

Cape contact centre industry hits 39% growth

The contact centre and business process outsourcing (BPO) industry in Cape Town grew by 39% in the number of agent positions and 43% in the number of staff in 2005. There are now 167 contact centre and BPO operations employing a total of 14 345 people, up from 116 operations and 10 014 staff in 2004.

These figures are revealed in Calling the Cape's 2005 Key Indicator Update. The research, carried out by Voice Recruitment and analysed by Deloitte, confirms that the industry is thriving, but recommends that the government and private sector continue co-operating to ensure that future growth is not sabotaged by skill shortages.

Formed in 2001, Calling the Cape is a Section 21 company funded by member contributions and local and provincial governments to promote Cape Town and its surrounding areas as destinations for national and international investment in contact centres and business process outsourcing.

The company also attracted new investment in 2005 worth R506 million, up 19% from the R426 million secured in 2004, of which 76% originated from the UK. As these investments unwind in the coming years, additional 2 000 new agent positions will be created. Over 50% of BPO investments are spent on agent salaries, bringing real financial benefit to the Cape Town labour force.

"The Micro Economic Development Strategy has identified call centres and the business process outsourcing as a critical sector in the Western Cape. We have developed a package of interventions, which includes addressing skills shortages to ensure an enabling environment for call centres and BPOs to reach their full potential and to create as many jobs as possible," said Provincial Minister of Environment, Planning and Economic Development, Tasneem Essop.

"Our expectation was to create 2 000 new jobs this year," said Calling the Cape executive director Luke Mills. "In fact, we have well over 4 000 new jobs, which is immensely encouraging. Cape Town is developing an international reputation for high-quality service and is attracting high-calibre investors, both international and domestic."

The growth in jobs has been paralleled by a small increase in attrition, and above-inflation salary increases both potential warning signs of increasing competition for skills. However, Mills says Cape Town's attrition rate of 14% remains well below international norms, and is particularly impressive in an industry that has grown by 70% in just two years. "While agent talent is abundant, middle management takes three years to reach full maturity and capability, so the sector needs to take a progressive attitude to skills development."

Mills is confident that the industry will continue to grow through 2006. "Cape Town is offering increasingly complex and sophisticated BPO services. The industry still has extraordinary potential to develop and empower new entrants to the labour market."