, the former steelworker was not solely reliant on his call centre paycheck, because he was also receiving a small pension from his former job in the steel plant. MacNeil claimed that many of his fellow workers were dependent on their call centre

income and, as a result, were struggling to survive. According to the former steelworker, “I’d talk to one woman in the smoke room at EDS and one day she was crying because it was such a struggle for her to be able to pay rent and bills every month. She barely had money left for food. She’d have been better off on welfare.”⁶⁰

Gibbs and Leech also offer comments about the impact on the people of the government of Nova Scotia turning the province, with rebates and tax breaks to transnational companies, to what Premier Rodney MacDonald described with pride as “one of the most business friendly places in the world”. The authors point out that MacDonald “conspicuously omitted other factors, such as low labour costs, that have also contributed to the province achieving such ‘positive results’ ”.⁶¹ Further, they say:

... Macdonald was basically telling Nova Scotians that they should be proud of the fact that they are willing- or are forced- to work for lower wages than most other workers in the industrialized world; that they should be happy corporate tax cuts either shift a greater share of the tax burden onto individuals or result in cutbacks to public programs; and that Nova Scotians should be thankful their tax dollars are subsidizing foreign companies while the health care system deteriorates and post-secondary students pay the highest tuition in the country.⁶²

There is also the question of the impact on culture. Call centres don’t support communities’ traditional culture and way of life, particularly in rural areas. Also when former mineworkers reject the call centre alternative and choose to leave for the West, they create a remittance-based economy in Cape Breton. This creates the same problem. As Gibbs and Leech put it:

However, a remittance based economy is not a viable development model if one wishes to preserve close-knit family and community ties as well as cultural practices.⁶³

The situation of the ex-miners and ex-steelworkers resembles the situation in northern New Brunswick. Despite government attempts to use call centres to replace the

unionized forestry and mining jobs of laid-off workers, this has never been very successful.⁶⁴ Few call centres have stayed and few of these workers have taken up call centre jobs choosing to migrate instead either to southern New Brunswick or out West. When they leave for work without taking their families, as they do in Cape Breton, New Brunswick workers, also, are sending remittances home.

Broader Aspects of the Nova Scotia Call Centre Industry

In this section of the paper, three broader aspects of the Nova Scotia call centre industry will be discussed and comparisons with the New Brunswick industry drawn. First, the role of the industry as outlined in the government's various overall development strategies will be considered. Second, there is the rural strategy aspect to call centre industry development in both provinces. Third, the experience of the industry in terms of phases of its development is examined. This experience includes: the focus on developing a high-end financial sector in the Nova Scotia industry and New Brunswick's desire to do something similar; the role of Business Process Outsourcers (BPOs) in the two provinces; the extent of competition and/or poaching in the call centre industry between the two provinces; and finally, the role of labour surpluses and shortages in the development and character of the industries in the two provinces.

Call Centres in Development Strategy Documents

Neither of Nova Scotia's two most recent development strategy documents mentions the call centre industry directly despite the fact that a large amount of the job creation in the province is coming from this source. The first document, *Opportunity for Prosperity: A New Growth Strategy for Nova Scotians*, was put out by the John Hamm Conservative government in 2000.⁶⁵ The document focused on creating prosperity in

terms of economic growth. Not only are call centres not mentioned but neither are the fisheries or forestry. Instead these last two are referred to as “ocean resources” and “land resources” respectively, presumably in an attempt to emphasize their value-added potential.⁶⁶

In the document of the newly elected Conservative government of Rodney MacDonald, *Opportunities for Sustainable Prosperity 2006: An Updated Economic Growth Strategy for Nova Scotia*, there is a new emphasis on environment and quality of life- but not at the expense of prosperity and growth.⁶⁷ The “win-win” concept of “sustainable competition”, introduced in the United Nations’ *World Commission on Environment and Development Report* is advanced. Although again there is no direct mention of call (or contact) centres in the Nova Scotia document, reference is made, with pride, of IT jobs “insourced” (relocated from India).⁶⁸ There is also a case made for “integrative trade” based on both globalization and foreign investment.⁶⁹

In the New Brunswick development strategy documents, although the call centre industry is referred to directly, it still gets scant attention in relation to the extent of the job creation role it is given in the strategy. The three relevant documents in the New Brunswick case are the Liberals’ 1993 *Towards Self-Sufficiency: A Strategy for Economic Development* under Frank McKenna and the 2007 *Our Action Plan to be Self-Sufficient in New Brunswick* under Shawn Graham and the Conservatives’ *Greater Opportunity: New Brunswick’s Prosperity Plan, 2002-2012* under Bernard Lord.⁷⁰ In the Liberals’ two documents, there is a striking contradiction between their goal of self-sufficiency and job creation in the call centre industry by attracting foreign investment to the province. The vulnerability of both the industry and the jobs which such foreign

investment entails certainly does not lead to self-sufficiency in any normal sense of the term. The task force for the latter Plan actually sets the goal of 15,000 more call centre jobs in the call centre industry in New Brunswick by 2022.⁷¹ The 2002 Conservative document focused on “prosperity” much as the 2000 Nova Scotia document had. In general, there was much less hype about the call centre industry under the Lord government although it relied on investment in the call centre industry for job creation as much as the others.

Competition for Investors

In terms of competition between the two provinces for investors, much of such competition goes on behind the scenes with both provinces making offers. A couple of bidding wars that have become more public were over Research in Motion (RIM) which chose Halifax in 2006 and earlier, in 2002, over the Xerox Teleweb Centre which also ended up locating in Halifax.⁷² The New Brunswick media gave the Bernard Lord government a bad time over these “losses”. Much earlier, in 1995, New Brunswick had gained infamy over “stealing” the UPS call centre from British Columbia with \$11 million in incentives.⁷³

Call Centres in Rural Development Strategies

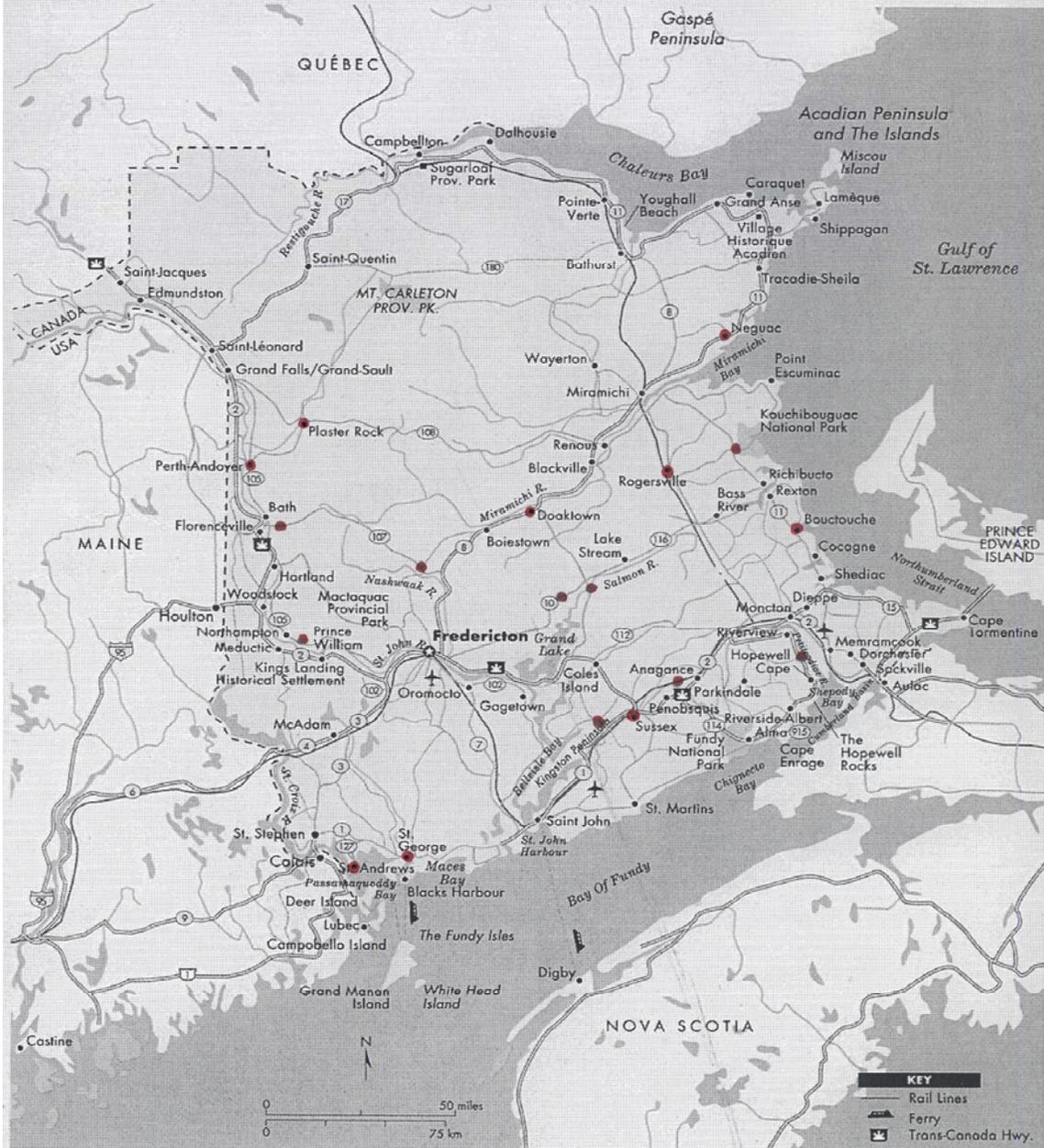
The Nova Scotia call centre industry started in Halifax which is the industry’s only urban centre in the province. The government’s rural call centre strategy started with its announcement, in 1998, of bringing the ICT call centre to Sydney.⁷⁴ With the closing of SYSCO and the last DEVCO mine in 2001, the push to bring call centres to Cape Breton was intensified. However, as well, call centres- both large and small- have spread all over rural Nova Scotia. As was shown in the map presented earlier, almost half of

Nova Scotia's call centres and call centre workers are found in rural communities. The Regional Development Authorities (RDAs), funded both provincially and federally through ACOA, play a large role in attracting the companies to their jurisdictions.⁷⁵

In contrast, in New Brunswick, call centres are concentrated in not one but three urban areas- namely Moncton, Fredericton and Saint John. The vast majority of call centre workers are in these urban areas. Beyond that, there are a few companies that have come and gone in northern New Brunswick and there is one company, Virtual Agent Services (VAS), which has established over twenty-two very small call centres in rural communities over the rest of New Brunswick. (See the map below of VAS call centre locations.)

VAS, based in the United States and operating only in New Brunswick, came to the province in 1999, about the same time that ICT came to Sydney.⁷⁶ Originally, VAS was to be a virtual centre- that is agents would work from their own homes- but this never happened. Instead, with the help of Aliant, the telephone company which took over from NBTel, VAS is able to operate its switching from Saint John as if it were one big centre.⁷⁷ VAS has also enjoyed support from the provincial government in the form of forgivable loans to the tune of over \$10 million so far. VAS appears to operate on a very low cost basis paying the lowest wages in the province and getting cheap rents on former community buildings to house their operations.⁷⁸

New Brunswick



VAS Call Centres

The Role of BPOs in the Industry

Perhaps Business Process Outsourcers- transnational companies that offer business services including call centres to other transnationals at outsourced locations all over the world- came to Nova Scotia before they came to New Brunswick. For example, the companies that were attracted to Cape Breton in 2001 and 2002 such as EDS and Stream are BPOs. New Brunswick's call centre industry is now dominated by BPOs such as Minacs, Accenture, ClientLogic but these came along somewhat later than in Nova Scotia.

One of the problems with the transnational companies in the call centre industry is that they are very "footloose"- that is they can pick up and move on short notice with very little penalty to them. And the BPOs are dependent on contracts from other transnationals. The loss of a contract can lead to the shutting down of a call centre. Workers pay dearly for these qualities.

Call Centre Closures and the Consequences

There have been some dramatic closures of Nova Scotia call centres although perhaps not to the same extent as in New Brunswick- nor with the same level of media coverage. In Nova Scotia, there was the 2000 pull-out by Sears which had been one of the first big call centres that had been attracted to the province. Of the 800 jobs that were lost in Nova Scotia, most were moved to the other Canadian Sears centres in Montreal, Belleville and Regina.⁷⁹ A smaller twenty seat call centre, Telesis Communications, which had been supported in 1997 from the federal Transitional Job Fund, closed in 2002 or 2003.⁸⁰ In 2006, EDS's Port Hawkesbury centre shut its doors after just five years in operation and substantial federal and provincial funding- specifically \$4.5 million for

400-450 jobs.⁸¹ In the springs of 2008, Teletch announced the closing of its Halifax call centre with 485 workers to be laid off. Teletch had been awarded \$3 million in payroll rebates for these jobs.⁸² However, the Halifax Teletch centre was still operating in the summer of 2009. In just the first half of 2009, there have been three more closures. First, the KLJ centre in Windsor closed its doors putting ninety people out of work. The closure of this eight year old call centre was seen to be “a great loss” to this small community.⁸³ Second, the Amex (American Express) centre with 87 jobs closed in Halifax.⁸⁴ Then it was announced that the ICT centre in New Glasgow would close its doors on June 30. The closure meant the loss of 191 jobs in the town. The closure was attributed by the company to “changing economic conditions” yet in 2008, ICT had received a five year \$1.4 million rebate from NSBI for its Sydney call centre based on a new Bell mobility contract it had landed.⁸⁵ In Newfoundland, ICT had just closed its Carbonear call centre with the loss of 200 jobs.⁸⁶

With these closures- and the list is not complete- over 2000 jobs have been lost from call centres in Nova Scotia over the years. Almost all of the centres had received government funding. Generally, they seem to have stayed open just until the monies became “forgivable”. Three of the biggest of them- EDS, Teletch and ICT- still have other call centres in Nova Scotia.

Phases of Labour Surplus and Labour Shortage

Both the Nova Scotia and New Brunswick industries have gone through phases of labour surplus and labour shortage. The 2008 Statistics Canada study, using 2005 data, was able to confirm its hypothesis that call centres, in the early phases of the industry life cycle, tend to locate in high unemployment and underemployment areas (with relatively

educated populations).⁸⁷ This was evident in Nova Scotia when some of the big call centres opened. Estabrooks of ConnectionsNS reported that CIBC in Halifax had 5,500 applicants for its jobs when it opened in 1996 and ICT in Sydney had 5000 applicants for its jobs when it opened in 1998.⁸⁸ Furthermore, a labour market survey done for Enterprise Cape Breton Corporation (ECBC) in 2000 found more than 5000 unemployed and underemployed on Cape Breton island “who had educational levels and wage expectations consistent with the teleservice industry”.⁸⁹

By 2003 or so, the market had started to change. Not only was the unemployment rate decreasing but also the labour market for call centre workers was becoming saturated. By 2006, Teletech complained that a “labour shortage continues to be a serious issue” and that “finding workers in a tight labour market [is] not easy”.⁹⁰ (They also complained about the surging loonie before closing down their Halifax call centre in 1998.) In 2008, a former New Glasgow Convergys worker offered the opinion that: “I think their [the centre’s] biggest obstacle is being able to find qualified, computer savvy people in this area”.⁹¹

New Brunswick has experienced similar labour surplus and labour shortage phases. In the 90’s, unemployed and underemployed labour was plentiful. When the big call centres opened, the response had been overwhelming. For example, there were 2000 applications for the 90 Royal Bank jobs and 5500 for the 400 UPS jobs.⁹² However, as early as 2000, a labour shortage was becoming apparent. Owners of fast food restaurants were complaining that their workers were being drawn away to call centre jobs and they wanted the government to stop trying to attract more call centres to the province.⁹³ ContactNB, the industry association, started a campaign to change the perception of call

centre work from simply being “a job” to being “a career” in an attempt to reduce labour turnover in the industry.⁹⁴ Tellingly, when the new Liberal government under Shawn Graham proposed the creation of 15000 new call centre jobs in the province in its Self-Sufficiency Task Force Report, it was only the underemployed- not the unemployed- in the province upon which it proposed the province could draw.⁹⁵

Concluding remarks

Thus there are differences between the Nova Scotia and New Brunswick call centre industries. The BOPs came to Nova Scotia earlier and they have dominated the industry all along. Of the two provinces, only Nova Scotia received federal funds to bring call centres to the province. This was due to the special circumstances of the closing down of the mines in Cape Breton. Nova Scotia has a number of large call centres in rural areas whereas New Brunswick has only very small call centres in rural areas.

Another difference is that Nova Scotia’s call centre strategy seems low-key compared to New Brunswick’s. No Nova Scotia premier has taken on the role that Frank McKenna took in New Brunswick in the 1990’s. Different also is Nova Scotia’s investment agency, NSBI, which uses a private sector model for its operation whereas New Brunswick still carries out the activity of attracting investors from a government department. Also, Nova Scotia has explicitly adopted not just globalization but also foreign investment as part of its development strategy.

However, despite these differences, there are the striking similarities between the call centre industries in the two provinces. The jobs, except in some high-end financial sector call centres in Halifax, are the same- non-unionized, low paying, stressful and

insecure. And even these jobs, in both jurisdictions, have led to a new dependency on transnational capital- for the people and the province.

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- ³ *Ibid*, p 9 .
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- ⁵ *Ibid*, p 16.
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⁵⁸ *Ibid*, p 41.

⁵⁹ The National Film Board film, *Men of the Deeps* (2003), has interviews with ex-miners starting out in the new call centre.

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