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Murray Frost
University of Nebraska at Omaha

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Analysis of a Survey of Omaha's
Telemarketing Companies

by
Dr. Murray Frost



Center for Applied Urban Research
University of Nebraska at Omaha



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Telemarketing Companies

Executive Summary

- o The telemarketing industry is differentiated into reservation centers, WATS inbound, and WATS outbound operations.
- o Six (6) of 11 firms reported problems recruiting for entry-level positions in 1984, 4 did not, and 1 did not answer.
- o Three (3) respondents indicated they expected problems in 1985, 5 did not, and 3 did not answer.
- o Two (2) respondents expected recruiting problems in 1990, 3 did not, and 6 did not answer.
- o Five (5) respondents expected an adequate supply of telephone agents in 1985, 5 did not, and 1 did not answer.
- o Four (4) respondents expected an adequate supply of telephone agents in 1990, 5 did not, and 2 did not answer.
- o Five (5) respondents said the supply of applicants per position was lower in 1984 than in the past, 1 said it was the same, and 1 said applicants per inbound position were the same but the ratio was higher for outbound positions.
- o Ratios of applicants per position ranged from 2.4:1 to 12.2:1, with a median of 3.4:1.
- o Respondents were evenly divided on whether the number of unqualified applicants had increased in 1984--2 said there were more, 2 said there were less, and 2 said the number was the same.
- o Communication skills and telephone experience were cited most often as deficiencies in applicants.
- o Turnover rates ranged from 3% to 70%, with a median of 30%.
- o Four (4) respondents reported higher turnover rates in 1984 than in the past, 3 the same, 1 lower, and 3 did not answer.
- o The strength of the work ethic was cited most frequently as a strength of Omaha's labor force.
- o Twice as many strengths than weaknesses were listed.

Analysis of a Survey of Omaha's Telemarketing Companies

We asked 17 telemarketing companies to respond to a survey concerning the supply and demand for labor in their industry as part of a study of the supply and demand for labor in the Omaha area for 1990. This report is a summary of the responses we received from the 11 companies that answered the questionnaire.

The telemarketing industry is beginning to work together on common problems. They have formed an association and they have monthly meetings. The members of the new organization feel that they share some common problems, although they are not a unified industry. Some respondents differentiated among reservations centers, wide-area telephone system (WATS) inbound firms, and WATS outbound operations.

A reservations center representative said that this branch of the industry provides informational services to customers, while inbound WATS workers are more likely to take orders from customers who know exactly what they want. She believes that this difference in function makes work more satisfying for telephone agents at reservations centers.

Outbound WATS telephone agents function as sales representatives and they need to have specific personality traits (a strong ego or a lot of acting ability, as one respondent put it); two respondents indicated that the agents need training in sales also.

The goals of this survey included determining whether telemarketing firms experienced problems with a supply of labor in 1984, and whether they anticipated problems for 1985 or 1990.

The respondents were asked, "Did you experience problems in 1984 recruiting for entry-level positions?" Six of the 11 respondents indicated

they had problems recruiting, while 4 said they did not have problems (1 respondent said he thought the labor market was tighter than in the past) and 1 respondent did not answer the question.

Representatives from three reservations centers indicated that they had recruiting problems and they were asked to elaborate. One representative indicated that he had recruiting problems because he had to supplement word-of-mouth communication and the Job Service search with newspaper advertisements to find qualified applicants. Another representative from a reservations center indicated that the newspaper advertisements provided a poor turnout, both in quantity and quality of applicants. The third respondent implied that one of their major problems was competition from other firms in the local telemarketing industry. Three telemarketing firms reported problems in 1984; one cited competition from other telemarketing firms and noted that because of the low unemployment rate, fewer high-quality individuals were available. Another respondent complained that the starting wage was too low (this company's average hourly wage for entry-level telephone agents was among the lowest reported in the survey). She also cited a lack of dedication by employees as a problem. The third respondent differentiated between her company's inbound and outbound work force. She suggested that the outbound labor pool was limited because of the special personality and sales skills needed. She reported that the company did not have problems recruiting telephone agents for special inbound campaigns because they paid high wages but she thought quality was sacrificed for quantity when her company's work force tripled for a special project.

Three respondents indicated these recruitment problems began in 1983, while two indicated they began in 1984.

Most of the respondents (6 of 11) projected their experiences through the remainder of 1985; only one reported an opposite position and 4 did not project both years. Therefore, 3 respondents indicated that they expected to have problems recruiting for entry-level positions in 1985, 5 did not anticipate problems, and 3 did not answer the question.

Even fewer respondents speculated about their needs in 1990. Six representatives thought they could not estimate their needs for 1990. Some argued that their needs would depend on their client's growth, while others thought that they could not predict the number of clients they would serve in 1990. The remaining 5 respondents gave the same answer for 1985 and 1990; i.e., 2 expected recruiting problems and 3 did not.

Respondents' estimates of the availability of labor for 1990 reflected their experience in 1984, and estimates for 1985. Only one respondent projected an adequate supply of telephone agents in 1985, but a shortage in 1990. For 1985, 5 anticipated an adequate supply and 5 anticipated an undersupply of telephone agents (one did not answer the question). Three respondents who projected shortages of telephone agents said they thought there would be an adequate supply of clerical workers.

The respondents offered some quantitative evidence to support their view of labor market problems, although other data they supplied did not confirm it. For instance, of the respondents who estimated the ratio of applicants per position compared to previous years, 5 said it was lower, 1 said it was the same, and 1 said the ratio of applicants per inbound position was the same but the ratio of applicants per outbound position was higher. The ratio of applicants per position ranged from 2.4:1 to 12.2:1 (4 reported approximately 2.5:1, 3 reported 3-5:1, and 2 reported 12:1). The median was 3.4:1. Even when unqualified applicants were eliminated from the analysis, most firms

reported an excess of qualified applicants. Respondents were evenly divided about whether the number of unqualified applicants had increased in 1984 (2 said there were more, 2 said there were less, and 2 said there were the same amount).

Respondents reported that applicants lacked the following skills and experience: communication skills (including voice) and telephone experience (6); typing experience (4); willingness to work evenings and weekends (3); cathode-ray tube (CRT) experience (2); spelling, penmanship, and other basic educational skills (3); and sales skills (2).

Most respondents reported that newspaper advertisements were their most important recruitment source (all but 2). Respondents ranked placement offices at educational institutions second, word-of-mouth third, and the Job Service fourth in importance as a source of recruitment. One respondent complained that the Job Service did not inform clients that the jobs were temporary.

Four respondents reported that turnover rates for 1984 were higher, 3 reported that the rate was the same, and 1 reported the rate was lower.

Estimates of turnover rates for telephone agents ranged from a low of 3% to a high of 70%, with a median of 30%. The reasons for turnover usually did not relate to the nature of the work, although 4 respondents noted layoffs due to fluctuation in the volume of work. Poor job performance (6) and relocation (4) were cited most frequently as reasons for turnover. Only 1 respondent suggested the nature of the job (the pressure of outbound WATS sales) as a factor. This is in contrast with the results of a survey of large employers who thought that the nature of the work and the lack of advancement opportunities were the major reasons for relatively high rates of turnover among their entry-level employees.

When respondents were asked what problems they had maintaining a high-quality supply of labor, they now cited job-related problems. For instance, 2 respondents cited the lack of advancement, 2 noted the boredom of the job, and 2 reported difficulties associated with working evening hours as problems. Low wages (2) and bad reputations (poor treatment of employees or the company's boiler-room image) were also cited as problems related to recruiting qualified employees. One respondent thought that applicants did not understand that inbound WATS positions were temporary jobs and that outbound WATS jobs were sales positions. One respondent thought that recruitment problems in the telemarketing industry may stem from the company's need to recruit many workers on relatively short notice for special campaigns.

Respondents noted several strengths of Omaha's labor force. Most respondents (6) cited the strength of the work ethic, 3 praised the lack of accents, and 3 noted the availability of workers in Omaha. Workers' friendliness, loyalty, stability, eagerness to learn, and level of education were also praised.

Respondents were twice as likely to cite a strength of the labor force than to report a weakness. No complaint was noted by more than one respondent, except for problems of availability (cited by 2 respondents, with another citing competition). Several respondents, however, faulted the workers' skills, e.g., poor knowledge of geography, poor spelling, and inadequate communication skills.

In summary, some concern for an adequate supply of labor in the future was expressed by many representatives of the telemarketing industry. These employers indicated that they had problems recruiting qualified employees in 1984 (or earlier, 1983). The ratio of applicants per position, however, was relatively high in 1984, although many reported the ratio was lower. Because

most employees were young students (high school and college) and high school graduates (mostly female), demographic patterns may be the key factor in determining the availability of labor. One respondent suggested the industry could increase the supply of labor by informing high school students of employment opportunities in the industry. Several respondents suggested improving working conditions and several suggested educating the public about the industry as ways of alleviating labor problems in the telemarketing industry.

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LABOR SUPPLY AND DEMAND SURVEY

1. Name of company _____

2. Person completing survey _____

(title)

3. What was your average annual employment in the Omaha area for 1984?

	Full-time (FT)	Part-time (PT)
supervisory/managerial	_____	_____
technical	_____	_____
sales	_____	_____
clerical and administrative support	_____	_____
telephone agent	_____	_____
total employment	_____	_____

4. About how many of these were entry level positions? What was the average hourly wage of these entry level positions?

	Positions	Average hourly wage
entry level telephone agent	_____	_____
entry level clerical	_____	_____
entry level sales	_____	_____
entry level supervisory	_____	_____

5a. How much variation in the size of your workforce was due to seasonal factors?

_____ high variation _____ some variation _____ little variation _____ no variation

5b. Is this likely to change in the future, and if so how? _____

5c. If high variation, how much higher was your peak than your annual average and when did the peak occur?

6. Please estimate your average annual employment in 1985 and in 1990.

	1985		1990	
	Full-time (FT)	Part-time (PT)	Full-time (FT)	Part-time (PT)
supervisory/managerial	_____	_____	_____	_____
technical	_____	_____	_____	_____
sales	_____	_____	_____	_____
clerical and administrative support	_____	_____	_____	_____
telephone agent	_____	_____	_____	_____
total employment	_____	_____	_____	_____

7. Please estimate your hiring needs for full-time and part-time entry level positions for 1985 and 1990.

	1985					
	new positions		replacements		total	
	FT	PT	FT	PT	FT	PT
entry level telephone agent	_____	_____	_____	_____	_____	_____
entry level clerical	_____	_____	_____	_____	_____	_____
entry level sales	_____	_____	_____	_____	_____	_____
entry level supervisory	_____	_____	_____	_____	_____	_____

	1990					
	new positions		replacements		total	
	FT	PT	FT	PT	FT	PT
entry level telephone agent	_____	_____	_____	_____	_____	_____
entry level clerical	_____	_____	_____	_____	_____	_____
entry level sales	_____	_____	_____	_____	_____	_____
entry level supervisory	_____	_____	_____	_____	_____	_____

8. Do you expect to have any problems recruiting for these entry level positions in 1985 or 1990?

1985: yes _____ no _____

1990: yes _____ no _____

a) If yes, what kind of problems? _____

Which positions? _____

9. Did you experience problems in 1984 recruiting for entry level positions? yes _____ no _____

a) If yes, what kind of problems? _____

Which positions? _____

b) If yes, did these problems first occur in 1984 or earlier? 1984 _____ earlier _____
(year)

- | | entry level
telephone agent | entry level
clerical | entry level
sales | entry level
supervisory |
|--|---|-------------------------|----------------------|----------------------------|
| 10. a) In 1984 for how many entry level positions did you recruit? | _____ | _____ | _____ | _____ |
| b) How many applicants did you get for these positions? | _____ | _____ | _____ | _____ |
| c) Was the number of applicants per position higher (H), same (S), or lower (L) than in past years? | _____ | _____ | _____ | _____ |
| d) About how many applicants were viewed as not qualified? | _____ | _____ | _____ | _____ |
| e) Was this higher (H), same (S), or lower (L) than in past years? | _____ | _____ | _____ | _____ |
| 11. a) If some applicants were considered not qualified, what skills did they lack? _____ | | | | |
| _____ | | | | |
| b) What minimum skills do you expect for entry level positions? | | | | |
| telephone agent positions: _____ | | | | |
| clerical positions: _____ | | | | |
| sales positions: _____ | | | | |
| supervisory positions: _____ | | | | |
| 12. Would the availability of additional short-term job-specific training (either pre-employment or on the job) be helpful to your company? yes _____ no _____ | | | | |
| a) If yes, please specify the type of training. _____ | | | | |
| 13. Which of the following sources of training does your company use? | | | | |
| _____ In-house (pre-employment) | _____ Technical community colleges (Metro Tech, Iowa Western) | | | |
| _____ In-house (on-the-job) | _____ Colleges and universities (UNO, Creighton, etc.) | | | |
| _____ Consultants | _____ Private vocational schools | | | |
| | _____ Continuing education classes | | | |
| 14. Please rank the importance for your company of sources used to recruit for entry level positions (1=most important). | | | | |
| _____ newspaper ads | | | | |
| _____ Job Service | | | | |
| _____ educational institutions' placement offices | | | | |
| _____ word-of-mouth | | | | |
| _____ other (please specify) _____ | | | | |

15. a) What is your company's turnover rate for entry level positions?

entry level telephone agent _____
 entry level clerical _____
 entry level sales _____
 entry level supervisory _____

b) What are the three main reasons for turnover in these positions in your company?

1. _____

2. _____

3. _____

c) Was the turnover rate in 1984 higher (H), same (S), or lower (L) than in the past year or two?

entry level telephone agent _____
 entry level clerical _____
 entry level sales _____
 entry level supervisory _____

16. Do you believe there will be an over-supply (O), adequate supply (A), or under-supply (U) of qualified persons for entry-level positions in 1985 and in 1990?

	1985	1990
entry level telephone agent	_____	_____
entry level clerical	_____	_____
entry level sales	_____	_____
entry level supervisory	_____	_____

17. What is the hourly wage range you expect for entry level positions in 1985?

entry level telephone agent _____
 entry level clerical _____
 entry level sales _____
 entry level supervisory _____

18a. In general, what do you consider the major strengths of Omaha's labor force? _____

18b. What do you consider its major weaknesses? _____

19a. In your opinion, what are your company's greatest problems relating to recruiting or obtaining a high quality labor supply?

19b. In your opinion, what are your company's greatest problems relating to maintaining a high quality labor supply?

20. Do you have any suggestions about how to improve Omaha's labor climate?

21. Do you have any other comments that might be helpful to the Economic Development Council of the Chamber of Commerce?
