



Impact Sourcing Research Review

A summary of relevant research, business cases, and tools

The Global Impact Sourcing Coalition (GISC) builds on a strong foundation of research and studies on the social and business impacts of Impact Sourcing. Our ambition is to add to this body of knowledge in time with new learnings and case examples from GISC members and their efforts to implement Impact Sourcing globally. Below, we present a summary of research, business cases and tools that have already been developed and are of interest to any organization who would like to invest in Impact Sourcing. This document is primarily intended for a business audience, such as Impact Sourcing service providers, traditional outsourcers, and buyers of outsourced business services.

Below we present a breakdown and summary of the following:

- » **The Business Case:** Research on the social and business impacts of Impact Sourcing
- » **Tools and Methodologies for Implementation:** How-to guides on the recruitment, training of Impact Workers, and impact measurement of Impact Sourcing initiatives;
- » **Market Intelligence for investing in Impact Sourcing:** Analysis of the market size for Impact Sourcing in various geographies
- » **Business Case Examples:** Case examples of Impact Sourcing in practice within various leading companies

Summary of Research and Tools on Impact Sourcing



Business Case

[Everest Group: The Case for Impact Sourcing \(2014\)](#)

Description: The report presents the business case for Impact Sourcing in the BPO industry. It presents data on the size of the market for IS in the BPO sector, and shares case studies from companies.

Key Messages:

- » Impact Sourcing provides quality and cost at parity with traditional BPO services, but with benefits such as lower attrition rates, access to untapped talent pool, opportunities to fulfil CSR and diversity goals, and provides a competitive advantage in domestic sourcing.
- » The Impact Sourcing market is large (~240,000 workers) and accounts for ~12% of the BPO market globally.

- » IS workers are more stable and engaged with 15-40% lower attrition rates than traditional BPO workers.
- » IS workers have lower training and hiring costs, and are more reliable in service delivery compared to traditional BPO workers.

Audience: Business Audience, NGOs, other Stakeholders

Geography: Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa, India and the Philippines



Business Case

Everest Group: *Business Case for Impact Sourcing In South Africa (2016)*

[Summary linked here.](#) GISC members may find a full copy of the report in the GISC member Dropbox folder.

Description: Research study that provides an overview of the BPO market in South Africa.

Key Messages:

- » Performance of IS workers is comparable to traditional workers.
- » Attrition among IS workers is significantly lower than traditional workers.
- » The Total Cost of Ownership (TCO) for IS workers is 3-10% lower as compared to traditional workers.
- » While upfront costs for hiring IS workers are higher, attrition costs are lower, resulting in overall TCO savings.
- » Impact Sourcing also provides a competitive advantage in business development and procurement procedures in South Africa.

Audience: Business Audience

Geography: South Africa



Business Case

[Accenture, the Rockefeller Foundation: *Exploring the Value Proposition for Impact Sourcing: The Buyer's Perspective \(2012\)*](#)

Description: This is a feasibility study examining the demand side of Impact Sourcing from the perspective of the buyers of outsourcing services.

Key Messages:

- » Cost and quality continue to be the top priorities for outsourcing companies.
- » Clients are most interested in Impact Sourcing in the areas of Business Process Outsourcing and Application Outsourcing.
- » Client teams are open to considering Impact Sourcing for up to 25% of their outsourcing portfolio.
- » This study advocates the use of training partner organizations as a method of mitigating the risk of a talent shortfall.

Audience: Donors, Policy Makers, Business Audience

Geography: Global

Tools and Methodologies

[The Global Impact Investing Network \(GIIN\), the Rockefeller Foundation: *Performance Measurement for Impact Employment A Catalog of Impact Employment Metrics \(2015\)*](#)

Description: The catalogue of impact metrics contains standardized definitions for measuring impact of employing disadvantaged and vulnerable people.

Key Messages:

- » The Impact Employment metrics can be used to track any type of Impact Employment, including Impact Sourcing.
- » The catalogue consists of a set of metrics that focus on the following subsets of data:
 - Targeted Groups and Hiring Practices
 - Employment Practices
 - Remuneration and Benefits
 - Training and Development
 - Family & Community Development

Audience: Buyers and Providers of Impact Sourcing Services

Geography: Global

Tools and Methodologies

[Deloitte, the Rockefeller Foundation: *A Guide to Recruiting and Hiring the Long-Term Unemployed: A Handbook for Employers \(2014\)*](#)

Description: Handbook for employing long-term unemployed. The handbook provides step-by-step instructions: first, how to assess your organization's current ability to access the long-term unemployed talent pool; second, detailed recommendations to improve that ability (such as educating hiring managers and recruiters on the value of hiring the long-term unemployed and collaborating with American Job Centers to source long-term unemployed candidates); and third, tools to implement these recommendations.

Key Messages:

- » Companies can reduce sourcing costs by utilizing government and non-profit organizations that work with the long-term unemployed to find capable, pre-screened candidates.
- » Hiring the long-term unemployed can also achieve business objectives: investing in local communities, realizing corporate social responsibility goals, and increasing the diversity of your hires.
- » Companies that hire the long-term unemployed experience higher retention rates and enjoy greater workforce loyalty

Audience: Human Resources

Geography: USA

Tools and Methodologies

[Accenture, the Rockefeller Foundation: Recruitment, Training, and Impact Measurement; a Recommended Approach for Impact Sourcing \(2013\)](#)

Description: The report provides recruitment, training, and impact measurement approaches that can be used by organizations interested in, or currently engaged in, Impact Sourcing

Key Messages:

- » By leveraging the recommendations and approaches included in this report, both ISSPs and traditional outsourcers can create a strong operational foundation for recruitment, training, and impact measurement which will support further organizational growth.
- » The report contains recommendations and best practices for:
 - Talent Life Cycle Management
 - Recruitment Approaches
 - Training Methods
 - Impact Measurement

Audience: Impact Sourcing Service Providers, and Traditional Outsourcers

Geography: Global

Market Intelligence

[The Rockefeller Foundation: Digital Jobs: Building Skills for the Future \(2013\)](#)

Description: The report presents opportunities digital jobs can create for high potential but disadvantaged youth in Africa.

Key Messages:

- » The BPO sector has been recognized as an opportunity for job creation and for providing employment and higher incomes for those at the base of the pyramid.
- » Anecdotal evidence suggests that the majority of employees in this sector have not come from disadvantaged populations. Most outsourcing employees in India, for instance, have college educations.
- » In contrast, most of the growth in South Africa's BPO sector in recent years has come—as a result of significant government investment in training—from high school graduates in low-employment areas.

Audience: Policy Makers, Funders, Academia

Geography: Africa

Market Intelligence

[AVASANT, the Rockefeller Foundation: Incentives & Opportunities for Scaling the "Impact Sourcing" Sector \(2012\)](#)

Description: The report provides insight into various policies and global best practices that if implemented would enable greater job creation for poor and vulnerable people in the outsourcing sector.

Key Messages:

- » Impact Sourcing is projected to grow substantially, to employ 2.9 million people and generate revenues of US\$ 55.4 billion by 2020.
- » Sustaining and scaling up the Impact Sourcing sector would require policy makers to play a key role in helping generate demand, building capacity and creating an ecosystem that promotes Impact Sourcing.

Audience: Buyers and Providers of Impact Sourcing, policy makers, funders, NGOs

Geography: South Africa , Kenya, Ghana, India, Bangladesh, Brazil, Dominican Republic, Haiti, Pacific Islands, Uganda

Market Intelligence

[William Davidson Institute, the Rockefeller Foundation: *Impact Sourcing Assessing the Opportunity for Building a Thriving Industry \(2013\)*](#)

Description: The report analyzes current challenges Impact Sourcing is facing, its outlook, and the interventions that could be implemented in order to bridge the gap between its current state and future potential.

Key Messages:

- » The BPO industry continues to grow and provide benefits to client firms (in the form of cost savings) and developing countries (fueling GDP growth), but BPO service providers face challenges related to costs and talent as the industry expands and competition increases.
- » There is some evidence that Impact Sourcing can have positive impacts on multiple aspects of wellbeing for workers and their families. Reports indicate that Impact Sourcing employees benefit with income increases of 40 percent to 200 percent.
- » Employment in Impact Sourcing is also important for workers because it serves as an initial entry point into the formal economy, which leads to valuable job experience that can help workers pay their way through school, receive higher educations, and have the ability to pursue careers

Audience: Policy Makers, Funders, Academia

Geography: Vietnam, Uganda, Sri Lanka, South Africa, Senegal, Philippines, Nigeria, Morocco, Mexico, Malaysia, Kenya, Jordan, India, Ghana, Egypt, Costa Rica, China, Cambodia, Brazil, Argentina

Market Intelligence

[Dalberg, the Rockefeller Foundation: *Digital Jobs in Africa: Catalyzing Inclusive Opportunities for Youth \(2013\)*](#)

Description: The study investigates where Africa's digital economy will create new employment opportunities; and how partners can co-invest to maximize the impact of this job creation for disadvantaged youth.

Key Messages:

- » Impact Sourcing has the potential to transform the lives of young people in Africa by increasing income between 40% and 200%, while also creating formal, stable employment that can often increase family investment in health care and education.
- » For a country to be competitive in outsourcing, it is important that the enabling environment is cost-competitive, particularly with regards to operational overheads such as real estate, energy, and ICT.
- » The economic viability of outsourcing varies across countries with Egypt, Morocco and South Africa demonstrating the greatest potential.

- » The governments of Egypt, Morocco, and South Africa have made outsourcing an explicit national priority and established the right enabling environment primarily through direct subsidies.
- » Ghana and Nigeria have the raw human resources needed to enter the Anglophone market, but operational costs (real estate in Ghana and power in Nigeria) are still very high with no government intervention.
- » Kenya seeks to create the right environment for supporting ICT-dependent industries, but the potential for outsourcing is yet to be fully realized.

Audience: Buyers and Providers of Impact Sourcing, Policy Makers, Funders

Geography: Egypt, Ghana, Kenya, Morocco, Nigeria, South Africa



Business Case Examples

The following company specific business cases provide an illustration of Impact Sourcing in action:

Case Studies from South Africa:

- » [Aegis: A Challenge with Big Rewards](#)
- » [CCI Group: A Measured Approach Produces Strong Results](#)
- » [Deloitte: Low Cost Talent Model with Social Benefits](#)
- » [Teleperformance: Passion to Perform](#)

Case Studies from India:

- » [Rural Shores: Solving Problems, Locally and Globally](#)
- » [Tata Consultancy Services: Doing Good Transforms to Doing Well](#)

Case Studies from the USA:

- » [Bank of America: REDF – Investing in Employment and Hope](#) (direct impact hiring)

ABOUT GISC

The Global Impact Sourcing Coalition (GISC) seeks to build more inclusive and productive supply chains through advancing impact sourcing among multi-national corporations and their network of vendors.

By increasing awareness and uptake of this inclusive hiring practice in global supply chains, starting with the business process outsourcing industry, the coalition aims to provide people from disadvantaged and vulnerable communities with access to foundational job opportunities and career development, ultimately contributing to improved social and economic well-being of families, communities, and nations.

The GISC is a collaborative initiative between buyers and providers of business services. It is facilitated by [BSR](#) as the Secretariat, and sponsored by the [Rockefeller Foundation](#).