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The Evolution of Customer Service: Identifying the Impact of Artificial Intelligence on Employment and Management in Call Centres

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ABSTRACT: The transformative role of Artificial Intelligence (AI) is reshaping customer service within call centres. As AI technologies advance, there is a growing trend of automation replacing human agents in these service-oriented environments. The adoption of AI in call centers raises concerns about job displacement for human agents. The economic repercussions of this shift need to be carefully addressed to mitigate potential societal challenges. The economic impact of AI customer care and management is a dynamic interplay of cost efficiency, enhanced productivity, and ethical considerations. Striking a balance between technological advancement and societal well-being is imperative for a sustainable future of the industry.

1. INTRODUCTION

India developed into a hub of BPO due to the presence of low, medium and high skilled professionals with proficiency in English and employable at comparatively lower costs.This is coupled with attractive government schemes to promote this industry led to spectacular growth in GDP from 1.2% to 5.4% .According to NASSCOM report,they generate seventy percent of the revenues of the Indian Business Process Outourcing (BPO) industry.

As part of this global industry, call centers in India have experienced spectacular growth in the last five years. The employment rate was also growing from year on year, for instance the number of people employed in BPM were 7, 38,000 in 2008 and had increased to 1,188,000 by the end of 2017.

According to a report published by job search platform found it, the IT/BPO sectors accounted for 36% of the overall jobs in February 2023, up from 30% in the same month last year.

At present, customer service and call centers employ the highest percentage of women at 25%. This is followed by IT at 23%, human resource roles (18%), and sales/business development (12%).

The integration of AI in call centers poses a significant threat to traditional human-operated roles. As automation takes over routine tasks, there is a risk of job displacement for call center agents, potentially leading to unemployment and economic instability. Mckinsey report 2023 predicts that AI would automate 60% to 70% employee work loads.Open AI, the generator of Chat GPT, estimates 10% job displacement in the near future.

The rapid evolution of technology may create a mismatch between the skills of displaced workers and the requirements of new AI-centric roles (Anusha et al., 2023).

This could hinder the reintegration of these individuals into the job market, exacerbating unemployment challenges.

Job displacement in call centers, if not managed carefully, may contribute to widening economic inequality. Incorporating ethical guidelines and diversity considerations is only an ongoing process in algorithm development. It requires great skill and effort to implement rigorous testing and continuous monitoring to identify and address biases in AI algorithms (Mittal et. al., 2023).

Integration of AI may disrupt traditional team dynamics and create challenges in effective collaboration between human agents and AI systems and poses managerial challenges. The present study attempts to focus on the following objectives:

1. To analyse the implications of job displacement of AI in call centres in India

2. To assess the pros and cons as well as managerial issues arising due to incorporation of AI human integration

2. REVIEW OF LITERATURE

The advent of Artificial Intelligence (AI) has brought about transformative changes in various industries, and the realm of call centers is no exception.

Several studies emphasize the economic implications of integrating AI into call centers. Smith et al. (2019) assert that cost efficiency and enhanced productivity are notable benefits, echoing the sentiments of Jones and Brown (2020), who emphasize the potential for AI to optimize operational processes and contribute to overall economic performance.

3. DATA AND METHODOLOGY OF THE STUDY

The study relies on secondary data from Government of India, various reports from the internet and reports of news papers

The exploratory research methodology is used with a view to provide pointers to future analysis.Paucity of longterm data on this emerging phenomenon has led to the adoption of descriptive analytical approach.

Aspects of AI Integration In Management

AI-driven call centers often offer cost savings for customers. Automation of routine queries and tasks can lead to reduced labor costs, contributing to overall operational efficiency.

AI-powered systems provide continuous service, overcoming time constraints associated with human-operated call centers. This increased accessibility can enhance customer satisfaction.

AI algorithms can analyze vast amounts of customer data, offering valuable insights into consumer behavior, preferences, and trends. This data-driven approach enables informed business decisions, potentially boosting sales and marketing effectiveness (Gupta and Mittal, 2020).

AI plays a significant role in management by aiding in data analysis, decision-making, and automation. It helps optimize processes, forecast trends, and enhance overall efficiency, allowing managers to make more informed and strategic choices.

Challenges and Ethical Considerations

The integration of AI in call centers poses a significant issue of future unemployment and economic instability. McKinsey & Co. estimates that 25% of work activities in the U.S. across all occupations could be automated by 2030

Charlie is an artificial intelligence-powered virtual agent that Home Serve built using a conversational AI platform from Google and other technologies. She answers 11,400 calls a day, routes them to the appropriate departments, processes claims and schedules repair appointments. She can also give information regarding customers eligibility for certain coverage plans and types on agents' screens why the customer is calling.

Country wise Impact of Automation of IT/BPO services

Indias IT/BPO is forecasted to suffer a significant decline of 14% in its workforce. Although 160,000 mid-high skilled jobs being created,640,000 low-skilled jobs are at risk.The US service

Industry is also expected to suffer a notable decline with 12% total workforce reduction, with the UK at a more modest decline of 4%. The Philippines is actually expected to increase overall by 8%.

The rapid evolution of technology may create a mismatch between the skills of displaced workers and the requirements of new AI-centric roles. This could hinder the reintegration of these individuals into the job market, exacerbating unemployment challenges.

Retraining the existing workforce to adapt to AI technologies requires addressing the technological skill gap. Many workers may lack the necessary skills to operate and manage advanced AI systems, hindering their ability to transition to new roles.
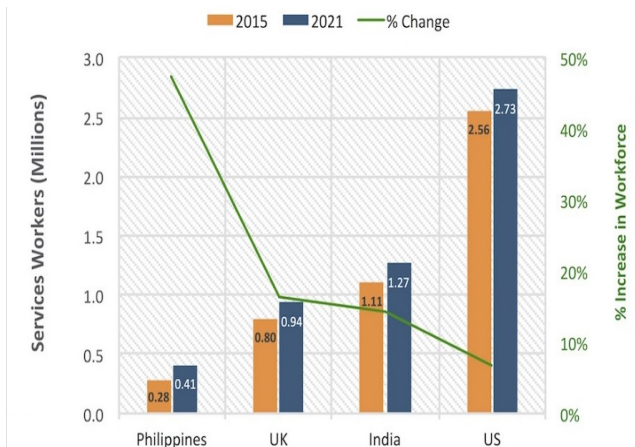
Source: www.horses for sources

Retraining involves overcoming psychological barriers, as workers may be resistant to change or feel apprehensive about learning new skills. Addressing these psychological aspects is vital for successful retraining initiatives.

Both individuals and organizations may face resource constraints in terms of time, finances, and infrastructure for comprehensive retraining programs. Access to quality training and educational resources becomes crucial to overcoming these constraints.

Job displacement in call centers, if not managed carefully, may contribute to widening economic inequality. Vulnerable groups with fewer resources for retraining may face more significant challenges in adapting to the changing employment landscape

Ensuring ethical AI practices in call centers is crucial. Transparency, accountability, and fairness must be integrated into AI systems to maintain consumer trust and address potential economic fallout from unethical AI applications.

Implement effective change management strategies to address resistance and facilitate a smooth transition to AI-driven processes. Communication, education, and involving employees in the decision-making process are essential components

Managerial challenges

To mitigate the negative impact on jobs, companies should invest in training and development programs for their call center agents to help them adapt to new technologies and acquire new skills. This can include training in areas such as data analysis, programming, and customer service best practices.

By providing agents with the skills and knowledge they need to work effectively with AI and automation, companies can ensure that they are well-positioned to meet the changing demands of the industry. . Customers

still value the ability to speak with a live agent, and companies should ensure that they are providing a balance between automation and human interaction.Large scale IT infrastructure management needs should be managed with better cloud-based orchestration tools.

Adopting Intelligent automation becomes the need of the hour to retain global competitive edge .But this also creates a need to identify human skills that cannot be replaced by AI tools.This requires high skilled management strategies

Above all there should be focus on a dominant strategy of focusing on Indias core competency related to automation capability.Othewise the opportunity wave would be lost to those adhering to traditional business models

4. POLICY IMPLICATIONS AND CONCLUSION

In conclusion, the call center industry is facing a major shift as AI and automation technologies are increasingly being adopted. While these technologies have the potential to improve efficiency and customer service, they also raise concerns about the impact on jobs and the overall customer experience. It's important for companies to strike a balance between automation and human interaction and invest in training and development programs for their call center agents to help them adapt to new technologies and acquire new skills. By doing so, they can ensure that they are well-positioned to meet the changing demands of the industry and provide an excellent customer service.

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