Project # 102374 “Teleworking Startup”

TELEWORK
IN LATIN AMERICA
AND THE CARIBBEAN

by

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OVERVIEW OF TELEWORK IN LAC

Definitions and area of investigation

The range of existing forms of telework is so varied and the emergence of new forms of telework so continuous to make the achievement of an agreement on the definition of telework not an easy matter.

A general definition of telework provided by the International Labour Organisation (ILO) almost fifteen years ago, has however progressively gained consensus and is largely referred to by the specialised literature on telework in Latin America and the Caribbean (LAC). Such definition describes telework as:

A form of work in which (a) work is performed in a location remote from central office or production facilities, thus separating the worker from personal contact with co-workers there; and (b) new technology enables this separation by facilitating communication.

Within this umbrella definition a series of key-teleworking practices have been identified by the ILO. These include:

1. Teleworking at home - telehomeworking;

2. At a location usually closer to home than to the traditional workplace in the form of:
   - community telecentres - these are electronic centres which provide local communities with immediate access to Information and Communication Technology (ICT), skill development, and the networking and socialisation aspects of work that may be missed by a home based worker.
   - satellite offices - are separate units within an enterprise, geographically removed from the central organization but maintaining constant electronic communication.

3. In any alternative workplace where telecommunications make telework possible and convenient, such as in the case of:
   - telecentres - facilities electronically equipped for distant office work, not necessarily close to the teleworker’s home.

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1 ILO, Conditions of Work Digest on Telework, Vol. 9, 1, 1990, ILO, Geneva p.3
Call centres - these are places where telephone operators make or take calls and, by means of computer/telephone integration, provide different services and generate various types of business including telemarketing, telebanking, enquiries, help hotlines, airline reservations, sales, marketing, and emergency services.

4. At various locations changing in time - mobile or nomadic work;

5. Across countries and continents:
   - Transborder teleworking - generally applies to teleworking situations where the provider and the receiver parts are located in countries that share a common boarder or are very close one to the other.
   - Offshore teleworking - usually refers to teleworking across distant countries.

Most of the abovementioned teleworking practices are present in LAC. However some appear particularly significant both in terms of their current spreading and for their potential to contribute to regional development. These include:

- Community telecentres
- Telehomeworking
- Call centres
- Transborder/offshore teleworking.

**The extent of telework in LAC**

**Community telecentres**

The idea of community based telecentres, first developed in the industrialised world, particularly in countries such as Sweden and Finland, Australia and Canada, the USA, Japan and the United Kingdom, has found a strong resonance in developing countries. A new wave of telecentres is underway throughout Africa, South East Asia and LAC.

This is an extremely important area of development. However it that has been already extensively explored by the IDRC and other research programmes and will not be covered in this report.

**Telehomework**

With new technologies progressively entering the LAC homes and high levels of unemployment, this form of telework is increasingly gaining momentum. A 2003 survey conducted by AMIPCI (Mexican internet Association) on the use of Internet in Mexico, shows that between 2002 and 2003 the use of Internet at home has been increasing of 16% while its use by unemployed people, although still limited in number, has been increasing of 34%.

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Despite the growing importance of telehomework no statistics are available on its overall impact in LAC. This is a reflection of the absence of official national statistics on this form of work. In a number of countries, attempts are underway to try to include in the national surveys on homework a question concerning the use of ICT but the matter is still under consideration.

Some unofficial data are however available indicating than in major countries of the region the phenomenon is becoming important. These data, which refer primarily but not exclusively to telehomework – they in fact include all forms of telework but not call centres and offshore teleworking, show that as many as 300,000 teleworkers could be in operation in Argentina and Chile and up to 5 million in Brazil (see under Selected country profiles).

**Call centres**

The inclusion of call centres under the umbrella definition of telework is quite controversial. In particular it is argued that call centres do not necessary imply working “elsewhere” from the traditional workplace and that in fact they simply represent new arrangements in the traditional way of working. However the technological content of these new arrangements is usually very high and there may be significant new features of organisational, if not physical, dislocation both in respect of the traditional workplace and of the served market. Often operators in call centres work for remote clients, away, sometimes far away, from the market-area in which the call centre is located.

Call centres are booming in practically all countries of the LAC area. Their success is linked to a number of important factors.

The main reason lies in cost savings that could run up to 50%, and even 75% for “offshore” call centres in southern Africa, Asia, the Caribbean and Latin America. Language is a second important factor. In Jamaica and Barbados English is the official language. The US are the 5th largest Spanish-speaking country in the world after Mexico, Spain, Columbia and Argentina. The US Census Bureau reports that as of July 2002 there were 38.8 million Hispanics in the US, compared with 35.3 million in 2000: a 9.8% increase.

Others relevant factors may include: geographical proximity and shared time zones; sound educational system; large pool of skilled and semi-skilled labour; good telecommunications infrastructure; attractive fiscal incentives; and a stable government. Datamonitor, a market analyst, has issued two reports, in 2003 and 2004 respectively, on offshore call centres in Latin America and the Caribbean. They cover Argentina,

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4 B. Read, Taking The World Out For A Spin, Call Center magazine, http://crm.ittoolbox.com
5 RSA Teleservices, http://www.rsateleservices.com
Brazil, Chile, Colombia and Mexico with an additional section examining outsourcing in the Caribbean.

According to the reports, the number of agent positions in LAC will grow from 336,000 in 5,100 call centres in 2003 to 730,000 in 11,900 call centres in 2008. Datamonitor expects call centres and agent positions in Latin America will grow at a Compound Annual Growth Rate (CAGR) of 18.4% and 16.8% respectively. By comparison and over the same period, Datamonitor expects agent positions in Asia/Pacific to grow at a CAGR of 15.1%, and 7.1% in Europe, the Middle East and Africa, compared to less than 1% in the United States.

Datamonitor also indicates that the largest call centre market in LAC is Brazil which currently makes up almost 50% of the region’s agent positions. Mexico and Brazil accounted for 290,000 agent positions in 2003. The fastest growing offshore agent population in LAC is in Argentina. By 2008, 83% of the total Latin American agent population should be in Brazil and Mexico.

If these data are confirmed outsourced call centres may play a major role in the future development of telework in LAC.

**Transborder/offshore telework**

In addition to outsourced call centres, transborder and offshore telework includes a growing number of informatics services, which ranges from basic data entry to multimedia and software development services.

Data entry was one of the first service activities to be internationally outsourced. Jamaica, for example, has an information processing sector which goes back to the early 1980s and arguably in embryonic form even to the late Sixties, when data to be processed had to be physically shipped to the Caribbean rather than sent electronically. Data entry of airline information was an important early development. American Airlines, for example, relocated much of its data needs to Barbados in 1984, when it created a subsidiary company, Caribbean Data Services.

Data entry is still important in many LAC countries. However a significant shift is currently underway whereby data entry increasingly moves towards markets with cheaper labour and software development services are progressively expanding. These may include client/server application development; wireless/mobile application development; application reengineering; maintenance and support.

The passage from a low-cost to a value-added transborder/offshore teleworking is a complex exercise and one that challenges the capacities of LAC countries to grasp the opportunities offered by the more advanced technological wave. Producing statistics on the labour significance of these changes is, at this stage, extremely difficult. This is a

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6 Datamonitor, Opportunities in Caribbean and Latin American Call Centres Markets to 2007
Datamonitor, Call Center Outsourcing in Latin America and the Caribbean to 2008
http://www.datamonitor.com
huge, growing labour market but one that is far from being exactly quantified yet (see under Selected country profiles).

**Potential for future development**

The potential of telework to further develop and become a key economic and social phenomenon in LAC depends of a number of factors. Some, such as the geographical position, are invariable factors. Others, such as language skills and labour force education, may vary only on a medium-long term perspective. Others yet are more open to change in a relatively short term and are the ones that can determine the pace of telework development. Among these ICT diffusion plays the major role.

The following table from the Telefónica de Argentina provides an overall appreciation of key indicators of ICT development in selected Latin American countries compared with selected leading countries worldwide.

The table shows the huge gap existing between the two groups. In terms of personal computers per 100 inhabitants, for instance, no one of the Latin American countries considered reaches 12% against 62.50% for the US, 56.72% for Sweden, 43.49% for Germany and 38.25% for Japan. These last are also leading countries in terms of number of teleworkers with the US at more than 10% of the total workforce and Sweden at more than 15%. By reverse the limitations in the diffusion of ICT in Latin America are necessarily reflected in limited levels of telework.

**LEVEL OF DEVELOPMENT OF THE INFORMATION SOCIETY (2002)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Telephone lines %</th>
<th>Personal computers %</th>
<th>Internet users %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>21,88</td>
<td>8,2</td>
<td>11,21</td>
</tr>
<tr>
<td>Brazil</td>
<td>22,32</td>
<td>7,48</td>
<td>8,22</td>
</tr>
<tr>
<td>Chile</td>
<td>23,04</td>
<td>11,93</td>
<td>20,14</td>
</tr>
<tr>
<td>Colombia</td>
<td>17,94</td>
<td>4,93</td>
<td>4,57</td>
</tr>
<tr>
<td>Germany</td>
<td>65,04</td>
<td>43,49</td>
<td>42,37</td>
</tr>
<tr>
<td>Japan</td>
<td>58,58</td>
<td>38,25</td>
<td>44,92</td>
</tr>
<tr>
<td>Mexico</td>
<td>14,67</td>
<td>6,87</td>
<td>4,57</td>
</tr>
<tr>
<td>Peru</td>
<td>7,75</td>
<td>4,79</td>
<td>7,66</td>
</tr>
<tr>
<td>Spain</td>
<td>45,98</td>
<td>16,82</td>
<td>19,31</td>
</tr>
<tr>
<td>Sweden</td>
<td>72,02</td>
<td>56,72</td>
<td>57,3</td>
</tr>
<tr>
<td>United States</td>
<td>65,89</td>
<td>62,50</td>
<td>53,75</td>
</tr>
<tr>
<td>Uruguay</td>
<td>27,96</td>
<td>11,01</td>
<td>11,9</td>
</tr>
<tr>
<td>Venezuela</td>
<td>11,23</td>
<td>5,28</td>
<td>5,03</td>
</tr>
</tbody>
</table>

Further, more detailed information is provided by The Global Information Technology Report 2003–2004, particularly in the second chapter of the report on the Global Diffusion of ICT by F. Paua\(^8\).

According to the report of the 531 million people leaving in the Latin America and the Caribbean region, only 36 million are Internet users and a slightly lower figure, 33 million, have personal computers. However, as shown in the table below, from 1999 to 2002, the region has experienced a 245 percent increase in the number of Internet users. Personal computers grew by 71%, the second highest regional percentage in the world after South Asia at 77%. It is expected that by the year 2010, mobile and Internet penetration in LAC will reach 60% and 50% respectively\(^9\).

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### ICT Diffusion in Latin America\(^10\)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>509.8</td>
<td>539.3</td>
<td>4</td>
<td>21.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet users (estimated)</td>
<td>10.5</td>
<td>36.2</td>
<td>245</td>
<td>25.7</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Personal computers</td>
<td>18.1</td>
<td>32.8</td>
<td>71</td>
<td>12.5</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Main telephone lines in operation</td>
<td>67.4</td>
<td>89.1</td>
<td>33</td>
<td>22.1</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Cellular mobile telephone subscribers</td>
<td>40.9</td>
<td>101.5</td>
<td>149</td>
<td>60.6</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Television receivers</td>
<td>136.5</td>
<td>150.1</td>
<td>13</td>
<td>13.5</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Cable television receivers</td>
<td>13.3</td>
<td>15.5</td>
<td>17</td>
<td>2.2</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Home satellite antennas</td>
<td>1.6</td>
<td>2.7</td>
<td>66</td>
<td>1.1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

These are encouraging figures that speak in favour of a good potential for future telework development in the region. Within this general trend huge differences exist among various countries in the region.

One of the elements that characterize Latin American countries is the lack of uniformity in the population’s access to resources. There are great income differences both at the individual and corporate level. These differences affect people’s ability to benefit from education and afford basic information technology. While income limitations and educational deficiencies negatively affect a broader adoption of IT in the region, there are also factors that contribute to their use. Specifically the region has strengthened its ties elsewhere primarily the United States for Central America and Mexico and Europe for South America. These economic ties occur because companies have operations in

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both Latin America and the U.S. or Europe. Their need to communicate across borders has prompted them to implement sophisticated IT systems. There has also been a tendency for companies to outsource some of their operations abroad as a way of reducing costs. In this process they export their technology to enable them to coordinate their operations with their offices in these countries. These factors thus led to some segments having highly sophisticated technologies while others continue to rely on traditional methods.\(^{11}\)

As shown in the table below Brazil is the leading country in the region with almost 11 millions Internet users and almost 7 millions personal computers in 2002. Figures for other countries are much lower. Mexico is second for personal computers and fourth for Internet users. Argentina is third for both indicators. Chile is second in the number of Internet users and fifth for numbers of personal computers. Colombia is fourth in terms of personal computers and sixth for internet users.

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>18 000 000</td>
<td>12 320</td>
<td>Bermuda</td>
</tr>
<tr>
<td>Chile</td>
<td>2 950 000</td>
<td>724</td>
<td>Chile</td>
</tr>
<tr>
<td>Argentina</td>
<td>2 500 000</td>
<td>254</td>
<td>Argentina</td>
</tr>
<tr>
<td>Mexico</td>
<td>2 841 165</td>
<td>133</td>
<td>Mexico</td>
</tr>
<tr>
<td>Peru</td>
<td>1 600 000</td>
<td>90</td>
<td>Peru</td>
</tr>
<tr>
<td>Colombia</td>
<td>1 318 000</td>
<td>531</td>
<td>Colombia</td>
</tr>
<tr>
<td>Venezuela</td>
<td>194 429</td>
<td>472</td>
<td>Venezuela</td>
</tr>
<tr>
<td>Ecuador</td>
<td>403 315</td>
<td>471</td>
<td>Ecuador</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>400 000</td>
<td>401</td>
<td>Puerto Rico</td>
</tr>
<tr>
<td>Guatemala</td>
<td>135 000</td>
<td>331</td>
<td>Guatemala</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>6 000 000</td>
<td>133</td>
<td>Brazil</td>
</tr>
<tr>
<td>Mexico</td>
<td>2 600 000</td>
<td>724</td>
<td>Mexico</td>
</tr>
<tr>
<td>Argentina</td>
<td>500 000</td>
<td>254</td>
<td>Argentina</td>
</tr>
<tr>
<td>Colombia</td>
<td>722 000</td>
<td>133</td>
<td>Colombia</td>
</tr>
<tr>
<td>Chile</td>
<td>641 914</td>
<td>724</td>
<td>Chile</td>
</tr>
<tr>
<td>Peru</td>
<td>760 000</td>
<td>471</td>
<td>Peru</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>300 000</td>
<td>471</td>
<td>Santa Maria</td>
</tr>
<tr>
<td>Venezuela</td>
<td>300 000</td>
<td>331</td>
<td>Venezuela</td>
</tr>
<tr>
<td>Ecuador</td>
<td>152 652</td>
<td>331</td>
<td>Ecuador</td>
</tr>
<tr>
<td>Paraguay</td>
<td>140 000</td>
<td>331</td>
<td>Paraguay</td>
</tr>
</tbody>
</table>

Figures like these are important because, learning from the lessons from countries in other regions where telework is now a significant reality, it is only when certain figures in terms of ICT presence are reached, the so called critical mass, that telework can effectively take off.

In Europe, for instance, despite the enthusiastic predictions of its early advocates, telework appeared for a long time not to be taking off as a large-scale phenomenon.

\(^{11}\) M. Garcia-Murillo, Patchwork Adoption of ICTs in Latin America, Electronic Journal of Information Systems in Developing Countries (2003) 15, 1, 1-9, p.1

This apparent failure favoured certain scepticism, with some arguing that telework would remain forever a marginal or minor aspect of working life.

In reality, telework went through a long preliminary phase during which the necessary preconditions for its full development, in particular adequate levels of ICT presence, were being set up. Only when the critical mass was reached, telework quickly took off and spread in a substantial away

The importance of reaching a critical volume of ICT presence should not however overshadow the significance of another indicator that can be crucial in predicting the success of teleworking in the LAC region and countries therein. Penetration rates are extremely significant in this respect.

When we look at this variable, the regional panorama changes completely. Twenty-seven economies in the region, including countries with high global figures such as Brazil, Mexico and Colombia, have less than a 10 percent penetration rate for Internet. However other countries, including a number of countries in the Caribbean region, show higher penetration rates with Virgin Islands at 15%, Puerto Rico and Dominica at 16%, Aruba at 22%, Chile at 24% and Bermuda at 46%.

Further data indicate that in terms of main telephone lines Bermuda and the Virgin Islands have the highest penetration rates at above 50 percent while for cellular mobile telephones Martinique, Guadeloupe, and Jamaica have the highest penetration rates at above 50 percent. It could well be that high penetration rates become the discriminating factor allowing a number of smaller countries with advanced ICT presence to successfully anticipate the development of telework in LAC.

The panorama that emerges from the above data is one of a general delay in ICT development in the Latin America and Caribbean region. However the pace of introduction of ICT is fast and accelerating. Within the region the situation of different countries in this respect varies greatly. It is likely that the final destiny of telework in the region will depend on its success or failure in key highly populated and ICT advanced countries, particularly Brazil. However less populated countries, particularly in the Caribbean, that already have higher penetration rates, could play an important role of anticipation and pave the way to a full scale development of telework in the region.

This will largely depend on a number of other key-factors such as labour and market flexibility, investment encouragement and de-tax policies, skill levels of the workforce, geographical location, quality of and reliability in delivery, political and social stability. In each country of the region these factors constitute a unique mix. They will be analysed, for selected countries, in the chapter that follows.

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SELECTED COUNTRY PROFILES

Argentina

A leading country for ICT development in Latin America (third in the number of Internet users and PCs and practically with all telephone lines digital) Argentina is experiencing a great interest in telework.

Various companies, including several multinationals, are at the vanguard in the adoption of this form of work. Of the 1500 employees of IBM Argentina 700 are teleworkers, 400 being mobile workers who spend only 50 to 60% of their time in the traditional workplace. The company has also 220 consultants who service the clients either at the client’s place or from their home as well as 40 technicians also working at the client’s place. Only ten people work from their home not for professional but for personals reasons

Attention to telework has been boosted by the severe economic crisis of last years with unemployment levels close to 20%. Working from home using ICT has been seen as a unique opportunity of response to a situation leaving little alternatives. How many Argentineans have taken this opportunity and what is the total number of teleworkers in the county is unknown. No official statistics on telework have been elaborated yet. However in December 2003 the Comisión de Teletrabajo (Telework Committee), a body operating under the auspices of the Ministry of Labour, issued a recommendation to INDEC - Instituto Nacional de Estadisticas y Censos (National Statistics and Census Institute) - in order to have a specific question on telework included in the Permanent Household Survey (Encuesta Permanente de Hogares - EPH).

In the same year, Carrier y Asoc., a market analyst, published the results of a survey on "Telecomunicaciones residenciales". According to this survey there are more than 320,000 homes used as electronic workplace, 3.2% of all homes in the country. The survey also showed that 40% of these homes had been transformed in workplace in the last two years while only 31.3% had been in operation for more than five years. If this unofficial survey is confirmed an important transformation of home into electronic workplace is currently underway in Argentina

Despite the growing number of teleworkers there is no legislation on telework in the country. Since 2001 initiatives for the issuing of a law have been undertaken and have recently materialised in a proposal of the Comisión de Teletrabajo for the regulation of telework. The proposal, which is intended to cover situations of subordinate telehomeworking, recognizes to this category of workers the same rights of other subordinate workers. It contemplates the adoption, via collective agreements, of specific provisions on trade union freedom, remuneration, working time, training, consultation, privacy, health and safety and social security in this area

Call centres are proliferating in Argentina. Already in 2001, as shown in the following figure, the majority of organisations in key sectors had their own call centre.

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16 Comisión de Teletrabajo, Regimen Juridico del Teletrabajo, Version 23.7.2004
Outsourced call centres are also quickly expanding. As we have seen Argentina has the fastest growing offshore agent population in LAC. Several preconditions for the development of this form of telework are in existence including the highest post-secondary education rate in Latin America and competitive labour costs. According to Brendan Read in *callcentermagazine*, labour costs in Argentina would be up to 10 times lower than American costs with wages at only $2.80/hour in Cordoba compared with Buenos Aires at $3/hour; Mexico City at $4.25/hour; Costa Rica at $5.25/hour; and Chile at $5.60/hour.

The overall impact of call centres in terms of job creation is appearing of primary importance. The number of agents in call centres passed from 5000 in 2002 to the current 20,000 and it is estimated to reach 50,000 by 2006.

**Brazil**

Internet is experiencing a phenomenal growth in Brazil. In terms of the number of internet hosts, Brazil that was ranked thirteenth in 2000 is now eight worldwide, third in the Americas and first by a long way in Latin America. Brazil is also the leading country in Latin America for number of personal computers, telephone lines in operation and cellular mobile telephone subscribers and is progressively emerging as one of the largest and most dynamic wireless markets in the world. Wireless networking offers unique opportunities for distant regions and isolated areas.

Telework has been on the agenda since long with multinationals like Dupont and Xerox paving the way and other companies following their example. These include, among others, Nortel; Semco; Siemens; Alcoa; W/Brazil; AT & T; Dupont; Price Waterhouse Coopers; Kodak; Trevisan Consultores; Andersen Consulting; Cisco System; Anixter;  

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19 R. Smith, *Los call centres ya exportan sus servicios a Europa y los EEUU*, La Razon/Carin, 12 de abril 2004; N. Muscatelli, *Existen cada vez mas call centers con acento argentino*, Diario Clarín, 8.3.2004

20 Comitê Gestor da Internet do Brasil, http://www.cg.org.br
A 2003 study on 2000 large companies in the Sao Paulo area indicated that approximately 2% were practicing telework. On this basis a tentative projection of the spreading of teleworking in Brazil has been attempted with the total number of teleworkers calculated at 4-5 millions, about 5% of the Brazilian working population.

However the potential of telework is far for being fully exploited yet. There is room for teleworking in urban areas in response to traffic/environmental concerns both for conurbations such as Sao Paulo and for the fast growing towns in special ecologically sensitive areas, such as Manaus. All this without considering the enormous potential of community telecentres to be established in rural and isolated areas and the rapid development of call centres both for the internal market and in response to clients from outside Brazil.

In 2003, according to Frost&Sullivan, a market analyst, call centres have employed 500,000 agents, 8% more than in 2002. Concentrated in Sao Paulo and Rio de Janeiro, the market of call centres employs primarily young people between 16 and 24 years of age, the majority women. The average monthly wage is reported at only $120 to $200 with higher wages, up to $600, reserved to highly experienced, bilingual staff.

Brazil is also leading on the front of outsourced call centres. The following figure show the rapid progression of revenues for such centres in Brazil compared to Argentina.

Experts stress how, despite a number of shortcomings such as higher costs than India, a longer distance from the U.S. than Canada and Mexico, and a smaller pool of educated

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21 T. Tachizawa and A. Mello, Estratégias Empresariais e o Teletrabalho, Pontal ed., Rio de Janeiro, 2003, p.8; . See also Alvaro Mello, Teletrabalho, Qualytiemark ed., Rio de Janeiro, 1999
22 Unpublished information. Courtesy Alvaro Mello
23 Frost&Sullivan, Emprego em contact center está em alta - Segundo pesquisa da Frost & Sullivan, cresce as oportunidades de trabalho nesta area, 1/7/2004, http://www.callcenter.inf.br
English speakers than other competitors, Brazil offers a favourable time zone, an expanding software industry and an oversupply of IT professionals. How fast this potential will materialise into a large scale spreading of telework is difficult to predict. Different elements play a somehow contrasting role in this respect. While technological advancement and the progressive reduction of technology cost operate as important enhancing factors, the reduction of purchasing power, the lack of adequate support policies and the insufficient legislative response to the new needs in this area are impediments to the fast spreading of telework. Whatever the interaction among these different factors and their evolution, it appears certain that Brazil will be one of the great engines of telework in LAC in the years to come.

Chile

Chile has one the highest PC penetration rates per user in Latin America and the Caribbean, second only after Bermuda. The growth of Internet users has been important, especially in SMEs and homes.

Telehomework is developing although no official statistic can be given. However according to expert Pedro Rivadeneira manager of Teletrabajo tWork, around 300,000 Chileans should be involved in this form of work. In response to this new reality the Chilean Labour Code - the first in the LAC region - was revised in 2001 and its art. 22 modified to accommodate the situation of teleworkers (Law 19.759 of 01/12/2001). These are now recognised the same labour rights than other workers.

Various companies are engaged in this new form of work including Johnson and Johnson, Sodimac, IBM, Derco, Publiguias, redminera.com, automecano.com, Cisco Systems, Codelco and Banco de Estado. The experience of the Banco de Estado deserves special attention.

In 1997 the Empresa Nacional del Carbón (Enacar) closed the coal mine of Lota leaving its 1,100 workers without a job. The entire area experienced a major depression with unemployment levels at 20%, the highest in the country, and 42% of the population living in conditions of poverty and need. The Banco de Estado intervened in this situation investing $7 millions in the creation of a new call centre initially employing 60 people.

Feasibility studies of the Banco had shown that the cost of land in Lota was at least 25 times cheaper than in Santiago. In addition, there was a Centre for Technical Training (Centre of Formacion Tecnica - CFT) that could contribute to the success of the initiative. Finally a great number of young people dismissed and eager to obtain employment offered a low cost workforce. In 2002 the Lota call centre employed 200 operators, primarily women (75%) and young people with an average age of 25.

26 Teletrabajo en Chile: Trabajadores sin Fronteras, Revista Comercio N°8.878, 18 de marzo 2003
28 Pedro Rivadeneira M., El Teletrabajo y su impacto Psico-Laboral, Powerpoint presentation, Courtesy P. Rivadeneira
According to the Banco the initiative is a success. The services of the centre are very appreciated by the clients with more than 5.7 millions contacts in 2003²⁹.

Chile has also emerged as a preferred destination for outsourced call centres. The country has one of Latin America's highest literacy rates (96%) and is considered as one of the most stable Latin American countries. Salaries for call centres agents are also very competitive.

In addition to several local companies who provide diverse call-centre services to other countries in the region a number of multinationals have opened their call centres in the Chile.

- In July 2000, Delta Airlines opened its LAAC (Latin America Contact Centre) in Santiago. Today LAAC receives over a million calls from Argentina, Colombia, Chile, Costa Rica, El Salvador, Guatemala, Panama, Peru, and Venezuela.

- Opened in September 2002, the Air France call centre in Santiago takes bookings, handles requests for special services, and answers inquiries. It has an 84 strong, mostly Chilean staff with a working knowledge of French, operating on a 24 hours basis.

- Entel 1,500-seat call centre - a division of the multinational Telecom Italia - offers outsourcing services in Spanish, English, and Portuguese to companies around the globe with an emphasis on Latin American and U.S. markets.

Other companies have outsourced to Chile their software development services.

- Motorola established software development activities in Chile. The company opened its Wireless Internet Technology Centre in the port of Valparaiso to develop mobile Internet solutions.

- Citigroup’ located a new Software Development Centre in Santiago. The centre is responsible for producing software for Citigroup subsidiaries across Latin America.

- In 2000, Soluziona, the engineering and technological subsidiary of Spain's Unión Fenosa electricity group, opened in Santiago a 120-strong staff centre that develops products ranging from portals and Intranets to e-procurement solutions and the integration of systems³⁰.

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²⁹ Sources: QUE PASA, 14 de juny de 2002, The surprising boom of call to centre, http://www.mediacorp.cl

³⁰ Sources: Invest@chile - High Technology Investment programme http://www.hightechchile.com/
Foreign Investment Committee http://www.foreigninvestment.cl/
http://www.hightechchile.com/industry-call-centers.htm
http://www.hightechchile.com/industry-software.htm
Jamaica

Despite the increasing competition from other regions, the Caribbean remains an important centre for information processing work. Jamaica is the Caribbean’s leader followed by Barbados. There are smaller operations in Trinidad and Tobago, Grenada, St Kitts and other Caribbean islands.

To improve global competitiveness in the ICT sector Jamaica has created attractive export incentive policies to encourage overseas investors. A variety of education, training and marketing strategies has been initiated to improve the region’s comparative advantage of proximity to the United States, exploit the English language facility and achieve comparable levels of speed, accuracy, security and reliability compared with other offshore destinations. 31.

Despite these efforts the enthusiastic predictions of the past have not fully materialised. The number of new posts created – perhaps in the reason of 6000 - has been relatively limited when compared to the huge investments made. Traditional data entry services still constitute the majority of work in this area. But Jamaica is progressively specialising in outsourced call centre services with JAMPRO, the state-owned investment promotions company, predicting rapid growth in the sector. Various factors converge to facilitate such growth.

Internet penetration rate is at around 10% and the Government is determined to increase the number of licenses to augment competitiveness and reduce Internet costs. Initiatives are also underway to promote free access to Internet in schools and promote telelearning. Unemployment level, officially at 13%32, is at more than 60% in the 20 to 34 age bracket. A large number of educated applicants are available, keen to enter the labour market. Call centre operators wages and rates for office space are also quite competitive as shown below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Price per agent hour (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>10.00 – 16.50</td>
</tr>
<tr>
<td>Ireland</td>
<td>27.00 – 28.00</td>
</tr>
<tr>
<td><strong>Jamaica</strong></td>
<td><strong>15.50 – 16.50</strong></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>27.00 – 29.00</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>29.00 – 30.00</td>
</tr>
</tbody>
</table>

31 JAMPRO, Overview of Jamaica’s Information technology sector, http://www.investjamaica.com
However Jamaica has to address drawbacks in its quest to become the premier near-shore location. Crime is reported high in Kingston and neighbouring St.Andrew, though not in the heavily gated free zones. Support services outside the free zones may also be lacking. But the main problem is that companies are increasingly looking at countries, such as China and Mexico, where the cost of labour is lower than in Jamaica particularly for services with low added value like data entry. This clearly makes it difficult to attempt to introduce or maintain fair levels of remuneration and decent employment conditions while being competitive on the global market. Like for other countries operating in this sector the challenge Jamaica is facing is how to develop a successful strategy to provide value-added services and thus gaining access to a different market where it can still be competitive.

**Mexico**

The 11th-biggest economy in the world, the second country in Latin America in number of PCs and the fourth for Internet users, Mexico is moving fast in ICT development. Despite these progresses telehomework is not yet at the centre of major attention but call centres are expanding fast.

Mexico’s position within the Free Trade Area of the Americas (FTAA) makes it a preferred site for many U.S. firms and a number of companies have relocated there. Increasingly U.S. companies are searching for services in Spanish for their Spanish speaking customers, a fast growing market with 60 percent of Spanish speakers of Mexican origin. On larger ICT projects, but not necessarily on smaller ones, outsourcing to Mexico is reported to produce substantial savings on the cost of doing the same project in the U.S. There also limitations. For instance, Mexicans with a good education have a lot of job options, including going to the U.S. and programmers may require very detailed design specifications to perform satisfactorily.

Some of the main advantages and disadvantages of outsourcing ICT development services to Mexico are shown in the table below.

<table>
<thead>
<tr>
<th>RENTAL RATES$^{33}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Kingston (city centre) – US$ 15.00/ sq. ft. (non-prime property, including maintenance)</td>
</tr>
<tr>
<td>Portmore (outside Kingston) – US$ 10.00 / sq. ft. (including maintenance)</td>
</tr>
<tr>
<td>Montego Bay Free Zone – US$ 8.50 (including maintenance).</td>
</tr>
</tbody>
</table>

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$^{33}$ Courtesy JAMPRO, August 2004

$^{34}$ W. Hersch, Sun, Sea, Surf and Call Centres, Jamaica, Mexico, Puerto Rico and Panama are doing much to woo call centres., 09/04/2002, http://www.callcentermagazine.com

$^{35}$ A. Horowitz, Mexico: It's Close; It's Cheap, it's close to home, but programmers may need specific instructions, ComputerWorld, September 15, 2003, http://www.computerworld.com
OFFSHORE OUTSOURCING TO MEXICO

Geopolitical risk: Moderate
Infrastructure/Communications: Good. Strongest in the country's three technology parks.
English proficiency: Poor
Labour cost advantage (average IT programmer salary): US$1,400/year
Pros: Costs are typically 25 percent to 45 percent less than in the U.S., and distance isn't an issue.
Cons: Mexican programmers are not exactly members of the intellectual elite when it comes to engineering skills. The language barrier can also be a problem (though some companies send their programmers to English boot camps).
Insider tip: Right now, Mexico may be suitable for low-level, high-volume projects. Make sure you evaluate language skills at your vendor.
Cultural compatibility: Good
Government support/laws: Good.
Quality initiatives: Most companies are not investing in CMM certification;
Major customers: Coca-Cola, General Electric, Principal Financial Group, Procter and Gamble.
Cities/Centres of outsourcing: Guadelajara, Mexico City, Monterrey.
National IT organization: Asociacion Mexicana de la Industria de Tecnologias de Informacion (AMITI; www.amiti.mx.org).
Size of industry: NA
Total labour force: 41.9 million
Areas of expertise: Application development, application maintenance, data centre outsourcing.

According to a 2003 Datamonitor survey Mexico, South Africa and Malaysia are among the leading offshore locations of call centre outsourcing. They are growing in stature at the expense of India and the Philippines whose share of the offshore market will drop to 64 percent in 2007 compared to 70 percent in 2002. Thus, according to

36 Offshore outsourcing: Mexico, CIO staff, 18.11.2002, http://cio.co.nz
Datamonitor, Mexico will experience massive growth in the number of call centre agent positions serving offshore markets, primarily the US.\textsuperscript{37}

**Uruguay**

Uruguay is one of the few countries in the world with a 100% digital telephone network. According to a 2003 study approximately a quarter of the population in the country has a computer at home, and this percentage increases with higher educational level and home incomes. 50% those with University studies have a computer at home compared to 22% of those with secondary education and 8% of those with primary education. In the same way 64% of the population with high social level has a computer compared to 35% of the medium-level and 10% of the low-level population.\textsuperscript{38}

Unemployment rate is high at 17%, with the rate for women at 21%.\textsuperscript{39} This situation has generated great expectations in telework but training of unemployed people in this new way of working is lacking and there are no policies and no regulations favouring this form of work.

No data are available on the amount of teleworkers in Uruguay. There are some well known cases of telehomeworkers among architects, webmasters, translators, accountants, programmers, traders and consultants, and some companies in Uruguay have a web page offering services to be sold inside and outside the country.

The Uruguayan ICT industry has also been working for international markets since its origins. This sector is the one that generates significant incomes to the country and includes the development of software packages, consultancy and other services. Most of the companies in the Free Zone of Montevideo are involved in offshore teleworking.\textsuperscript{40}

\textsuperscript{37} Datamonitor, Global Offshore Call Center Outsourcing: Who will be the next India?, Jan. 2003, http://market-research report.com
\textsuperscript{38} H. Achugar, S. Rapetti-Susana D. R. Radakovich Imaginarios y consumo cultura, Montevideo, Editorial Trilce, UDELAR, 2003
\textsuperscript{39} Instituto Nacional de Estadística – Encuesta Continua de Hogares –Resultados 2003
\textsuperscript{40} Asociación Uruguaya de teletrabajo- Report 2003
TELEWORK OPPORTUNITIES

Employment opportunities

Teleworking has raised great expectations in LAC as an effective way of generating employment and thus contributing to alleviate the heavy burden of high unemployment levels in the region.

Unemployment average rate is at 11% for the entire Latin America but several counties stand at around 15% and more. The ILO Panorama Laboral 2003, the most authoritative publication in this area, paints a grim picture of unemployment in Latin America and the Caribbean with 19 million jobless workers in Latin America's cities41.

According to the report unemployment still mainly affects women. In several countries where unemployment was reduced, that reduction was less for women than for men. Thus, in Argentina the decrease in the unemployment rate in the first half of 2003 compared to the same period in 2002, was higher for men (6.1 per cent) than for women (4.7 per cent); in Chile, the unemployment rate of men declined of 0.8 per cent between January and September 2003 while that of women remained the same. However in Peru and Brazil men unemployment rates remained the same while that of women were reduced by 0.4 and 0.8 per cent respectively.

The report also indicates that youth unemployment increased in 6 countries of the region (Argentina, Brazil, Mexico, Chile, Uruguay and Venezuela) out of a total of 9 countries assessed (including Colombia, Costa Rica and Peru) doubling or nearly doubling the total unemployment rate. In some countries like Argentina and Chile, the youth unemployment rate increased, though total unemployment was reduced.

LATIN AMERICA YOUTH UNEMPLOYMENT IN SELECTED COUNTRIES42

<table>
<thead>
<tr>
<th>Country</th>
<th>Age range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>15-19</td>
<td>51.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>15-17</td>
<td>37.9</td>
</tr>
<tr>
<td></td>
<td>18-24</td>
<td>23.5</td>
</tr>
<tr>
<td>Chile</td>
<td>15-19</td>
<td>29.6</td>
</tr>
<tr>
<td>Colombia</td>
<td>12-17</td>
<td>30.7</td>
</tr>
<tr>
<td></td>
<td>18-24</td>
<td>33.2</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>12-24</td>
<td>14.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>12-19</td>
<td>8.2</td>
</tr>
<tr>
<td></td>
<td>20-24</td>
<td>6.4</td>
</tr>
<tr>
<td>Peru</td>
<td>14-24</td>
<td>14.4</td>
</tr>
<tr>
<td>Uruguay</td>
<td>14-24</td>
<td>40.1</td>
</tr>
<tr>
<td>Venezuela</td>
<td>15-24</td>
<td>31.3</td>
</tr>
</tbody>
</table>

42 ILO, Panorama Laboral 2003, Anexo Estadistico, Cuadro 3-A
The following table shows the evolution of urban unemployment in Latin America in the period 1994-2003.

**LATIN AMERICA AND THE CARIBBEAN - SELECTED COUNTRIES**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>12.2</td>
<td>16.4</td>
<td>17.3</td>
<td>14.9</td>
<td>12.9</td>
<td>14.3</td>
<td>151</td>
<td>17.4</td>
<td>19.7</td>
<td>15.6</td>
</tr>
<tr>
<td>Barbados</td>
<td>21.9</td>
<td>19.7</td>
<td>15.6</td>
<td>14.5</td>
<td>12.3</td>
<td>10.4</td>
<td>9.2</td>
<td>9.9</td>
<td>10.3</td>
<td>---</td>
</tr>
<tr>
<td>Bolivia</td>
<td>3.1</td>
<td>3.6</td>
<td>4.0</td>
<td>4.3</td>
<td>4.1</td>
<td>7.2</td>
<td>7.5</td>
<td>8.5</td>
<td>8.7</td>
<td>---</td>
</tr>
<tr>
<td>Brazil (Old series)</td>
<td>5.1</td>
<td>4.6</td>
<td>5.4</td>
<td>5.7</td>
<td>7.6</td>
<td>7.8</td>
<td>7.1</td>
<td>6.2</td>
<td>7.1</td>
<td>---</td>
</tr>
<tr>
<td>Brazil (New series)</td>
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<td>---</td>
<td>11.3</td>
<td>11.7</td>
<td>12.4</td>
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<td>Chile</td>
<td>7.8</td>
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<td>5.4</td>
<td>5.3</td>
<td>6.4</td>
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<td>9.2</td>
<td>9.1</td>
<td>9.0</td>
<td>8.9</td>
</tr>
<tr>
<td>Colombia</td>
<td>8.9</td>
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<td>11.2</td>
<td>12.4</td>
<td>15.2</td>
<td>19.4</td>
<td>20.2</td>
<td>16.9</td>
<td>16.2</td>
<td>16.3</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>4.3</td>
<td>5.2</td>
<td>6.2</td>
<td>5.7</td>
<td>5.6</td>
<td>6.0</td>
<td>5.2</td>
<td>6.1</td>
<td>6.8</td>
<td>6.7</td>
</tr>
<tr>
<td>Dominican Republic</td>
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<td>16.5</td>
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<td>14.3</td>
<td>13.8</td>
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<tr>
<td>Equator</td>
<td>7.8</td>
<td>7.7</td>
<td>10.4</td>
<td>9.3</td>
<td>7.0</td>
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<td>9.7</td>
<td>7.9</td>
<td>6.4</td>
<td>6.7</td>
</tr>
<tr>
<td>El Salvador</td>
<td>7.0</td>
<td>7.0</td>
<td>5.8</td>
<td>7.5</td>
<td>7.6</td>
<td>6.9</td>
<td>6.5</td>
<td>7.0</td>
<td>6.2</td>
<td>---</td>
</tr>
<tr>
<td>Honduras</td>
<td>4.0</td>
<td>6.6</td>
<td>6.6</td>
<td>5.2</td>
<td>5.8</td>
<td>5.2</td>
<td>---</td>
<td>6.3</td>
<td>5.9</td>
<td>---</td>
</tr>
<tr>
<td>Jamaica</td>
<td>15.4</td>
<td>16.2</td>
<td>16.0</td>
<td>16.5</td>
<td>15.5</td>
<td>15.7</td>
<td>15.5</td>
<td>15.0</td>
<td>15.1</td>
<td>---</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.7</td>
<td>6.2</td>
<td>5.5</td>
<td>3.7</td>
<td>3.2</td>
<td>2.5</td>
<td>2.2</td>
<td>2.4</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>17.1</td>
<td>16.9</td>
<td>16.0</td>
<td>14.3</td>
<td>13.2</td>
<td>10.7</td>
<td>9.8</td>
<td>11.3</td>
<td>12.1</td>
<td>---</td>
</tr>
<tr>
<td>Panama</td>
<td>15.8</td>
<td>16.4</td>
<td>16.9</td>
<td>15.4</td>
<td>15.6</td>
<td>13.6</td>
<td>15.3</td>
<td>17.0</td>
<td>16.4</td>
<td>15.6</td>
</tr>
<tr>
<td>Paraguay</td>
<td>4.4</td>
<td>5.3</td>
<td>8.2</td>
<td>7.1</td>
<td>6.6</td>
<td>9.4</td>
<td>10.0</td>
<td>10.8</td>
<td>14.7</td>
<td>---</td>
</tr>
<tr>
<td>Peru</td>
<td>8.8</td>
<td>7.9</td>
<td>7.9</td>
<td>8.4</td>
<td>8.2</td>
<td>8.3</td>
<td>7.0</td>
<td>9.2</td>
<td>9.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>18.4</td>
<td>17.2</td>
<td>16.2</td>
<td>15.0</td>
<td>14.2</td>
<td>13.1</td>
<td>12.1</td>
<td>10.8</td>
<td>10.4</td>
<td>---</td>
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<tr>
<td>Uruguay</td>
<td>9.2</td>
<td>10.8</td>
<td>12.3</td>
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<td>10.2</td>
<td>11.8</td>
<td>13.6</td>
<td>15.3</td>
<td>17.0</td>
<td>17.4</td>
</tr>
<tr>
<td>Venezuela</td>
<td>8.9</td>
<td>10.3</td>
<td>11.8</td>
<td>11.4</td>
<td>11.3</td>
<td>14.9</td>
<td>13.9</td>
<td>13.5</td>
<td>15.9</td>
<td>18.9</td>
</tr>
</tbody>
</table>

As indicated in the ILO report the factors determining the unemployment situation shown above are primarily of structural nature. Compared to these factors telework plays a relatively minor role but it has been seen as in many ways associated with new job creation. It is really so and to what extent?

In order to be able to address this question we need, however, to address a more basic question: does telework create, destroy or substitute existing jobs? The question may be simply put, but the answer is a complex and difficult one. This is partly because of the varieties of the forms of telework, partly because of the problems of measuring the

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43 ILO, Panorama Laboral 2003, Anexo Estadistico, Cuadro 1-A
dimension and direction of the phenomenon, and also in part because of the great number of variables involved.

At the macro-level, exploratory research on selected European Union (EU) countries has signalled the possibility of a job-substitution relationship between telework and employment\textsuperscript{44}. However statistical time series are still incomplete and the number of countries covered hardly sufficient to make this case convincing as yet.

Disentangling this matter could prove even more difficult for the LAC countries given the absence of adequate statistical evidence. However some essential characteristics of the telework labour market in LAC appear different from those in the EU and this may help in overcoming the problem. While in the EU, much of the apparent job creation linked to the spreading of telework could be explained with a simple change in the nature and dislocation of already existing jobs, in LAC it would appear that unemployed people and young people entering the market for the first time constitute a substantial part of the users of this new form of work.

If this is the case telework would be a job creator in LAC and employment figures for telework could be related in a significant measure to real new jobs.

The following question is: how many jobs? We have seen that official statistics in this respect are totally lacking in the region while unofficial ones are often limited in scope and methodologically questionable. It would be most unwise under these circumstances to adventure in analyses and forecasts based on existing data. However, with all reservations, it seems possible to say that teleworking is becoming a substantial phenomenon and it is moving fast. Even taking with all due caution the figures given in the previous chapters, we are talking of half a million people already working in call centres in Brazil; of more than 300,000 workers in outsourced call centres in LAC in 2003 to become more than 700,000 by 2007; of perhaps some 300,000 teleworkers in operation in Argentina and Chile. If these figures include a significant part of new jobs, as it would appear to be the case, the contribution of telework to job creation in LAC could be already significant and could become important in the years to come.

This contribution may be however quite uneven. As have seen, in certain countries telework is moving fast, sometimes much faster, than in other counties. The LAC panorama in this respect is one of a leopard skin with countries like Argentina, Brazil, Chile, Jamaica and Mexico taking the lead and other following at different distances in telework development. Given these differences it is clear that the impact of telework in terms of employment generation will be also different in the various LAC countries and that any situation requires a specific analysis and evaluation of the variables at stake to predict such impact.

It is also important to consider that different forms of telework are moving at different speed so that they can contribute with different intensity to employment generation. While telehomework would appear to be progressing steadily, call centres seem to develop much quicker and offshore telework seems on the rampage. We have seen how the number of outsourced call centres in the region will duplicate by 2007 according to

\textsuperscript{44} G. N. De Vito, Teleworking and Methods of Measurement: A Proposal for a Quantitative Analysis at the Macroeconomic Level, BNL Edizioni, Rome, August 2000
Datamonitor. If their forecast is confirmed call centres will be a major generator of employment in the LAC region in the years to come.

While the analysis confirms the potential of telework of generating new jobs, it would be unwise to overemphasise such potential. Certainly telework is not a panacea for unemployment as often argued in the enthusiastic announcements of the innumerable online consultancies that proliferate on the web.

In particular concern has been expressed on:

- The sustainability in time of the jobs thus created;
- The risk that such jobs are taken away from workers elsewhere;
- The quality of these jobs.

Lasting jobs or palliative solutions?

Sound evidence is again lacking but experts in the LAC region share the view that the rate of failure of new telework-generated jobs can be very high. This may be the case when a company transforms traditional jobs into teleworking jobs (in reality a situation of job substitution) but also, and most important, when unemployed people or people looking for their first job enter the labour market as independent or subordinate workers via telework. In both cases the initial enthusiasm can be quickly transformed into disillusionment when these people, because of inadequate personal attitudes, lack of proper training or insufficient professional skills, fail to meet the special challenges of teleworking. Poor quality of work, low remuneration and organisational mismatch can also contribute to this failure making sustainability in time a not easily achievable objective.

New jobs or job displacement?

Concern for the negative effects of call centres outsourcing to developing countries is becoming a topical issue and attracting growing attention. In UK they now employ almost half a million people, representing nearly 2% of the workforce. Many call centres are located in areas which had suffered industrial decline over the past quarter century, such as south Wales, central Scotland and the north-east of England. Call centres have been important to the economic regeneration of these regions.

UNISON (Britain's biggest trade union representing people working in the public services, for private contractors providing public services and the essential utilities) has voiced this concern in strong terms noting that 50,000 UK jobs have already gone abroad in the past two years and that a growing range of functions – from writing computer systems to processing insurance applications, to basic drug industry administration – is now being taken off Western workers and given at a fraction of their salaries.

45 European Industrial Relations Observatory (EIRO), UK concerns over 'offshoring' call centres, 4-04, http://www.eiro.eurofound.eu.int/pdf
wages to professionals in developing countries. According to UNISON general secretary Dave Prentis:

“UNISON accepts technological advances and innovations in business processes will intensify international competition, but any evaluation on the impact of offshoring and the movement of jobs around the world has to be more than simply a market analysis. It is not good enough to simply look at who pays the lowest wages. The social impact of such changes on the UK also needs to be taken into account. There has to be a commitment from the government to keep jobs in the UK and not just let them flow to the other side of the globe. The UK economy suffers adversely when jobs disappear overseas."

Similar concern are expressed in the United States where, according to IT research firm Forrester, some 400,000 American service jobs have been moved overseas since 2000. Forrester estimates that 3.3 million American service jobs and $136 billion in wages will be offshored by 2015.

Nayan Chanda at the Yale Centre for the Study of Globalization highlights the terms of such concern:

There is a growing fear that given the cost advantages and unlimited supply of competent workers, jobs now leaving the US may not come back. The savings that corporations achieve through outsourcing will reduce consumer prices and raise shareholder profits, but without necessarily creating any jobs at home. The classic solution to the problem of job loss created by technology has been to promote education and retraining programmes. But if an unlimited supply of workers with similar skills is available at the end of a broadband wire for a tenth of the salary, the textbook economics remedy may not work. There will obviously be many office jobs requiring direct client or team contact, but those jobs that can be done in isolation are increasingly up for grabs in a global labour market.

However, according to Datamonitor the fear of job losses from the US to Latin America is much ado about nothing. In its already cited report “Call Center Outsourcing in Latin America and the Caribbean to 2008”, Datamonitor reveals that only 12,000 customer service positions are outsourced from the United States and Europe into Latin America.

Along similar lines a UK report from researchers in the Universities of Stirling and Strathclyde on call centres outshoring to India, concludes that despite predictions of contraction over the past years, the number of centres and employment in the sector has continued to grow; and, amongst recent closures in the sector, offshoring has to date only had a marginal effect.

These divergent opinions confirm the complexity of the problem. This is an area where official statistics are needed and in-depth analyses should be conducted to assess the

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46 UNISON, An offshore investment?, http://www.unison.org.uk
50 P. Taylor and P. Bain ,Call centres in Scotland and outsourced competition from India, September 2003
real pace of development and the global impact of offshore teleworking. We are still far from this and, under these circumstances, any estimation risks to remain a mere speculation. The question put forward at the beginning of this section stays therefore unanswered for the time being.

**Good jobs or poor quality jobs?**

Concerns about working conditions of teleworker’s focus on low wages, the pace of work, occupational safety, and health issues. Such conditions may vary greatly from one to another type of telework and, within the same form of telework, according to the circumstances in which it carried out; on whether the tasks performed are low-skilled or high skilled ones; on whether workers have control over their work and their rhythms or not, and most important in the organisational approach to teleworking.

Productivity logics emphasizing the reduction of operational costs, focussed on savings in wages and office space cost, have been largely prevalent in the first experience of telework such as in the case of data entry centres. They are re-emerging now in connection with new forms of telework. Call centres, mobile work, and hotdesking are revamping these logics. New developmental logics are also emerging focussed on the enhancement of human capital and the linkage of productivity increases with higher levels of qualification and better working conditions. In these developmental logics the economics of telework and the quality of work of teleworkers may develop together into win-win combinations. Both these logics are present in LAC and the way they will evolve and inter-react is likely to greatly contribute to the shaping of telework and its ultimate success or failure in the region.

**Data entry**

A comprehensive report on employment, working conditions and labour relations in offshore data services enterprises in Barbados and Jamaica was carried out in 1999 by L. L. Dunn and H. S. Dunn for the ILO. After several years the report is still the most complete investigation on this subject in the Caribbean. The information contained therein certainly needs verification and updating but the overall picture stands until new, much needed, research is carried out in this area.

The study indicated a wide disparity in wages between Caribbean workers and their counterparts in the United States and other industrialized countries. At the most basic level of data entry, findings indicated that this could be as low as one-tenth of the rate in the United States. This confirmed that the main motivation for moving offshore was usually to take advantage of lower wage costs in countries like Barbados and Jamaica. Low wages in the latter country were apparently insufficient to provide for essential workers’ needs. This, combined with other factors, lead to a high labour turnover among data entry workers. Most workers saw data entry employment as a transition phase, which they could not sustain as a career choice. Company managers in Jamaica also confirmed the high staff turnover and a tendency by employees to use the training to seek less stressful jobs elsewhere.

According to the report wages in the sector were both fixed and based on productivity, depending on the level and type of job. Employees at the lower skill levels received basic wages and productivity incentives based on speed, accuracy and the number of
keystrokes per hour. Employees at the higher levels of skill or in supervisory positions received fixed wages. Benefits to data entry and data processing workers usually included coverage for national insurance, holidays and sick leave. Some companies offered health insurance and life insurance but this was not always the case. Shift work was the norm and most companies operated two shifts, although a few had three.

Productivity rates could be very demanding. In Barbados productivity rates were tagged electronically and the standard expected was an average of 10,000 keystrokes per hour, which most workers reportedly exceeded. An accuracy rate of 98 per cent was also expected after a three-month training period. Workers complained of computer errors, which corrupted their production statistics and robbed them of wages.

The report indicated that major occupational safety and health issues related to visual and musculoskeletal disorders associated with exposure to VDUs for extended periods. Reports of pain in the neck, shoulders and wrists associated with rapid and sustained keyboard use also emerged. Stress was indicated as a major issue affecting workers in the sector. Apart from the excessive demands of the work itself, conflicting domestic duties added to stress, because the majority of workers were women with children. Practical gender needs, such as child care and proximity of housing to work centres, were not included in planning for the sector. Transportation was also a problem and some companies provided limited support. Employees therefore experienced considerable stress and had varying levels of productivity and attendance. Together these factors gave rise to the perception that workers had a poor work attitudes.

Analysis of the industrial relations climate indicated that freedom of association and the right to organize were generally not respected in the sector. Most companies were not unionised. The Barbados Workers Union had attempted to unionise four data entry companies and had met with considerable resistance (especially on the part of one American company). Some companies had threatened to relocate operations to other destinations.

Altogether the study indicated that:

“Global competitiveness, technological change and national investment policies, all influence the content and quality of jobs, the choice of the workforce and working conditions in offshore data service enterprises. These factors results in a limited adherence to the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy”.

Telehomework

The health and safety hazards of telehomeworkers include all those found in conventional office environments aggravated by the fact that houses are not built to carry on extra-domestic working activities therein. There are also several additional concerns to be taken into account which have been identified by the Centro de Teletrabajo y Teleformación of the Faculty of Social Sciences of the University of Buenos Aires.

### CONCERNS ON TELEWORKING

<table>
<thead>
<tr>
<th>Disadvantages for the teleworker</th>
<th>Solutions</th>
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<tbody>
<tr>
<td><strong>Isolation</strong></td>
<td>A mix between virtual and on-site contact. Proposal based on the voluntary agreement of both parties. Develop (recreational) activities outside office hours with working team. Possibility of going back to the previous working place</td>
</tr>
<tr>
<td>Workers could start feeling they no longer belong to the company if they loose touch with the informal organization. They may feel that the company forgets them. This isolation must be understood only as a separation from the rest of his colleagues because the teleworker produces a change in his social relationships, not a total social isolation, even when working from home.</td>
<td></td>
</tr>
<tr>
<td><strong>Requirement of new working skills</strong></td>
<td>Ensure training to develop new required skills. Detect development potential.</td>
</tr>
<tr>
<td><strong>Decision-making</strong>: when faced with work-related doubts, for the worker will not have a boss or colleague to consult with.</td>
<td></td>
</tr>
<tr>
<td><strong>Technical knowledge</strong>: will not have the help-desk usually provided by the IT department, and therefore will have to incorporate new skills.</td>
<td></td>
</tr>
<tr>
<td><strong>Union and participation difficulties</strong></td>
<td>Provide the Union with information on the teleworkers.</td>
</tr>
<tr>
<td>A teleworker working far away from the office may not be informed on the activities carried on by his union. The teleworker may also have his eligibility affected when elections come up for representatives.</td>
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<table>
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<tr>
<th>Increase of some expenses on behalf of the worker</th>
<th>Avoid making this way of working an outsourcing of costs, from the employer to the worker.</th>
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<tbody>
<tr>
<td>Equipment maintenance. Electric power (specially if the worker lives alone and works at home; this increases the hours of energy use)</td>
<td>Employers’ access or inspections to private homes should be negotiated previously, especially to verify the safety and environmental conditions of the working areas. Employers should clearly know that the employees’ homes cannot be used as an office or public space.</td>
</tr>
<tr>
<td><strong>Invasion of the worker’s private life</strong> If the worker works at home, the employer may require him to convert it into an office, attending clients or having access to audit his work</td>
<td>Determine working aims and results as with other workers. Develop control software that respects worker’s private life.</td>
</tr>
<tr>
<td><strong>Greater employee exploitation</strong> More hours or greater availability for the company, and privacy invasion through inadequate management software.</td>
<td>Guarantee same protections applied to the rest of employees. Make sure the work space covers the legal and operational aspects to carry out the task.</td>
</tr>
<tr>
<td><strong>More complicated social and labour protection</strong> Work accidents. Ergonomic requirements of working environment.</td>
<td>This puts teleworkers at a disadvantage. Their task should be consequently re-qualified in line with the requirement of new working skills.</td>
</tr>
<tr>
<td><strong>Less salary</strong> With less transport, food and clothing expenses, it is possible that the employer may propose a reduction in salary or benefits.</td>
<td>Generally, this is part of the negotiation between parties. The company does not always cover these expenses.</td>
</tr>
<tr>
<td><strong>Home refurbishing expenses</strong> If the worker does not have an adequate place to work in at home, this would mean he would have to refurbish it.</td>
<td>Clear work aims and criteria. Maintain written communication. Provide adequate training. Trial period to see if the teleworker can adapt to the</td>
</tr>
<tr>
<td><strong>Increase in tension and stress</strong> Not all workers are prepared to be evaluated only by their results.</td>
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Working conditions in call centres can vary greatly, depending to a large extent on the type of work being performed. There is a considerable difference, for example, between the degree of work satisfaction and work pressure experienced by a highly trained call centre agent offering professional advice to callers to telephone helplines and that experienced by a low-paid, low-status agent handling routine enquiries and speaking only from a prepared script.

The first point to consider in this respect is in the very nature of the workforce, often consisting of unemployed people without real contractual force. In Jamaica, for example, unemployment, despite a decline in recent years, is still high. Call centres are able to choose among a large selection of qualified job hunters. It is reported that: “when tour operator Apple Vacations needed to fill 20 positions, the outfit received some 1,500 applicants.”

Wages are not only competitive vis-à-vis the outsourcing country but must also be competitive among outsourced ones. It is a situation that may ignite a vicious circle whereby, in the fight to offer lower and lower wages, a process of exploitation is activated that may be very difficult to disentangle.

Call centres which are dominated by the pressure to meet sales targets and/or to take new calls as quickly as possible can be particularly stressful environments. Special levels of tension and the exposure to insults from enraged clients are reported in call centres dealing with clients’ complaints.

High staff turnover rates are also a matter of concern. Given the costs and increasing difficulties of recruitment, this is a matter of increasing attention for managements. In Argentina, for example, there are 1,300,000 students in universities nationwide and 400,000 in Buenos Aires. These are typical candidates in Argentina for becoming phone operators though their turnover rate may be very high.

The high degree of electronic surveillance has also been raised as an issue. Systems of electronic or personal surveillance are in operation in practically all call centres to monitor both operations and their quality. In Argentina a study from CONICET [Consejo Nacional de Investigaciones Científicas y Técnicas] indicated that agents in call centres are especially exposed to stress and it is reported that up to 20% of such agents make use of tranquilizers.

Lack of appropriate workers’ representation can make more difficult to overcome these problems. In some countries and sectors, trade union organisation in call centres has been low. This is partly because call centres are often built on new sites, with a newly

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53 W. Hersch, Sun, Sea, Surf and Call Centres cit.
55 R. Smith, Los call centres ya exportan sus servicios a Europa y los EE.UU., La Razon/Carin, 12 de abril 2004
56 Author’s interviews with representatives of the Federación Argentina de Empleados de Comercio y Servicios – FAECYS
recruited workforce. Staff employed (often young workers and/or women returning to work) may not have previous trade union membership.

**Professional opportunities**

Teleworking offers a wide range of professional opportunities. At the Second Virtual Congress on “Integration without barriers in the XXI century”, the following list of telework occupations was presented by the Argentinean Pablo Pascazzi:

- Database administration
- Consultancy in different professions
- Customer Care
- Self editing
- Graphic Design
- Web Design
- Data entry
- Journalism
- Writers
- Computer programming
- Telephone help desk
- Translators
- Telemarketers
- Text processing
- Electronic surveillance

Professional skills needed for the above occupations must be integrated, in the case of teleworkers, by a large spectrum of additional qualifications specially required for this type of jobs. The profile of the teleworker also includes:

- Self motivation
- Discipline
- Ability to organize himself with minimal external control
- Adaptability: capacity to work with reduced social contact.
- Self organized: to balance work and other responsibilities
- Self-determination: decision making
- Technological skills: knowledge of techniques that allow off-site work
- Planning: mutual agreement on delivery dates
- Self-confidence
- Trouble-shooting capabilities
- Initiative

Providing the candidates to teleworking with such a complex range of professional skills and qualifications is the great challenge to be met. Meeting this challenge requires an important effort in the area education, training and retraining which needs to be targeted to the different profiles of teleworkers.

In LAC three main profiles of teleworkers can be identified in this respect:

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• Subordinate telehomeworkers, more often women than men, relatively young, with good education, urban, working for large enterprises although telework is progressively expanding in SMEs;
• Independent telehomeworkers, including high professionals; people who have lost their job because of the economic crisis and severe rationalisation processes and look for a new one; people who were never employed and try the new opportunity offered by telework; young people entering the labour market for the first time after education;
• Workers in offshore operations/call centres, usually including young people involved in a range of relatively simple operations; or people with high qualifications for specialised services.

Each of the above groups and sub-groups requires specific intervention and targeted training. It is of paramount importance that such training is properly tailored to the special needs of the different types of teleworkers failing which the results of even the most intense training may prove totally inconclusive.

This is often the case. Despite the plethora of websites proposing telework opportunities and assistance to future teleworkers, the risks of an inadequate introduction to the difficult world of telework are very high. The Asociacion Española de Teletrabajo even talks of “Pseudo-Ofertas de Teletrabajo - Pseudo-Offers of Telework”. In an in depth study covering relevant websites, the association reveals the numerous forms of exploitation of the good faith of prospective teleworkers.\(^{59}\)

On the positive side a growing number of initiatives are undertaken to properly introduce interested people to the special skills needed for teleworking. Hundreds of training fellowships have been offered in recent years by the United Nations Educational, Scientific and Cultural Organization - UNESCO Office for Latin America and the Caribbean, to young people aged 18-29 wishing to approach teleworking. The initiative includes introductory courses to telework and special courses for individuals wishing to launch teleworking activities as well as for SMEs wishing to experiment this new form of work.\(^{60}\)

It is essential, in this respect, that exposure to ICT starts at a very early age. In Barbados, for example, the Ministry of Education launched the “EDUTECH 2000” programme to expose students in all schools to the use of technology as a learning tool. Under the programme all classrooms at the primary and secondary level are going to be equipped with computers, and there will be one computer laboratory for schools with less than 500 students and two laboratories for schools with more than 500 students.\(^{61}\)

In Jamaica, in response to the Jamaican government’s initiative to integrate information technology into education and to develop the sector as a viable industry, HEART Trust, the National Training Agency, provides training for computer programmers, software developers and for information technology instructors. In collaboration with the Jamaica Computer Education Society Foundation, the Trust embarked on a massive

\(^{59}\) Asociacion Española de Teletrabajo, Pseudo-Ofertas de Teletrabajo, http://www.redtelework.com
\(^{60}\) Source : http://infolac.ucol.mx
\(^{61}\) Source : http://edutech2000.gov.bb
technology integration initiative with teachers in secondary schools across Jamaica, in addition to equipping most schools with computers and computer labs.\(^{62}\)

**Special opportunities**

*Gender and teleworking*

Originally considered, in its initial form of telehomeworking, as a typical form of work for women, telework is now expanding in a variety of new forms breaking this stereotype and offering to women new job opportunities away from their traditional role of mother/ housewife/second class worker. These opportunities cannot be missed but the way ahead may not be an easy one.

The gender gap via à vis ICT still persists. The available reports mention only an average of about 38% of women among the LAC web users, but there is no information that compares variables such as sex, age, social class, place of residence, educational level, etc. This poses a great obstacle at the time of planning policies and programs oriented to women and/or to balancing gender differences in this field.\(^{63}\)

There are, however, encouraging indications that the proportion of Internet female users is increasing in LAC. A study of the Comisión Económica para América Latina - CEPAL showed that, between 1999 and 2000, the fastest growing group of web users in Latin America were women aged between 12 and 17 as well as women above 55 and indicated that women could outnumber men in future.\(^{64}\)

Yet, when telework opportunities materialise, poor quality of work and discriminatory practices may be present. In particular it is reported that job segregation and the glass ceiling phenomenon may persist with, and even be enhanced, by teleworking. S. Mitter indicates how in back office services there is a discernible trend to employ women teleworkers in operations that require less complex skills than men.

**GENDER STRUCTURE IN BACK OFFICE SERVICES**\(^ {65}\)

| **Routine: requiring only basic skills - Women predominate** |
|---|---|
| 1. Data capture and processing |  |
| 2. Customer call centres – for routine queries, order taking, and referrals |  |
| 3. Hotel or rental car reservations |  |
| 4. Virtual service centres (e.g. home delivery pizza companies) |  |

| **Discretionary: requiring technical training and problem solving - Women predominate** |
|---|---|
| 5. Data verification and repair (e.g. optically scanned documents) |  |
| 6. Claims processing |  |

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\(^{62}\) Source: [http://www.heart-nta.org](http://www.heart-nta.org)


\(^{64}\) [Mujeres e Internet](http://www.aat-ar.org)

\(^{65}\) Adapted by S. Mitter from I.T. Information Technology Vol. 11 No. 2 December 2001, p. 29
7. Mailing list management  
8. Remote secretarial services  
9. Customer call centres – account queries, after-sales support

**Specialised: requiring specific expertise and managerial authority – Men predominate**

10. Accounting, book keeping, payroll processing  
11. Electronic publishing  
12. Website design and management  
13. Customer call centres – problem/dispute resolution  
14. Technical transcription (e.g. medical, legal)  
15. Medical records management  
16. Technical online support  
17. Indexing and abstracting services  
18. Research and technical writing

Similar evidence from Barbados indicates that women dominate the ranks of lower paid, less skilled workers, while the majority of software programmers (with high skills and high wages) are men. The L. L. Dunn and H. S. Dunn report mentioned above showed that over 95 per cent of workers employed in the informatic sector were women under the age of 29 years and the majority had children. In the enterprises visited there were a few men engaged in data entry but more were found in management and supervisory positions. For example, one company had ten male operators (4 per cent) within a total workforce of 250 operators, so women accounted for 96 per cent of all workers. Among software programmers the ratio was reversed, with a bias in favour of men.

The report concluded that:

“Women workers, many of whom are new entrants to the labour force, are highly vulnerable because they lack awareness of their rights as workers. They are ignorant of ILO safety standards and do not understand the dangers to their health of sustained high speeds, poor seating, lighting and posture. Without the protection of labour organizations and adequate monitoring by official bodies, they remain vulnerable to crippling occupational illnesses”.

**Telework for the disabled**

Collecting reliable data on people with disabilities is difficult throughout most of Latin America and the Caribbean. In many countries, collection is sporadic and different definitions between surveys and countries make comparisons extremely difficult. This, in turn, limits the development of effective programs of inclusion and restricts efforts to develop and monitor appropriate public policies.

For example, UNDP (United Nations Development Programme) in its 1997 Human Development Report estimated a total of 8,870,000 persons with disabilities in Mexico, 15,533,100 in Brazil, 396,000 in Nicaragua and 326,700 in Costa Rica. This represented around 10% of the total population in each country. However in 2001 the rate of disability in Brazil was measured as 16%. The higher measured rate in 2001 was not the result of an explosion of disability in Brazil, but of a more careful analysis.

Against this background, ICT offers an entire new range of work opportunities to disabled people. Instead of having to move to work in often inadequate means of transport and to perform in a working environment not tailored to their special needs, they can work, without the hassle of commuting, from home or special workplaces designed to meet such needs. They can avoid the continue exposure to prejudices based on their appearance and, because of the flexibility which characterise telework, work at convenient times and in the way the best suit their disability.

In Chile the need to explore the potential of telework to increase work opportunities for people with disabilities is expressly indicated as priority in the strategic document "Política de Desarrollo de Competencias en Nuevas Tecnologías de Información y Comunicación" (Policies for the Development of Skills in New Information and communication Technologies).

Such policies should be directed to:

- **Promote the development of training programmes of necessary skills to telework, that may provide tools to people who choose to work this way (single mothers that wish to work at home, physically-disabled people); training them so as to be able to work in good working conditions, whether by using advanced ITC as well as with telework management subjects, including time administration, accounting administration, clarify and administer communication channels in an optimal way. This would be done jointly with the Departamento de Programas Sociales of SENCE [ServicioNacional de la Capacitación y Empleo] (SENCE’s Social Programme Department), aiming to include it in the new plan of resource allotment of FONCAP [Fondo de Capital Social] for vulnerable groups.**

- **Identify ITC specialties that may be particularly pertinent for certain types of disabilities, so as to develop an adequate training offer. In order to do this, financing mechanisms will be established, coordinated with FONADIS [FondoNational de la Discapacidad] and SENCE. Broadcasting mechanisms of this information will be done through these two organizations, particularly aimed at commercial associations, training organisms and public and private**

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agencies related to the inclusion and provision of work for those most vulnerable.69

In Brazil organisations like SEBRAE (Assisting micro and small enterprises) and AVAPE (Association for the Promotion and Valorisation of People with Disabilities) are already active in this field. There are also several companies in Brazil with a rich experience in call centres for the disabled including Ford, Xerox, Kodak, Petrobras, Embratel as well as Governmental Agencies.

In Argentina the Government of the City of Buenos Aires issued in 2003 a deliberation that training on telework be included in the existing Programme of fellowships targeted at the labour integration of people with special needs70.

Transforming these opportunities into real jobs and, most important, into quality jobs, may not be an easy matter. Countries in LAC are not producers of the special technologies required for people with disabilities accessing work and these technologies are very expensive. The risks of isolation - particularly for disabled telehomeworkers - can also be very high and should be carefully avoided.

The fast development of call centres in LAC seems to offer a response to some of these concerns. Call centres with disabled workers - some exclusively with disabled workers - are a growing reality. In these call centres the isolation of telehomeworking can be in principle largely avoided. Technology costs can be more easily met. Furthermore the skill level required is in general still not extremely high and this facilitates the immediate recruitment of the disabled without the time and cost involved in the training often needed to gain access to the traditional workplace.

However working in a call centre cannot certainly be considered a panacea for disabled people. There are serious concerns for the entire area of conditions of work, including a variety of ergonomic and health issues that may be of a specific relevance in the case of disabled teleworkers. In the case of call centres exclusively for disabled teleworkers, the risks of their relegation in a kind of new ghetto are also cause of concern. Another cause for concern is the fact that new technologies progressively erode the simplest tasks which are those often carried out by disabled workers.

On the other side the importance of gaining access to work for disabled people who are often severely marginalized by unemployment, is of paramount importance and should be fully explored. This is a greatly promising area and one that could well constitute a priority research topic in a future IDRC project on telework in LAC.

69 "Política de Desarrollo de Competencias en Nuevas Tecnologías de Información y Comunicación (NTIC)" Presentado por la señora Ministra de Educación al Comité Intergubernamental de Nuevas Tecnologías de Información y Comunicación, Noviembre 2002

70 Informe n° 300 CGAPFF03 of 4 September 2003
TELEWORK IN CONTEXT

The regulation of telework

As telework grows in importance and new programmes and experiences proliferate in LAC, the rules applicable to traditional workplace situations are increasingly questioned. Should the effort concentrate in interpreting existing rules and trying to adapt them to the changing circumstances or should new rules be set-up to meet the specific reality of telework? Up to now the general answer has been one of covering new situations with old tools. However rules conceived for traditional labour situations show their limits with telework and the need for a specific discipline of this form of work is attracting growing attention in LAC.

In Brazil, the Constitution of 5 October 1998, art 7°, n° XXVII provides for the legislative protection of workers vis à vis automation. No law has yet been implemented following what is at this stage merely a facilitating reform but it seems likely that, if new legislation is introduced in this area, telework will be covered. Article 218 of the Constitution which provides for incentives to enterprises that actively contribute to scientific and technological innovation and that share with their workers the benefits of productivity increase also appears relevant. As we have seen in previous chapters Chile has already introduced specific legislation on telework while other countries, such as Argentina, seem determined to introduce new legislation in this area.

The way the problem has been approached up to now in LAC has been by simply extending the provision of existing legislation on subordinate work to subordinate teleworkers. This leaves, however unresolved a series of crucial issues, notably the specificity of certain telework situations vis à vis the traditional forms of subordinate work as well as the determination of what constitutes subordination in teleworking.

On the first point it has been stressed how future regulation should also include provisions on issues such as the access of the trade unionists and employers to the workplace of teleworkers; the interaction between domestic and work hazards at home; the property of the technology used to telework and the cost linked to the functioning of such technology71.

On the point of subordination, it is increasingly clear that the boundaries between self-employment and employee status are becoming blurred, and that there has been an increase in what can be called false self-employment. The ILO has also indicated the problems which can arise for this type of situations:

“Concealment and ambiguity are likely to lead to a real lack of protection of workers, by totally or partially preventing the application of labour legislation, with adverse effects also for the society as a whole. In such cases, the standard which is supposed to protect the worker is not applied because the employer considers that the worker is not an employee, or is not his/her employee. When workers attempt to have the standard


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applied, they find that the concept of the employer dissolves into a number of different parties, some of whom are very distant from one another.”

Similar concerns have been expressed in LAC with scholars engaged in a lively debate on the extent and limits of subordination in telework. Some scholars stress the relaxation of the relationship of subordination while teleworking and go as far as talking about virtual subordination:

“Subordination in teleworking is eventually mitigated. In some cases more autonomy may occur. Service orders are diluted. A manager may lack who to give orders to, for there is no office, internal work, etc. Technology ends up creating a new form of subordination: the employee may not be connected directly to the employer, but is so indirectly….. Luiz Carlos Amorim Robortella defends the concept of abandoning the idea of subordinate work, suggesting that the discipline is experiencing a structural transformation, modifying the subordination versus autonomy schema, and therefore taking subordination as the application criteria of the Labour Law….Obviously, when taking about a teleworker, the subordination figure will not appear so conceptually and clearly cut as defined previously. The further away the task is from the productive organization, the harder it will be to establish the necessary subordination to characterize labour. At the same time there is no complete absence of power of authority or direction of the employee in teleworking. It is true that the teleworker will have more autonomy and freedom of action related to the work being done off-site, but there will always be established parameters by the receptor of the work. Hierarchy and supervision, that once was rigid and centralized, will become softened, and the concept of subordination must adjust to the reality of being conceived in the perspective of a contractual relationship. According to José Affonso Dellegrave Neto, subordination has changed to being seen as an abstract power of authority of the employer with corresponding labour obligation of the worker that assumes a virtual character”.

Other scholars highlight how a relationship of full subordination may well exist in telework depending on the way the employer determines and controls in execution of the labour performance in the specific situation.

“The previous considerations allow us to conclude that working in or out of the company is not a prerogative for more or less subordination or dependency. In teleworking, subordination or dependency may be present in the same degree as in traditional work, only that it is executed using new technology: telematics and informatics. The manager is physically further away from teleworkers and at the same time grows nearer to them immaterially, surfing the net, being able to exert direct control on the teleworker’s service output. In other words, the computer represents an extension of the company, for teleworker and employer alike.”

Another key issue under consideration is the regulation applicable in situations of transborder and offshore telework. As seen in the previous chapters these situations become increasingly frequent and raise a number of problems of international law. Should the law where the work is performed or the law of the country where the

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73 M. Pino Estrada, El El teletrabajo en el Derecho Brasileño, http://www.alfa-redi.org
employer business is situated or the contract of employment has been signed applicable? And what about the many teleworkers performing from different locations in time? These extremely complex issues are increasingly attracting attention in LAC although the debate on such issues is far from reaching conclusions.\textsuperscript{75}

Finally there is the question of what type of rules should be used for telework. The problem here is how one can regulate telework without limiting its enormous potential and without affecting negatively the flexibility which is a core feature of this new form of work.

The answer in Europe has been in the selective use of tools which are themselves quite flexible such as collective agreements rather than legislation. In LAC, instead, collective bargaining in this area is lacking and efforts concentrate on changing the existing legislation or introducing new one. Legislation is a more rigid tool than collective agreements and one that proves really effective when the area to be covered is sufficiently stable to allow for such a rigidity not to be an impediment to the development of new forms of work such as telework. On the other side the risks of marginalisation and even of exploitation of teleworkers are significant and need to be urgently addressed by means of adequate protection. This is another important area that would certainly deserve investigation to provide a balanced response meeting the special needs of the LAC region.

Policies on telework

The shaping of appropriate policies to orientate and support the development of telework is essential to the success of this form of work. The Plan of Action approved by 176 countries at the World Summit on the Information Society in December 2003, highlights the importance of and indicates priority areas for such policies. These should be directed to:

- a) Encourage the development of best practices for e-workers and e-employers built, at the national level, on principles of fairness and gender equality, respecting all relevant international norms.
- b) Promote new ways of organizing work and business with the aim of raising productivity, growth and well-being through investment in ICTs and human resources.
- c) Promote teleworking to allow citizens, particularly in the developing countries, LDCs [Least Developed Countries], and small economies, to live in their societies and work anywhere, and to increase employment opportunities for women, and for those with disabilities. In promoting teleworking, special attention should be given to strategies promoting job creation and the retention of the skilled working force.
- d) Promote early intervention programmes in science and technology that should target young girls to increase the number of women in ICT carriers.\textsuperscript{76}

At national level awareness and attention for the key role of ICT in society have been rapidly increasing in recent years. In several LAC countries this has been reflected in

\textsuperscript{75} M. Pino Estrada, Brazil: O Teletrabalho Tranfronteirico no Direito Brasileiro Alfa - Redi: Revista de Derecho Informático, 23 Septiembre del 2004 http://www.alfa-redi.org

the production of policy documents, such as the Green Book on the Information Society in Brazil (excerpts shown below), proposing a new societal development aimed at combining technological and social advancement in the employment area.

**Employment opportunities for everyone: more and better jobs**

“The new economy is revolutionizing productive structures and the job market is transforming radically. The traditional jobs and areas of employment are being transformed, substituted or even eliminated. For Brazil, the challenge is to take advantage of the technological advancement to generate more and better employment opportunities, which can reach the low-income population and the marginalized minorities of society, as well as keep the professionals with greater qualification in the country. It’s essential, therefore, to expand the employability of workers, by means of continual learning and through the development of new skills and capabilities, especially regarding knowledge of ICT. This is true for both the generations now entering the job market, as well as for those in the market who have not yet acquired these skills and must recycle their professional abilities. Qualified manpower, capable of meeting the demands of the new technical-economic paradigm, is, therefore, crucial to assure gains in productivity for Brazilian companies and raise their level of competitiveness, allowing them to expand the offer of jobs and of dignified and properly remunerated employment.”

National policies specifically targeted at telework are still in their infancy. In Argentina, for instance, in order to support the development of telework a National Programme for the Development of Telework has been launched within the context of PSI (National Programme for the Information Society). As a first initiative of this programme fellowships have been granted to 100 coordinators of community telecentres (Centros Tecnológicos Comunitarios - CTCs) to introduce them to teleworking issues and generate telework initiatives at local level. There are more than 500 CTCs spread all around the country and this initiate could greatly facilitate the access of an up-to-now isolated and marginalized workforce into the active labour market.

Further developing policies of this type in LAC appears essential in order to transform teleworking from an initial phenomenon into a developmental one and thus achieving a critical mass of teleworkers which is an absolute pre-condition for the self-sustainability of this new form of work.

**The high road to telework in LAC**

In the last years the approach to telework in LAC has been largely characterised by the following:

- pushing for technological innovation
- reducing costs to increase competitiveness

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• searching for more labour flexibility
• re-shaping organisations
• fighting unemployment
• exploiting the opportunities of the global market

This approach has been actively pursued even when accompanied by important drawbacks: flexibility becoming uncontrollable, lean becoming mean, working conditions deteriorating and job precariousness increasing. This on the assumption that drawbacks were of a temporary nature, that this was the price to pay for economic development and that eventually virtuous cycles will be activated which will result in general benefits both for the industry and for the people at work.

However this approach is far from having met expectations. What is appearing increasingly evident is that, while telework offers unique opportunities, these are not exploited to the best in the way it has been done up to now in LAC. Global competition from other regions can always offer cheaper labour and lesser cost for services with little added value. Even the LAC advantages of language and geographical location may prove insufficient in the future to compete efficiently on the global market.

A new approach - the high road to telework - is proposed that focuses on the key role of the human factor and emphasises the developmental role of “adding value” to telework so that it can be introduced in a positive way to the benefit of individuals, employers and communities. It argues that:

• Telework is becoming increasingly qualitative in content. This does not mean, however, that telework with more quantitative content is not also continuing.
• As a consequence of this trend there are indications that, when more qualitative forms of telework are introduced, increased levels of skill, autonomy, responsibility and motivation are required by the teleworkers which may lead to improvements in their conditions of work and more performance in organisations.
• Technology is progressively taking over more simple functions (and increasingly also more elaborate ones) in teleworking. Technology seems to be permanently ‘catching up’ with work previously being undertaken by people. This has been the case with data entry functions and is likely to be the case with a number of functions in call centres.
• The impact of this in terms of employment is significant. Unless the work undertaken by human effort is continuously upgraded, there is the risk that in the not too distant future employment even in currently booming forms of telework, such as call centres, will decline rather than increase.

The aim, it is suggested, must be to seek this ‘high road’ approach, creating a virtuous circle which brings together human capital, new technology and work organisation to create economic growth, competitiveness, more jobs and better working conditions. Triggering the virtuous circle is the great challenge at stake.
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