

Impact Sourcing



Assessing the Opportunity for Building a Thriving Industry

Robert Kennedy, Sateen Sheth, Ted London, Ekta Jhaveri, Lea Kilibarda

May 2013



William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN

Supported by:



Rockefeller Foundation
Innovation for the Next 100 Years

This report was prepared by **Dr. Robert E. Kennedy** (Executive Director of William Davidson Institute and Tom Lantos Professor of Business Administration at the Ross School of Business), **Sateen Sheth** (Manager of Research Project Implementation at William Davidson Institute), **Dr. Ted London** (Senior Research Fellow and Director of the Base of the Pyramid Initiative at the William Davidson Institute and Adjunct Assistant Professor at the Ross School of Business), **Ekta Jhaveri** (Research Associate), and **Lea Kilibarda** (Research Associate).

The authors thank **Eme Essien Lore** and **Wairimu Kagonda** from the Rockefeller Foundation for their support and guidance throughout the development of this report. The authors also thank **Daproim Africa**, **Digital Divide Data**, and **Impact Sourcing Africa** for their support and willingness to participate in field visits. The authors finally thank all the experts, impact sourcing service providers (ISSPs), BPO companies, and supporting organizations that participated in stakeholder interviews.

Table of Contents

Assessing the Opportunity for Building a Thriving Industry

| | |
|---|-----------|
| Introduction | 5 |
| List of Abbreviations | 6 |
| Definitions | 7 |
| Introduction | 9 |
| Executive Summary | 11 |
| Section 1: Understanding the Business Process Outsourcing (BPO) Industry | 18 |
| 1. Why Do Firms Outsource? | 19 |
| 1.1. The Value Chain and Transaction Cost Economics Frameworks | |
| 1.2. Business Determinants of Outsourcing | |
| 1.3. Global Drivers of the Outsourcing of Services | |
| 2. Business Process Outsourcing (BPO): Industry Landscape | 23 |
| 2.1. BPO Industry History | |
| 2.2. The Benefits and Drawbacks of BPO | |
| 2.3. Demand and Supply for BPO Services | |
| 2.4. Typology of Outsourcing Work and the Roy Framework | |
| 3. Future State of the BPO Industry | 28 |
| 3.1. BPO Industry Current Size and Future Outlook | |
| 3.2. Challenges to the Future Growth of the BPO Industry | |
| 3.3. Conclusions | |
| Section 2: Assessing the Impact Sourcing Space | 31 |
| 4. Impact Sourcing Overview | 32 |
| 4.1. Defining Impact Sourcing | |
| 4.2. Major Trends Influencing the IS Space | |
| 4.3. Current State of the IS Space | |
| 5. Findings from Thought Leaders in the IS Space | 35 |
| 5.1. Approach | |
| 5.2. Challenges Facing ISSPs | |
| 5.3. Challenges Facing Mainstream BPOs When Working with ISSPs | |
| 5.4. Best Practices to Mitigate Existing Challenges | |
| 5.5. Perceived Impacts on BoP Workers | |
| 5.6. Other Relevant Findings | |
| 6. Findings from Field Visits to ISSPs | 42 |
| 6.1. Approach | |
| 6.2. Impacts on Workers | |
| 6.3. Lessons Learned from ISSPs on Working with a BoP Workforce | |
| 7. Tasks-Mapping: Growing the Amount of Work Outsourced to the BoP | 50 |
| 7.1. Approach | |
| 7.2. Ten-Step Methodology Explained | |
| 7.3. Conclusions | |

| | |
|---|-----------|
| Section 3: Building a Thriving Global Impact Sourcing Industry | 57 |
| 8. Finding Fertile Ground: Identification of Twenty Countries | 58 |
| 8.1. Approach | |
| 8.2. Methodology Explained | |
| 8.3. Regional Assessment: Latin America and the Caribbean (LAC) | |
| 8.4. Regional Assessment: Middle East and Africa (MEA) | |
| 8.5. Regional Assessment: Asia and Pacific Countries (APAC) | |
| 8.6. Twenty Recommended Countries for Further Research | |
| 9. Prioritization of Countries | 71 |
| 9.1. Approach | |
| 9.2. Scoring Methodology Explained | |
| 9.3. Conclusions | |
| Section 4: Conclusions and Recommended Interventions | 80 |
| Conclusions | 81 |
| Recommended Interventions | 82 |
| Appendices | 85 |
| Appendix A: Extended Profiles of Three ISSPs | 86 |
| Appendix B: Basic Profiles of 14 ISSPs Analyzed | 94 |
| Appendix C: Identification of Tasks Currently Performed by ISSPs | 96 |
| Appendix D: A.T. Kearney GSLI Metrics | 97 |
| Appendix E: Definitions of Indicators | 98 |
| Appendix F: Rationale for Indicators | 100 |
| Appendix G: Country Profiles | 102 |
| Argentina | |
| Brazil | |
| Cambodia | |
| China | |
| Costa Rica | |
| Egypt | |
| Ghana | |
| India | |
| Jordan | |
| Kenya | |
| Malaysia | |
| Mexico | |
| Morocco | |
| Nigeria | |
| Philippines | |
| Senegal | |
| South Africa | |
| Sri Lanka | |
| Uganda | |
| Vietnam | |
| References | 142 |
| Endnotes | 147 |



Introduction

List of Abbreviations

| | |
|------|--|
| APAC | Asia and Pacific Countries |
| ATK | A.T. Kearney |
| BoP | Base of the Pyramid |
| BPO | Business Process Outsourcing |
| CAGR | Compounded Annual Growth Rate |
| CEO | Chief Executive Officer |
| CSC | Computer Sciences Corporation |
| CSR | Corporate Social Responsibility |
| DDD | Digital Divide Data |
| EMEA | Europe, Middle East, and Africa |
| F&A | Finance & Accounting |
| FDI | Foreign Direct Investment |
| FTE | Full Time Equivalent |
| GDP | Gross Domestic Product |
| GSLI | Global Services Location Index |
| HDI | Human Development Index |
| HSBC | Hong Kong and Shanghai Banking Corporation |
| ICT | Information and Communication Technology |
| IDC | International Data Corporation |
| IP | Intellectual Property |
| IS | Impact Sourcing |
| ISSP | Impact Sourcing Service Provider |
| IT | Information Technology |
| ITO | Information Technology Outsourcing |
| LAC | Latin America and Caribbean |
| KPO | Knowledge Process Outsourcing |
| MEA | Middle East and Africa |
| MNC | Multinational Corporation |
| MPI | Multidimensional Poverty Index |
| PPP | Public Private Partnership |
| R&D | Research and Development |
| SLA | Service Level Agreement |
| SME | Small & Medium Enterprise |
| TCE | Transaction Cost Economics |
| TCS | Tata Consultancy Services |
| UNDP | United Nations Development Program |
| WDI | William Davidson Institute |

Definitions

As this report contains a variety of nuanced terms with meanings that vary by source, the following table provides definitions of key terms as well as clarifications on these terms' usage and meanings in the context of this report.

Table 1: Key terms and definitions

| General Terms | |
|--|--|
| <p>BoP (Base of the Pyramid)</p> <p><i>Synonym:</i> poor and vulnerable communities</p> | <p>BoP is commonly defined as the socio-economic segment that lives and operates micro-enterprises in the informal economy and generally has an annual per capita income at or below about \$3,000 in purchasing parity (de Soto, 2000; Hammond et al., 2007; London et al., 2010). According to various estimates, there are approximately four billion people in the world who comprise the BoP segment. In this report, BoP will be used interchangeably with the phrase “poor and vulnerable.”</p> |
| <p>BPO (Business Process Outsourcing) Industry</p> | <p>BPO refers to the outsourcing of business processes to other companies, called service providers. For the purposes of this report, unless specified, the BPO industry includes both domestic and offshore markets, voice (i.e., contact/call center) and non-voice work, and knowledge process outsourcing (KPO). Information is derived from multiple sources, and each source uses a different definition. For this reason, unless otherwise stated, BPO will include all of the above.</p> |
| <p>IS (Impact Sourcing) Space</p> | <p>Impact sourcing (also known as socially responsible outsourcing) is an emerging space within the BPO industry. Unlike mainstream BPO companies, impact sourcing service providers (ISSPs) generally focus on employing workers from poor and vulnerable communities. ISSPs thus provide not only economic value for clients -- in the form of cost savings -- but also produce social value, in the form of formal sector employment.</p> |
| <p>IT-BPO</p> | <p>IT-BPO refers to information technology services (e.g., engineering, R&D, packaged software and hardware). A firm can outsource processes related to IT as well as business processes. This report will focus on the outsourcing of business processes.</p> |
| <p>KPO (Knowledge Process Outsourcing)</p> | <p>KPO is a subcategory of BPO work that involves knowledge-intensive services or high-end business processes on the value chain (e.g., data analytics, legal process outsourcing, etc.).</p> |
| <p>Offshoring</p> | <p>Offshoring refers to moving a process or task outside a nation's boundaries but not necessarily out of a firm's boundaries (i.e., in-house offshoring versus offshore outsourcing).</p> |
| <p>Outsourcing</p> | <p>Outsourcing refers to moving a particular business process or task outside a firm's boundaries (i.e., contracting non-core business activities to other companies).</p> |

Terms that Describe Stakeholders in the BPO Industry

| | |
|---|---|
| BPO countries | Countries in which BPO providers exist. |
| <i>Synonym:</i> BPO hubs | |
| BPO service providers | Companies that perform BPO services for client firms. |
| <i>Synonyms:</i> -service providers -BPO companies -mainstream BPO firms | |
| Client firms | Organizations (e.g., multinational corporations, small to medium enterprises, government units, private sector units) that outsource business processes to BPO firms and ISSPs. |
| ISSPs (impact sourcing service providers) | Socially-oriented, smaller BPO companies who employ people from the BoP/poor and vulnerable communities to provide high-quality information-based services and other microwork to domestic and international clients. |
| <i>Synonyms:</i> -service providers -new BPO companies | |

Terms that Describe BPO Work

| | |
|------------|--|
| Activities | A general overarching term for core and non-core activities that a firm performs to generate value (e.g., the human resources activities of a firm). |
| Processes | The component parts of activities (e.g., recruitment and selection is a process within human resources). |
| Tasks | The component parts of processes (e.g., scheduling interviews is a task within the recruitment and selection process). |

Introduction

From the global business manager to the casual customer who interacts with a call center to make an inquiry about her credit card bill, nearly everyone is familiar with the concept of business process outsourcing (BPO).ⁱ A myriad of books, news media articles, and even American television shows have explored the pros and cons of outsourcing as a mechanism for efficiency and opportunity.

A far less recognized term in the business lexicon is Impact Sourcing, also known as socially responsible outsourcing. Impact Sourcing is an exciting and emerging space within the BPO industry. It has demonstrated the potential to alleviate poverty for people in a sustainable manner through job creation and employment. Impact Sourcing (IS) is commonly defined as employing people from poor and vulnerable communities as principal employees in BPO centers to provide high-quality, information-based services and other microworkⁱⁱ to domestic and international clients.

Two key trends appear to be fueling interest in Impact Sourcing:

1. 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.
2. Rising unemployment is a global problem particularly affecting poor and vulnerable communities.

Trend #1

Business process outsourcing has evolved over the past two decades to become a massive worldwide industry that directly impacts both international trade and the global economy. In particular, developing countries have taken advantage of this growing industry to fuel GDP growth and employ millions of citizens. In India, for example, BPO employs over three million people, with each direct job estimated to create as many as three to four additional employment positions. After India, other leading BPO hubs include the Philippines, China, and South Africa.

The BPO industry continues to expand at double-digit rates, with revenues expected to reach over \$200 billion by 2016 (compared to \$147 billion in 2011).ⁱⁱⁱ As the industry has developed, increasing competition and rising costs in urban centers have forced BPO service providers to seek alternate, lower-cost destinations and pools of new and more affordable talent. This need first emerged in India, where rising costs compelled many mainstream BPO firms to focus on higher-end services such as call centers, market research, or engineering services. New BPO companies eventually sprang up in rural India where they enjoyed both lower costs and attrition rates. These rural BPO companies employed high school graduates and university students from agrarian, low-income families to perform lower-end services, such as scanning and data entry. These new BPO companies represented the first players, called impact sourcing service providers (ISSPs), within the Impact Sourcing space.

As competition in the BPO industry continues to rise and low-end services become more commoditized and price-sensitive, mainstream BPO firms will need to seek additional sources of employment talent and continue to look to new locations in order to reduce their current cost structures.

Trend #2

The world continues to face a significant job shortage, affecting both developed and developing economies. According to a report on global employment trends from the International Labor Organization, one in three workers worldwide (1.1 billion people) is either living in poverty or unemployed. The same report specified that nations need to urgently create about 600 million productive jobs over the next decade in order to generate sustainable growth and maintain social

i **BPO** refers to the outsourcing of business processes to other companies, called service providers. For the purposes of this report, unless specified, the BPO industry includes both domestic and offshore markets, includes voice (i.e., contact/call center) and non-voice work, and includes knowledge process outsourcing (KPO).

ii **Microwork** is a small, computer-based task taken from a larger data project.

iii Please refer to market size estimates in **Section 1** of this report.

stability and cohesion.¹ A recent Global Scan BBC poll listed unemployment as the fastest-rising concern around the world; jobless rates in Spain and Greece now hover regularly around 20 percent and are as high as 40 percent in countries such as Kenya and other developing nations.²

High unemployment disproportionately impacts people from poor and vulnerable communities, such as those already living in poverty and young workers. For example, youth workers^{iv} comprise a large portion of the labor force in many developing countries (e.g., it is estimated that 65 percent of Kenya's labor force is made up of youth), and their unemployment rate can be up to three times higher than the average rate in many countries.³ The irony is that many unemployed workers happen to be highly skilled but have few opportunities available to them (e.g., approximately 90 percent of Kenyans under 30 are able to read and write but face unemployment rates that the World Bank says are as high as 70 percent).⁴

The Key Question

The key question – for development organizations is whether these two trends can be combined to serve the needs of the expanding BPO industry while also alleviating unemployment and poverty for those living in poor and vulnerable communities at the BoP.

Many ISSPs, such as Digital Divide Data, Samasource, and Rural Shores, have shown that workers from the BoP and other disadvantaged communities can effectively perform some types of BPO services. Long-term studies have not yet been conducted, but there is some evidence that Impact Sourcing can have positive impacts on multiple aspects of well-being for workers and their families; reports indicate that Impact Sourcing employees benefit with income increases of 40 percent to 200 percent.⁵ 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.

Impact Sourcing, however, is still in a relatively early stage of development, with approximately 150,000 workers and a market estimated to comprise about \$4 billion, or 3 percent of the larger BPO industry.⁶ While these seem like large numbers, some have concluded that the Impact Sourcing space has the potential to employ 3 million people and account for about 25 percent of the larger BPO industry within five to ten years.⁷

Why — one might ask — is there such a large disparity between the potential and the reality of the Impact Sourcing space? While the benefits of Impact Sourcing are compelling, it does face certain challenges that have hindered the space's success to date.

In 2012, the Rockefeller Foundation commissioned the William Davidson Institute (WDI) to conduct a research study in support of the Foundation's Impact Sourcing initiative, which seeks to promote growth with equity in which the poor and vulnerable have more access to opportunities that improve their lives and globalization's benefits are more widely shared. The WDI research team's goal was to explore and distill the reasons behind this gap in potential. The team performed field research to better understand the challenges of ISSPs (e.g., challenges in securing client work, measuring social impact on employees, etc.) and the impacts of Impact Sourcing employment on the lives of workers and their families, as well as the types of BPO work that BoP workers *currently* do and have the *potential* to do. The WDI team also performed an analysis to identify twenty countries around the world that show the highest potential to develop Impact Sourcing capabilities.

That research led to this report. By identifying and codifying the reasons *why* more Impact Sourcing work is not currently being done and *where* in the world the environment is most ripe for Impact Sourcing to flourish, the William Davidson Institute hopes to provide new and practical information that can empower the Rockefeller Foundation and all players within the Impact Sourcing space with strategic actions they can undertake to unlock Impact Sourcing's full potential.

iv People under 30 years of age seeking employment

Executive Summary

This report presents work performed by the William Davidson Institute (WDI) and funded by the Rockefeller Foundation. It is organized into four sections. These were designed to give readers a holistic look at the Impact Sourcing space within the context of its parent industry (the business process outsourcing industry), the current challenges the space faces, its future outlook, and the interventions that the WDI research team proposes could be implemented in order to bridge the gap between its current state and full future potential.

Section One: Understanding the Business Process Outsourcing (BPO) Industry (Chapters 1–3) explains the conceptual underpinnings of the BPO industry and provides insights about its history, current landscape, and future potential. This section provides the important background necessary to understand the Impact Sourcing space’s emergence and potential, within the context of its parent industry’s rapid growth and subsequent challenges.

- **Chapter 1** answers the question “Why do firms outsource?” It provides two frameworks, the Value Chain Framework and Transaction Cost Economics, to help readers understand why work has moved offshore and which types of activities provide the highest potential for offshore value creation. It also delineates the macro-trends that have driven and continue to drive the rapid growth of the BPO industry.

The Value Chain and Transaction Cost Economics frameworks illustrate the potential for firms to create value by choosing to outsource certain activities. Porter’s Value Chain framework helps demonstrate that for a firm to create value and maintain its competitive position, it should focus only on a few core activities that add value and consider alternatives like outsourcing for non-core activities.

Factors that determine whether a firm can outsource an activity successfully include

1) the business case for outsourcing an activity, 2) the separability of the activity, 3) the transferability of the activity, 4) the manageability of the activity, and 5) the market availability of the activity.

While many circumstances drive a firm’s decision to outsource activities, there are several macro-trends driving growth in the outsourcing of services, including 1) global macroeconomic liberalization, 2) digitization of business process, 3) technological innovations and adoption of technology, 4) growing capabilities of the worldwide workforce, and 5) the emergence of a global business culture.

These trends have significant momentum and little chance of reversal, meaning that the BPO industry is likely to continue to grow.

- **Chapter 2** presents information about the BPO industry’s history and the benefits and drawbacks of business process outsourcing. It defines the different types of players in the industry, clarifying who represents demand (client firms like MNCs, government units, etc.) and supply (BPO service providers). Finally, it concludes by introducing the Roy Task-Based Framework, which categorizes the spectrum of complexity of BPO work that service providers perform.⁸ This framework will eventually be leveraged in **Section 2** to frame the types of tasks that BoP workers within the BPO industry currently perform as well as the additional tasks they could potentially accomplish, moving forward.

Outsourcing began in the 1980s and started with software development work. The first wave of BPO began in the late 1990s, focused on cost savings and involving organizations outsourcing non-core activities by transferring their own people and technology to locations with lower cost structures (e.g. “lift and shift”). The model evolved to provide global delivery of end-to-end processes. Developing countries have taken advantage of the growing BPO

industry to fuel GDP growth and employ millions of citizens. Some leading geographies for BPO work include India, Philippines, China, and South Africa.

The benefits of outsourcing are many; from the client perspective, they include 1) lower costs, 2) skilled expertise, 3) the ability to leverage time difference, 4) the ability to focus on core competencies, and 5) increased productivity and efficiency.

The benefits from the perspective of BPO providers and the countries in which they work include 1) increased employment opportunities, 2) increased export revenues, 3) additional knowledge and skills, 4) rise in consumer spending, and 5) BPO service providers themselves becoming multi-national corporations.

Potential limitations of outsourcing that may need to be overcome include 1) perception of low quality, 2) intellectual property protection, 3) security breaches, 4) hidden costs, 5) potential lost jobs and political tension.

Demand for outsourcing can be examined at the geography, industry, and firm levels. In terms of geography, more than half of the demand comes from North America, followed by about 30 percent from Europe and 15 percent from Asia. Africa represents a smaller but growing segment. In terms of industry, almost half of the demand for BPO services comes from the banking and financial services industry, followed by the high-tech/telecommunications industry at around 20 percent. At the firm level, demand for outsourcing services was initially led by large multinationals but now governments and NGOs are also outsourcing non-core processes.

The types of services that BPO providers offer to client firms can be categorized broadly as horizontal or vertical services. Horizontal services involve function-centric outsourcing, where the BPO provider specializes in carrying out a particular set of functions across all industry domains (e.g. human resources, accounting, etc.). Vertical services are those in which the BPO provider focuses on various functional services for a limited number of industry domains (e.g. healthcare, retail, financial services, etc.). Within both horizontal and vertical services, there are low-value and high-value activities (processes and tasks) that can be outsourced to BPO providers.

According to the Roy Task-Based Framework, BPO tasks can be categorized based on the level of discretion allowed to the service worker. The four categories, listed from low to high discretion, include 1) data entry & conversion, 2) rules-led processing, 3) problem solving, and 4) expert services. As BPO providers move up the value chain and perform high-value tasks and processes that require increasing levels of discretion, lower-value services will be left to be performed by new workers, potentially including those from poor and vulnerable communities.

- **Chapter 3** assesses the future of the BPO industry. The industry continues to experience rapid growth in terms of revenues, employment, processes, clients, and geographies. Industry success and rising competition within it, however, have created challenges that could create new opportunities for workers from poor and vulnerable communities via the emergent Impact Sourcing space.

BPO has evolved over the past two decades to become a massive multi-hundred billion dollar worldwide industry that directly impacts both international trade and the global economy; it has proven its resiliency despite the global economic crisis. The BPO industry faces a number of challenges to additional growth, particularly in locations where the industry is mature. Challenges include 1) high attrition rates, 2) wage inflation, 3) rising infrastructure costs, and 4) supply constraint on talent.

Stakeholders within the BPO industry have taken actions to address these challenges, including 1) seeking new geographies, 2) looking at smaller (e.g. Tier 2/3) cities and rural areas, 3) looking at low cost BPO providers, and 4) partnering with governments and donor agencies.

These industry trends have set the stage for the emergence of Impact Sourcing and impact sourcing service providers, which can reduce costs and expand the talent pool of the BPO industry by extending BPO work to poor and vulnerable populations at the Base of the Pyramid.

Section Two: Assessing the Impact Sourcing Space (Chapters 4-7) provides an overview of the current state of the Impact Sourcing space. The remainder of the section then presents the findings from original research performed by WDI — findings from interviews with thought leaders in the Impact Sourcing space, findings from field visits to three ISSPs, and conclusions from the WDI team's utilization of the Task-Based Framework to determine the current and potential tasks that can be performed by a BoP workforce.

- **Chapter 4** provides a high-level overview of the Impact Sourcing space. Despite a strong business case, the Impact Sourcing space has not yet reached its full potential. This is due to several factors, including issues of coordination and scale, infrastructure, and branding.

Impact Sourcing is defined as “employing individuals with limited opportunity for sustainable employment as principal workers in business process outsourcing centers to provide high-quality, information-based services to domestic and international clients.”⁹ Impact Sourcing serves as a response to the BPO industry's need to shift to a more effective delivery model for low-end to medium-skilled work. Impact Sourcing first evolved as a new sub-sector of the BPO industry in India as rising costs in urban centers forced many BPO companies to focus on higher-end services. New BPO companies sprang up in rural India, where they enjoyed both lower costs and attrition rates. The traditional BPO sector is generally associated with high-end, high-contact functions like call centers, which require significant levels of education and language literacy. The Impact Sourcing space, however, focuses on utilizing workers from poor and vulnerable communities to perform functions with lower and moderate skill requirements such as scanning documents, data entry work, data verification and cleaning, video tagging, and microwork. Impact sourcing service providers (ISSPs) are organizations with a social mission and primary objective to hire workers from poor and vulnerable communities.

Impact Sourcing is still a nascent field that makes up a small but growing part of the BPO industry. Recent reports estimate the market to currently be estimated at \$4.5 billion and directly employ approximately 144,000 people across all segments.¹⁰ Some estimate that the Impact Sourcing space has the potential to grow to \$20 billion by 2015.¹¹

Key trends influencing Impact Sourcing include 1) a growing number of clients who value the social mission of impact sourcing service providers, 2) availability of qualified workers from poor and vulnerable communities, 3) growing demand for back-office work, 4) declining technology costs, and 5) increase in grant funding available to improve ISSP financial viability.

While future projections are exciting, roadblocks exist that limit the ability of Impact Sourcing and impact sourcing service providers to reach their full potential. These include 1) ISSP difficulty partnering with mainstream BPO providers, 2) lack of ISSP proven track record to demonstrate the capability to complete contracted tasks, 3) the need for dual positioning and branding, 4) difficulty gaining traction in emerging BPO destinations, and 5) infrastructure challenges.

- **Chapter 5** presents the findings from primary interviews conducted with impact sourcing service providers, mainstream BPO firms, and supporting organizations. The interviews were intended to reinforce and extend prior findings developed through secondary research. Challenges facing ISSPs and BPO companies attempting to work with ISSPs are captured. In addition, other lessons learned, relevant findings, and best practices are documented.

Challenges facing ISSPs include 1) securing new customers and work contracts, 2) availability of managerial talent

in rural and non-metro locations, 3) additional costs and time training workers, 4) quantifying and demonstrating positive social impact on poor and vulnerable workers, and 5) overcoming the CSR and experimental mindsets of potential clients.

Challenges facing mainstream BPOs when working with ISSPs include 1) developing service level agreements, 2) longer learning curves of BoP workers that potentially impact turnaround times, 3) lack of necessary infrastructure in rural areas, 4) inability to handle the scale required by BPO providers, and 5) challenges engaging and working with ISSPs.

Some potential best practices for ISSPs to mitigate existing challenges include 1) focus on selling a value proposition rather than a CSR pitch for customer acquisition, 2) acquire domain-specific skills to develop a differentiated value proposition, 3) leverage local colleges to find BoP and rural employment talent, 3) focus on urban areas to recruit BoP employment talent, 4) enable specific measures to build confidence in potential clients, 5) develop ISSP centers similar to high-quality BPO centers in urban locations, and 6) minimize the perceived lack of ability to manage workflow with new technologies.

- **Chapter 6** provides findings from WDI's field visits. The WDI team visited three ISSPs (Daproim Africa, Digital Divide Data (DDD), and Impact Sourcing Africa (ISA)), each at a different stage of development, in Kenya and interviewed both management and BoP workers. Home visits with workers helped the team better understand the impact of Impact Sourcing employment on workers and their families. Using Ted London's BoP Impact Assessment Framework, perceived impacts on the well-being of BoP workers are described. Lessons learned and best practices about working with a BoP workforce are also documented.

While long-term studies have not yet been conducted, there is evidence that Impact Sourcing can have positive impacts on multiple aspects of well-being for workers and their families. In order to identify and understand the impacts of employment on the lives of BoP workers and their families, Dr. Ted London's BoP Impact Assessment Framework (BoP IAF) was selected as the basis for impact analysis. The BoP IAF provides managers and funders with a robust and systematic approach to understanding venture influence on local stakeholders and communities. The BoP IAF provides a complete view of social and economic value created across three areas of well-being: economic, capability and relationship.

A total of 18 interviews were conducted with BoP workers and ISSP staff members. The workers employed by ISSPs who were interviewed were between the ages of 18 and 25. All the employees interviewed had English language skills, some computer skills, and had at least received a high school degree. The major impacts on workers identified as a result of ISSP employment include:

Changes in economic well-being:

- Increases in income
- Increase in income stability
- Increase in savings
- Increase in risk due to opportunity costs

Changes in capability well-being:

- Increase in skills and knowledge
- Increase in aspirations, self-esteem and goals
- Increase in work experience
- Increase in stress levels

Changes in relationship well-being:

- Improvement in household relationships
- Improvement in community reputation
- Increase in social and professional networks
- Improvement in perspectives on education and working while studying

While high-level impact analysis helps provide a more holistic understanding of the impacts on the well-being of BoP workers, further rigorous and quantitative impact assessment is needed in order to further develop the supporting case that will allow clients and other organizations to move forward with Impact Sourcing projects or support them through philanthropy. Performing detailed impact assessments would also allow ISSPs to better understand how to improve their business models and support services in order to maximize impact.

ISSPs visited also mentioned several lessons learned in regards to working with BoP employees. Key lessons learned include 1) better manage student workers by developing flexible policies, 2) take into consideration the long-term benefits of developing BoP workers, 3) plan for some re-training, 4) document newly developed processes related to worker training, 5) hold smaller and more skill-specific training sessions, 6) move accomplished workers to higher level tasks as they mature and grow, 7) develop innovative strategies to recruit BoP workers, and 8) gain support in securing domestic work.

- **Chapter 7** provides an overview of the skills available within the BoP workforce and the tasks that the BoP workforce currently accomplishes in the Impact Sourcing space. Then, a methodology was developed — using the Raman Roy Task-Based Framework — to identify the potential, additional tasks that BoP workers could accomplish to expand the Impact Sourcing space toward its full potential.

The tasks that BoP workers currently accomplish were determined and validated by identifying the various tasks that fourteen ISSPs undertake. The thirteen major tasks currently undertaken by BoP workers in ISSPs include:

- Data entry, data processing, data conversion, data scanning & capture, data cleansing & consolidation, data mining & extraction, domestic voice support, documents & records management, transcription, digitization & archiving, editing & tagging, social media/digital marketing, and translation.

A list of potential additional tasks that could be performed by a poor and vulnerable workforce was also developed by examining processes and tasks within the major types of horizontal services in the BPO industry. The list of additional tasks potentially suitable for a poor and vulnerable workforce to perform includes:

Data Entry & Conversion:

- Data entry, data collection, other back-office support, invoice receipt & scanning, and inbound calling.

Rules-led Processing

- Secondary research, data transcription, data cleansing, data classification, data codification, P.O./invoice/order processing, order tracking, accounts payable support, general ledger/bank reconciliations, outbound calling, and telemarketing.

The task-mapping exercise led to several recommendations about how the BoP workforce and ISSPs could capture a greater share of work within the BPO industry and to help the Impact Sourcing space achieve its full potential. These include:

- ISSPs should increase the scale of the types of tasks that they already do, which primarily lie in the first category of the Roy framework (i.e., “Data Entry & Conversion”).
- ISSPs should work to capture additional tasks within the first category of the Roy framework. ISSP workers

already have the skills needed to perform this work but are not currently doing so.

- ISSPs should selectively invest in higher value-added BPO employment by seeking to capture work in the second category of the Roy framework, “Rules-led Processing.” This would require additional training, but the skills upgrading appears to be modest.

Section Three: Building a Thriving Global Impact Sourcing Industry (Chapters 8–9) describes the methodology used to identify twenty countries that show the highest potential to develop Impact Sourcing capabilities and thus could serve as the focal points for future supporting organization interventions. In-depth assessments were then performed on each of these countries.

- **Chapter 8** identifies twenty countries that appear to be suitable for further investigation. Given the large number of countries involved in the BPO space, the WDI team presents the regional assessment methodology used to derive this shortlist of countries.

An initial list of 64 countries was created. The final countries were selected based on a selection framework that was developed, which includes 1) availability of BoP workers, 2) the presence of Impact Sourcing activity, 3) level of BPO activity, 4) A.T. Kearny GSLI Rankings, 5) size of offshore industry, and 6) size of country. The twenty countries selected for further research include:

Latin American and Caribbean:

- Argentina, Brazil, Costa Rica, and Mexico.

Middle East and Africa:

- Egypt, Ghana, Jordan, Kenya, Morocco, Nigeria, Senegal, South Africa, Uganda

Asia and Pacific Countries:

- Cambodia, China, India, Malaysia, Philippines, Sri Lanka, Vietnam

- **Chapter 9** then prioritizes the twenty countries with promising Impact Sourcing potential. A methodology and framework were developed to categorize the countries. The scores received by each country were then complemented with information from additional primary and secondary research. Countries were categorized by taking all of these factors into consideration.

Five major influence factors were identified in order to provide a comprehensive view of each country and serve as the basis for cross-country comparisons. The five major influence factors include 1) business environment, 2) Base of the Pyramid population (BoP) characteristics, 3) education, 4) labor force, and 5) BPO industry characteristics. Based on chosen influence factors, several common indicators that were available for each category were identified (e.g. index of economic freedom, Gini index, adult literacy rates, etc.). A scoring and ranking system was developed and each country was scored. In order to support and validate the primary scoring system, a hierarchical cluster analysis was also performed in order to organize countries into common groups. A final prioritized list of countries was created and organized into relevant groupings. Countries were organized into four groups, with the lowest number group representing the highest priority. The grouping of countries includes:

- *Priority 1 countries – India, Kenya, South Africa, and Ghana*

These countries received the highest scores in the scoring analysis and already show high levels of Impact Sourcing activity. These countries also demonstrate government and industry commitment to develop favorable policies and programs in order to enhance the capabilities of ISSPs. These countries serve as strong models for testing whether Impact Sourcing can be scaled-up through supporting organization intervention.

- *Priority 2 countries – Uganda, Nigeria, Cambodia, and Vietnam*
These countries received scores in the upper range of the scoring spectrum, just below Priority 1 countries. They also tended to contain limited levels of Impact Sourcing activity in comparison to Priority 1 countries.
- *Priority 3 countries– Brazil, Sri Lanka, Senegal, and Morocco*
These countries received scores in the middle to lower range of the scoring spectrum. Yet, they tend to have large BoP populations and some levels of BPO activity that could support the development of Impact Sourcing in the long-term.
- *Priority 4 countries – Egypt, Philippines, Mexico, Costa Rica, Malaysia, Jordan, China, and Argentina.*
These countries received scores on the relatively low end of the range in comparison to the other countries in the sample.

Section Four: Conclusions and Recommended Interventions provides recommendations on actionable interventions that it could implement to promote the expansion of the Impact Sourcing space into a thriving Impact Sourcing industry that captures a significant portion of the BPO industry.

Recommendations include the following:

- Conduct impact assessment studies to understand the impacts of Impact Sourcing employment on poor and vulnerable workers, so as to provide better information to BPO clients and other organizations (i.e., governments, NGOs) that might be interested in participating in Impact Sourcing.
- Support impact sourcing service providers by establishing training centers for their workers.
- Develop a hosted online platform focused on the field-wide promotion of Impact Sourcing and the connection and engagement among relevant stakeholders.
- Facilitate a series of knowledge dissemination events like summits/seminars for both clients and impact sourcing service providers.



Section 1:

Understanding the Business Process Outsourcing (BPO) Industry

1. Why Do Firms Outsource?

The overarching objective of every firm is to create value. Two key management and economics frameworks – the **value chain framework** and **transaction cost economics** – offer perspectives on how firms create value as well as develop insights into the types of activities that firms should focus on in order to maximize value creation.

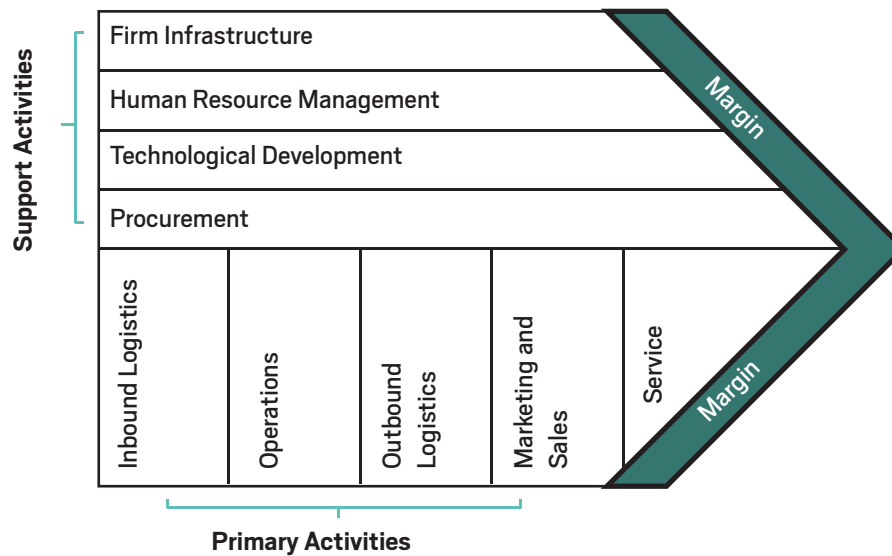
1.1. The Value Chain and Transaction Cost Economics Frameworks

The Value Chain Framework

The term “value chain” was coined by Michael E. Porter and popularized in his 1985 book titled “Competitive Advantage: Creating and Sustaining Superior Performance.” Porter’s central insight was that a firm is a system of interconnected activities, and a firm’s competitive advantage depends upon how well it performs (or extracts value from) those activities.

Activities that directly impact a firm’s product or service are called *primary activities*, while *support activities* do not impact the product or service directly but are required for efficient operation of a firm. See **Figure 1** for examples of primary and support activities.

Figure 1: Porter’s Value Chain Framework¹²



The key insights distilled from this framework that impact a firm’s decision to outsource are the following:

- **Superior performance in specific activities enables a firm to have competitive advantage.** This is why firms across many industries focus on a few core activities.
- **Competitive advantage is derived from one of two sources, low cost or differentiation:** A firm should not follow a low-cost strategy for one set of activities and differentiation for the others. It is more effective to choose one overarching strategy and ensure that focus of all other activities is aligned with this strategy.
- **Firms should focus resources and managerial attention on a few key activities** and accept industry standard performance for non-key activities.

Porter’s framework helps demonstrate that for a firm to create value and maintain its competitive position, it should focus only on a few core activities that add value and consider alternatives like outsourcing for non-core activities.

The Transaction Cost Economics Framework

In his 1937 paper titled “The Nature of the Firm,” Ronald Coase explored why some transactions occurred inside the firm and why others were mediated by the market. The Transaction Cost Economics (TCE) framework explores the factors that determine whether a transaction should occur inside or outside a firm.

Although market-mediated transactions may have higher efficiencies and performance, they also often have higher transaction costs. Transaction costs plus the cost of production and distribution determine the total cost of a good or service. These costs together help an organization determine where an activity should take place – inside or outside (e.g., outsource the activity) the firm. Transaction costs fall into three broad categories:

- **Search and information costs** are incurred when a firm starts searching for information about goods or services in the marketplace to determine their availability and price. For example, search costs are incurred when a firm is searching for a vendor in a distant country.
- **Bargaining costs** are incurred during the negotiation phase. Before an agreement is accepted by both firms, costs related to travel and communication as well as legal and consulting fees are incurred by both parties. For example, a service level agreement (SLA) is created when entering into a relationship with an offshore vendor. Such agreements can be very detailed and costly to develop.
- **Policing and enforcement costs** are incurred to ensure that the other party acts according to the terms of a contract.

In addition to taking these three types of transaction costs into consideration, there are three features of transactions themselves that determine if they should be provided internally or executed outside the firm:

- **Frequency** – If the transaction is needed infrequently by the firm, then it is most likely going to occur in the market. Given the variety of demands for a firm’s resources, it is hard for a firm to invest in activities that occur infrequently.
- **Uncertainty** – If a transaction has a relatively low level of uncertainty in terms of outcome, then it is more feasible to let another firm in the market perform it. Uncertainty also increases with the length of time of involvement with another firm (e.g., a five- or ten-year lease has a great deal of uncertainty, because many factors or variables could come into play over this long period). Thus, transactions that go over a longer period of time are more likely to be executed internally to offset the costs related to uncertainty (e.g., monitoring, enforcement).
- **Asset specificity** – If a transaction requires a specific asset for which there is little alternate use, then that asset becomes valuable for just one transaction. This increases the probability of internal provision of such assets because a transaction across a firm’s boundary would subject the asset owner to “hold-up” or renegotiation (e.g., it could be exploited). Internal provision minimizes such behavior.

Both the Value Chain and Transaction Cost Economics frameworks demonstrate that for firms to create value, activities that are non-core and transaction-oriented (i.e., not long-term), have low uncertainty, or do not require specific assets have the highest potential to be outsourced as a way for a firm to maximize value creation.

They also shed light on the fact that – contrary to the popular belief that firms outsource labor-intensive (i.e., costly) activities – there is a more nuanced and systematic way that firms determine if an activity is feasible to contract to an outside firm. First, a firm must determine what are and are not its core activities. Of those non-core activities, there are specific characteristics of activities that determine whether value can be created by outsourcing them (e.g.: Can the work be done remotely? Can a viable and enforceable contract be created to govern the relationship between the two parties?). If activities do not have these characteristics, then outsourcing may create more costs than value.

1.2. Business Determinants of Outsourcing

The Value Chain and TCE frameworks illustrate the potential for firms to create value by choosing to outsource certain

activities.^v This section will provide a bit more detail about the characteristics that determine whether a particular process or task (the component parts of activities) is a strong candidate for outsourcing.

Factors That Influence a Firm’s Decision to Outsource in General

Factors such as 1) *the business case* for outsourcing an activity (Do the savings outweigh the costs and risks?), 2) *the separability* of the activity (Can it be easily moved outside the firm’s or the nation’s boundaries? Can the component tasks be easily separated from other processes of the firm, so that coordination among the firm’s employees and the outsourcing providers is not onerous?), 3) *the transferability* of the activity (Can the capacity or knowledge to perform a process or tasks be easily transferred from firm staff to a service provider?), 4) *the manageability* of the activity (Can a process’s or task’s desired outcome be well defined in a contract and feasibly monitored?), and 5) *the market availability* of the activity (Are there existing service providers in the market that have the capability of executing these processes or tasks well?) all determine whether a firm can outsource an activity successfully.

Factors That Determine Whether Outsourced Activities Can Be Offshored

Offshoring involves moving a firm’s processes and tasks across country borders. Additional factors need to be taken into account when determining whether or not to offshore, such as 1) *the need for physical proximity* (Does the activity itself require physical presence?), 2) *restrictive regulatory environments* (Do any laws or regulations hinder a process or tasks from being outsourced? ((e.g., a US-licensed medical professional might be required to sign reports that (s)he has overseen a certain process))), 3) *the need for in-person contact* or in-person daily collaboration, and 4) *the need for dense information exchange* (e.g. some processes like brainstorming or annual reviews require significant information exchange, which is not done optimally via communication technologies).

The Four Basic Firm Sourcing Options

Figure 2 that follows provides a visual representation of the four basic types of sourcing options that a firm has – in-house sourcing, local outsourcing, in-house offshoring, and offshore outsourcing. The focus of this report will be on the sourcing options that involve the remote provision of services (i.e., in-house offshoring and offshore outsourcing). It is important to note that the opportunity to provide services from remote locations has allowed BoP communities to participate in the BPO industry, as BoP workers can now access employment opportunities previously unavailable to them in their local economies.

Figure 2: Firm Sourcing Options

| | | Geographic Location | |
|----------------|--------------|---------------------|----------------------|
| | | Local | Remote |
| “Make vs. Buy” | Within Firm | In-House | In-House Offshoring |
| | Outside Firm | Local Outsourcing | Offshore Outsourcing |

^v Activity is a general, overarching term. **Activities** of a firm are broken down into component **processes**, and a process’s component parts are called **tasks**.

1.3. Global Drivers of the Outsourcing of Services

Finally, while many factors drive a firm's decision to outsource activities, there are several macro-trends driving growth in the outsourcing of services:

- **Global macroeconomic liberalization** – For services globalization to occur, countries must be able to fairly and effectively engage in trade. Over the last few decades, developing countries have increasingly opened their borders to foreign investments and trade. A country's openness to international trade and investment is extremely important for its economic progress. Data shows that within a short span of 13 years the percentage of people living in such "open" economies rose from 23 percent in 1985 to 78 percent in 1998.¹³
- **Digitization of business processes** – The increase in demand for outsourcing and offshoring is largely due to the digitization of a wide range of business processes like payroll and customer support. When a task is digitized it can be much more easily moved across firm or national boundaries. Consider paper accounting records versus an electronic database of accounting records. It is obviously much easier for workers in a remote location to access the electronic records. Because of digitization, more and more firms have moved to outsource tasks.
- **Technological innovations and adoption of technology** – Rapid improvements since the 1990s in information and communication technologies have enabled more activities to be executed remotely in a cost-effective manner. In recent years, the worldwide cost of telephone calls, personal computers, and high-speed Internet has dropped significantly. Also, cloud computing technology^{vi} shows the potential for transforming the economics of remote service work. Cloud computing, or hosted technology services delivered on a pay-as-you-use model, is an emerging technology. By combining a BPO agreement with a cloud computing component, companies will be able to reduce their costs by paying only for data accessed or services used, thus avoiding multi-year and high-dollar contract commitments.¹⁴
- **Growing capabilities of the worldwide workforce** – Managerial and technical knowledge has increased over the past twenty years in the developing world. The rise in highly respected business and engineering schools in the developing world and the availability of lucrative career-building opportunities have slowed down "brain drain" from developing markets. Western immigration policies, especially after 9/11, have also made relocation difficult.
- **The emergence of a global business culture** – Due to societal changes and technological advances, developing countries are now more exposed to and familiar with the business culture previously associated with developed nations (e.g., workers in developing nations have more skills in English, the predominant language of business).

All of the trends described here have significant momentum, with little chance of reversal. As a result, it is likely that the BPO industry will continue to grow.

vi **Cloud computing** entrusts services with a user's data, software, and computation over a network. It provides the means through which everything – from computing power to computing infrastructure, applications, and personal collaborations – is delivered as a service, wherever and whenever one needs it. (Lesley Meall. "Do you know your clouds?" Information taken from interview with Judith Hurwitz, president and chief executive of Hurwitz & Associates).

2. Business Process Outsourcing (BPO): Industry Landscape

Now that we know why and when firms find it opportune to outsource, this chapter provides a high-level overview of the BPO industry, how it emerged, why it has grown so quickly, and its potential future state. This is important to know in order to understand how and why the Impact Sourcing – or socially responsible outsourcing – space emerged and to assess its future potential.

2.1. BPO Industry History

The Four Generations of BPO Work

The first wave of BPO in the late 1990s focused on cost savings. Organizations outsourced non-core activities by transferring their own people and technology to locations with lower cost structures or to external service providers in similar locations. This model was referred to as “lift and shift.” The second wave, in the early 2000s, evolved from “lift and shift” (onshore) to a global delivery model (offshore). Labor arbitrage became the new value proposition, and non-core processes were outsourced. The third wave in the mid-2000s focused on global delivery of end-to-end processes using process methodologies like Six Sigma and lean manufacturing. Finally, the fourth (and current) generation of BPO focuses on using analytics on all transactions to achieve desired business outcomes. BPO providers with industry expertise can use analytics to provide client firms with strategic business insight.

Future generations of BPO work will likely involve using investments made in cloud computing, analytics, and mobility to build better business platforms. The overarching purpose will be to create more flexible and scalable delivery models. Service providers will pursue global delivery models that provide 24x7x365 service to client firms. Future generations of BPO work will also likely use social networking as an extension to these new business platforms. They will create learning communities of client firms by using social media to create a force for future innovation and to source talent globally.¹⁵

Origins

It is important to note that outsourcing started with software development work, or information technology outsourcing (ITO). In the 1980s, US companies began to offshore some BPO-type work (e.g., call centers and accounting work) to Mexico and the Caribbean. By the early 2000s, all major IT outsourcing companies also offered BPO services like data entry, document transcription, call centers, and medical billing.

Developing countries took advantage of the growing BPO industry to fuel GDP growth and employ millions of citizens. In India, for example, BPO employs over three million people in the offshore sector (both IT and BPO). Each of these direct jobs is estimated to create as many as three to four additional employment positions.¹⁶ Other leading geographies for BPO work emerged, such as the Philippines, China, and South Africa.

2.2. The Benefits and Drawbacks of BPO

There are a variety of benefits derived from outsourcing that accrue to client organizations, the workers within BPO providers, and the countries in which BPO providers exist. A major positive outcome of the industry is the generation of employment opportunities for people with diverse qualifications. This inclusive approach to job creation shows great promise for the employment of BoP workers, and this will be further discussed in **Section 2** of this report.

Benefits of Outsourcing

From the perspective of the client organization:

- **Lower costs** – A major benefit driving the majority of outsourcing activities is cost savings. For example, accountants in India earn about one tenth of the salary of their American counterparts.¹⁷
- **Skilled expertise** – Outsourcing frees a firm from the hassles of finding talent with the specific skills to accomplish

certain tasks and from developing the management capabilities to manage non-core tasks.

- **Time difference** – One benefit of offshoring work to countries in certain geographic regions is the time zone difference. Tasks can be performed while businesses in the US are closed. For example, US consulting firms can have their presentation slides prepared overnight by people working in countries like China.
- **Focus on core competencies** – By outsourcing non-core business functions, the firm can focus its energy and investments on improving core processes.
- **Increased productivity and efficiency** – BPO service providers are generally specialists in the processes that are outsourced to them. Specialized providers can develop specific expertise, gain scale not available within any one firm, and invest in innovation specific to their focus areas. Such re-engineering of business processes can often lead to more significant savings than labor cost savings.

From the perspective of BPO providers, their employees, and BPO provider countries:

- **Employment opportunities** – A major impact of the BPO industry has been the creation of employment opportunities. For example, in a relatively short period of time, when compared to other industries, the IT-BPO sector in India has served as one of the largest employment generators. Approximately 2.5 million jobs were created by 2011, and each direct job is estimated to create about 3.5 indirect jobs. The industry even added jobs during the financial crisis. Some reports estimate that the industry will add 10 million direct jobs by 2020. Additionally, the industry has been at the forefront of bridging the gender divide in India. About 30 percent of BPO employees are women, and over 60 percent of providers hire differently-abled people. In addition, the BPO industry hires people from varied educational backgrounds.
- **Export revenues** – The BPO industry brings in large amounts of export revenues to BPO provider countries. For example, in the Philippines, IT-BPO export revenues were \$8.9 billion in 2010, making it the second-largest contributor to the local economy. Even during the global financial crisis of 2008-2009, the Philippines IT-BPO industry posted 17 percent growth in revenues and added 70,000 people to the workforce.
- **Knowledge and skills** – The BPO industry is contributing to the formation of human capital by building the skillset of a large and growing workforce. BPO employees receive extensive opportunities to develop their skillset, specialize, and gain opportunities to perform additional tasks along the value chain.
- **Rise in consumer spending** – Most employees in the IT-BPO industry are college graduates. This has helped create a growing class of young consumers with higher disposable incomes, leading to increases in consumer spending and tax collection.
- **Service providers as MNCs** – The growth of outsourcing has enabled many BPO service providers to become multinational corporations themselves. This has increased the global profile of countries like India, the Philippines, and South Africa.

Potential Limitations of Outsourcing

While the BPO industry has generally benefited the various stakeholders involved, there has been some discussion on the shortcomings of the field:

- **Perception of low quality** – Like in any business, not all clients will be happy with the work accomplished by service providers. It is important to note that there is a difference between actual low quality and the perception of low quality. While there have been cases of low quality work in the outsourcing industry, in other instances clients sometimes had unrealistic expectations. For example, if an installation of an SAP system onshore takes x number

of days, clients should not expect the same turnaround time when systems are moved offshore.

- **Intellectual property protection** – A sizeable concern of many client firms is the potential loss of intellectual property (IP), particularly in countries like China that have weak enforcement of IP laws.
- **Security breaches** – There have been reported security breaches that negatively impacted the perception of the BPO industry. When confidential information (e.g., Social Security numbers) is compromised, there can be a great deal of negative publicity (e.g., in 2006 an employee at HSBC's call center in Bangalore was accused of selling customers' credit card details to criminals in Britain¹⁸).
- **Hidden costs** – A successful outsourcing arrangement requires management and staff resources at least partially allocated to the BPO service provider, which can add travel and communication costs. Both parties need regular interaction, especially in the beginning when knowledge transfer and process re-engineering occur. Oftentimes, this setup takes longer than anticipated. It is also important to note that not all outsourcing relationships end in success. The client firm needs to do an effective job of scoping providers and geographies, and then invest the time, capital, and resources necessary to ensure the relationship's success.
- **Lost jobs/political issue** – By 2015, 3.3 million US jobs will have moved offshore.¹⁹ This pattern causes turmoil in the developed nations in which client firms reside. There was political backlash in the US during the financial crisis of 2008-2009 due to high unemployment rates. Several anti-outsourcing bills were proposed that would punish companies that sent jobs overseas, and the offshore shift remains a controversial political issue in the US. Many studies, however, demonstrate that outsourcing actually benefits the US by an overall increase in productivity. A study by McKinsey estimated that for every \$1 of US services that is offshored, \$1.13 is accrued back to the US. The global gain from this transaction is \$1.46.

We will see in **Section 2** of this report that impact sourcing service providers (a niche type of provider within the BPO industry) can experience some of these drawbacks (perception of low quality, hidden costs, etc.) perhaps more severely than mainstream BPO providers, due to the fact that – by nature of their business model – they employ a BoP workforce.

2.3. Demand and Supply for BPO Services

Demand

Demand for outsourcing can be viewed at the geography, industry, and firm levels. In terms of geography, more than 50 percent of demand comes from North America, followed by 31 percent from Europe and 16 percent from Asia. Africa represents a small but growing segment.

In terms of industry, a study by Monitor Group showed that 50 percent of demand for BPO services came from the banking and financial services industry, followed by the high-tech/telecommunications industry at 22 percent, and manufacturing at 6 percent. Other industries (e.g., retail, healthcare, travel and tourism) each represented less than 5 percent.

At the firm level, demand for outsourcing services was initially led by large multinationals. Today, governments and public sector units are also outsourcing non-core processes. This is partially related to the digitization of records (e.g., one-time transfer of non-digital data, archive digitization, universal identity number projects) and the growth of e-government platforms. Small and medium-sized businesses are beginning to participate in outsourcing as well. Small firms accounted for more than 30 percent of companies initiating the outsourcing process in 2006, as compared to 10 percent in 2000. Several factors have influenced these decisions, including requirements by venture capital firms to have a sourcing strategy in place and growing pressure to reduce costs to remain competitive.²⁰

Supply

The supply of BPO services can be viewed from both the country and company level. From a country perspective, India and the Philippines are the largest players in the BPO space. In terms of major BPO provider companies, **Table 2** describes the largest organizations globally and regionally, based on total contract value awarded.

Table 2: Top BPO Service Providers by Total Contract Value

| | |
|--------------------|--|
| Global Providers | Accenture, BT, HCL, HP, IBM, TCS |
| EMEA Providers | Fujitsu, Capgemini, CSC, T-Systems, Aegis, Atos, Capita, Logica, Sabre Holdings |
| APAC Providers | Fujitsu, Genpact, Infosys, BSA, Downer EDI, Mahindra Satyam, Telstra, Xchanging, Wipro |
| Americas Providers | Genpact, Infosys, Capgemini, CSC, T-Systems, CGI, Cognizant, RR Donnelly, Xerox |

Source: ISG

2.4. Typology of Outsourcing Work and the Roy Framework

Horizontal vs. Vertical BPO Services

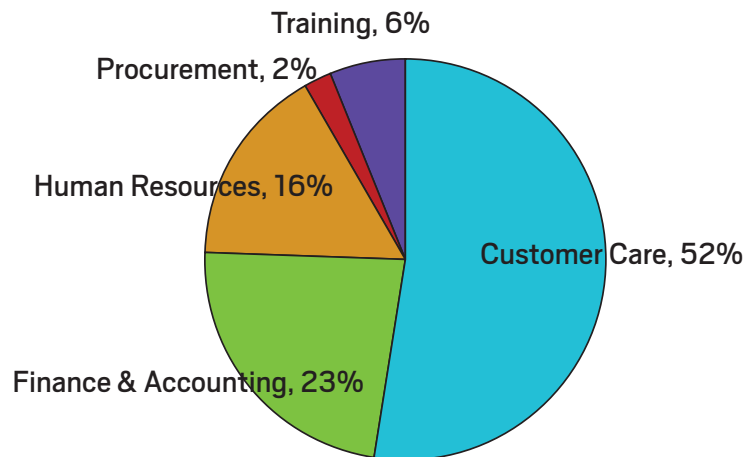
The types of services that BPO providers offer to client firms can be categorized broadly as horizontal versus vertical services.

Horizontal services involve function-centric outsourcing. The BPO provider specializes in carrying out a particular set of functions across all industry domains. The providers are process experts. Some of the most popular types of function-centric outsourcing are related to human resources, procurement, knowledge process, finance and accounting, and customer care. **Figure 3** illustrates global spending in this context in 2010.

Vertical services are those in which the BPO provider focuses on various functional services for a limited number of industry domains. This type of BPO service requires a high degree of industry-specific knowledge. Providers become industry experts. Some examples of popular industry verticals include banking and financial services, healthcare, and retail.

The analysis done for this report will focus on the provision of horizontal services by a very specific type of BPO known as impact sourcing service providers (ISSPs).

Figure 3: Global BPO Spending Breakdown by Horizontal Service Category



Source: Monitor

Within both horizontal and vertical services, there are low-value and high-value activities (processes and tasks) that can be outsourced to BPO providers. The value of activities is correlated with the level of education required of the workers who perform them.²¹ The following framework helps conceptualize this notion.

Raman Roy’s Task-Based Framework

The Task-Based Framework²² was developed by early BPO innovator Raman Roy. The Roy framework^{vii} segments the tasks that BPO providers perform for client firms along a spectrum, based on the level of discretion allowed to the service worker. The four categories of the Roy framework are defined and examples are provided in **Figure 4**.

After reviewing several existing frameworks, the WDI team determined that the Roy framework was the most effective one to use to categorize the type of work that BPO providers perform. In particular — because this report will focus on the Impact Sourcing space within the BPO industry — the framework will be used in **Section 2** to describe the tasks that ISSPs currently do as well as to frame the types of tasks that the WDI team proposes ISSPs could do moving forward in order to grow the IS space.

Figure 4: Roy Task-Based Framework

| Task Category | Definition | Example |
|-------------------------|---|---|
| Expert Services | Tasks that require that the service worker be an expert in the area of service being offered. These tasks fall on the high end of the value chain and can be referred to as knowledge process outsourcing (or KPO). | Tasks: Analytics and legal process outsourcing |
| Problem Solving | Tasks that involve working from more complicated and ambiguous rule sets in order to pursue a goal established by the client firm. This generally requires professional knowledge and judgment. | Task: Make a medical claims adjustment |
| Rules-led Processing | Tasks that involve decision-making by the worker based on clearly defined and simple rules established by the client firm. They require simple judgment on the part of the worker. | Task: Decide whether to upgrade client to business class or to provide additional customer discounts, based on criteria |
| Data Entry & Conversion | Tasks related to the capture and conversion of data that require attention to detail but no judgment on the part of the worker. These tasks fall on the lower end of the value chain. | Tasks: Data entry, simple account reconciliation, medical transcription |

As BPO providers move up the value chain and perform high-value tasks and processes that require increasing levels of discretion, lower-value services will be left to be performed by new workers, including potentially those at the BoP.

vii Raman Roy’s Task-Based Framework is often referred to in this report as “the Roy framework.”

3. Future State of the BPO Industry

3.1. BPO Industry Current Size and Future Outlook

BPO has evolved over the past two decades to become a massive worldwide industry that directly impacts both international trade and the global economy and has proven its resiliency as an industry, despite the global economic crisis. Global spending on BPO in 2011 was estimated at \$147 billion and is expected to reach \$178 billion by 2015 with a compounded annual growth rate (CAGR) of 4.9 percent.

There are varying estimates on future growth rates and industry size, as different sources measure the BPO industry in different ways. For example, some measure the entire outsourcing industry, which includes both domestic and offshore outsourcing. Others measure only offshore services. As a result, it is difficult to compare growth rates from different sources. The positive news is that despite these differences, there is consensus that the industry has tremendous potential and will continue to grow. **Table 3** shows data drawn from various sources on the estimated future size of the BPO industry.

Table 3: Estimated Future Size of the BPO Industry

| Source | Market Size (Year) |
|--|------------------------|
| NASSCOM ²³ | \$178 billion (2015) |
| IDC ²⁴ | \$202.6 billion (2016) |
| Frost & Sullivan | \$206.7 billion (2016) |
| Global Industry Analysts, Inc. ²⁵ | \$280.7 billion (2017) |

For purposes of this report, the BPO space includes all segments except for information technology outsourcing. ITO primarily involves software development and is qualitatively different from the business process outsourcing (or “back office work”) that is the focus of this analysis.

3.2. Challenges to the Future Growth of the BPO Industry

The BPO industry faces a number of challenges to additional growth, particularly in locations where the industry is mature (e.g., India). Challenges include an increased cost structure for BPO providers. Increasing costs have caused decreasing margins on BPO work for low-end activities. Such low-end work has become commoditized, as client firms are increasingly price sensitive and new BPO providers continue to emerge. It has become difficult for established BPO locations to remain competitive due to factors such as:

- **High attrition rates** – Both emerging and established BPO destinations face high attrition rates. High turnover rates are a serious issue for many BPO firms. In emerging destinations like Brazil the rate is approximately 15 percent, and in established destinations such as India it is as high as 50 percent.²⁶ The return on investments in recruiting, training, and managing staff can be greatly impacted.
- **Wage inflation** – Wages are typically the principal cost component; thus, increases in wages directly impact the margins earned by service providers. Wage increases also impact the savings potential for client firms and compel them to seek alternate service providers. (Wage inflation in India is approximately 15 percent.²⁷)
- **Rising infrastructure costs** – Growing demand for finite resources has escalated the costs related to office space and other infrastructure. When a BPO firm is located in a business district, the entire ecosystem needed for its operation is readily available. However, if desired locations lack basic facilities, this can add to the cost structure. For example, companies might have to provide transportation for employees if offices are located in areas not served

by public transportation.

- **Supply constraint on talent** – One of the biggest challenges facing mature BPO destinations is a constraint on talent. For example, it is estimated that India will face a shortage of 0.8–1.2 million entry-level graduates by 2012, thus driving up wages for qualified entrants or pushing BPO providers to expand to other countries.²⁸

Actions to Address Challenges to Growth

Stakeholders within the BPO industry have taken numerous actions to address these challenges, including the following:

- **Moving to new geographies** – As labor and other costs increase in mature markets, clients and BPO providers alike are seeking low-cost talent in emerging geographies like Vietnam, Thailand, Argentina, South Africa, and Kenya.
- **Moving to tier 2/3 cities and/or rural areas** – A NASSCOM^{viii} analysis shows that operating costs can be reduced by 20 to 30 percent by moving into so-called Tier 2 or Tier 3 cities.^{ix} This is primarily because labor costs there are about half of those in Tier 1 cities. Moving to Tier 2/3 cities is a current trend. In fact, the number of new BPO service centers in Tier 2/3 cities is now almost twice that of Tier 1.²⁹ Expanding to Tier 2/3 cities also expands a BPO firm's access to new talent.
- **Identifying low-cost suppliers, including ISSPs** – BPO providers are beginning to outsource or subcontract their work to smaller, lower-cost service providers such as ISSPs.^x Typically, low-end work on the Roy framework's spectrum (e.g., data entry, scanning) is outsourced.
- **Partnering with governments and donor agencies** – In addition to industry efforts, governments are playing an important role in addressing the aforementioned challenges. Through favorable policies and incentives, governments help to create BPO hubs in Tier 2/3 cities and in rural areas. For example, governments invest in skills development by providing funding for training programs that prepare citizens for BPO jobs. Recently, the Tamil Nadu government in India unveiled its rural BPO policy, which incentivized existing players and entrepreneurs (through subsidies and training support) to set up BPO businesses in rural areas.³⁰

3.3. Conclusions

The BPO industry is large and growing, and has proven to create substantial value for client firms in developed nations as well as for the citizens and countries that provide BPO services.

Due to rapid industry growth, various challenges (e.g., rising costs, infrastructure issues, talent shortages) currently confront BPO providers. In response, mainstream BPO providers are reviewing their capabilities and acquiring other companies to fill gaps in their service offerings. Also, large BPO providers are striving to provide end-to-end services in the information technology outsourcing and the knowledge process outsourcing segments of BPO work in order to acquire new customers and perform processes and tasks on the higher end of the value chain. As the business of providing KPO services versus BPO services is significantly different (see **Table 4**) – namely, KPO is not a scale business but rather an insight-driven business, while BPO is a volume-driven business – mainstream BPO providers are contracting low-end work (popularly referred to as “back-office work”) to emerging, lower-cost BPO companies.

viii National Association of Software and Services Companies

ix Metros like Mumbai and Shanghai are considered **Tier 1** cities. **Tier 2** cities (e.g., Jaipur, India) have smaller populations than Tier 1 cities, and Tier 3 cities have the smallest populations (e.g., Madurai, India). There are not formal definitions of these categories. They depend upon the context in which they are used.

x **ISSPs** are socially-minded BPO firms that hire from the BoP. The field of Impact Sourcing and ISSPs is covered in detail in **Section 2**.

Table 4: Differences between KPO and BPO

| KPO | BPO |
|---|--|
| Higher degree of complexity | Less complex and more process-oriented |
| Insight-driven | Volume-driven |
| Relies on knowledge arbitrage | Relies on cost arbitrage |
| Greater collaboration between vendor and client | Outsourced processes need not be customized for the client |
| Scale-up based on skills and domain expertise | Scale-up based on infrastructure and logistics |

Likewise – in order to mitigate risks and source from “best of breed” BPO providers – client firms’ preferences are shifting toward smaller-sized service contracts with shorter durations. These industry trends have set the stage for the emergence of impact sourcing service providers, which can reduce costs and expand the talent pool of the BPO industry by extending BPO work to poor and vulnerable populations at the Base of the Pyramid. The following section of this report provides a thorough overview and assessment of this emerging Impact Sourcing space.



Section 2:

Assessing the Impact Sourcing Space

4. Impact Sourcing Overview

4.1. Defining Impact Sourcing

Impact Sourcing, also known as socially responsible outsourcing, refers to an arm of the BPO industry that employs people at the base of the pyramid as workers. Impact Sourcing first evolved as a new sub-sector of the BPO industry in India as rising costs in urban centers forced many BPO companies to focus on higher-end services such as voice. New BPO companies sprang up in rural India where they enjoyed both lower costs and attrition rates. Those BPOs employed high school graduates and university students from agrarian, low-income families. The traditional BPO sector is generally associated with high-end, high-contact functions like call centers, which require significant levels of education and language literacy. The Impact Sourcing space, however, focuses on utilizing workers from poor and vulnerable communities to perform functions with lower and moderate skill requirements such as scanning documents, data entry work, data verification and cleaning, video tagging, and microwork.

The Rockefeller Foundation defines Impact Sourcing as “employing individuals with limited opportunity for sustainable employment as principal workers in business process outsourcing centers to provide high-quality, information-based services to domestic and international clients.”³¹ Another reference point on Impact Sourcing is the Global Sourcing Council’s Sustainable and Socially Responsible Sourcing (3S) models. The council’s models of Impact Sourcing include the following:

1. **Impact Sourcing Service Providers (ISSPs)** – ISSPs are organizations with a social mission and primary objective to hire workers from poor and vulnerable communities. Many ISSPs have emerged over the last decade (e.g., Samasource, RuralShores, and Digital Divide Data). For example, Digital Divide Data operates BPO centers that employ disadvantaged youth in Cambodia and Laos and has recently started a BPO center in Kenya.
2. **BPO Direct Hiring** – Under this model, traditional BPO firms directly hire people from the BoP. For example, through an initiative of the South African government, the Monyetla Work Readiness Program for BPO provides training to disadvantaged youth. It has formed partnerships with several established BPO firms, which will hire the graduates after they complete this training program.
3. **BPO Firms Subcontracting Work to ISSPs** – Under this model, established BPO firms subcontract work to ISSPs working in underserved areas. This model provides an opportunity to scale Impact Sourcing. For example, the NASSCOM Foundation in India works with established BPO firms to subcontract their work to smaller, rural ISSPs.

4.2. Major Trends Influencing the IS Space

Impact Sourcing serves as a response to the BPO industry’s need to shift to a more effective delivery model for low-end to medium-skilled work. There are several key trends that influence the development of the Impact Sourcing space.

Constraints faced by current BPO service providers — such as wage inflation, high attrition rates, and finding an adequate supply of qualified workers — directly impact providers’ cost structures, rendering mainstream BPO service providers uncompetitive for low-end tasks that are highly price sensitive. In response (and as mentioned in **Section 1**), BPO firms are already moving to alternate locations (e.g. Tier 2 and Tier 3 cities) and using ISSPs for some work. By 2020, it is estimated that the BPO industry will employ four million people from Tier 2/3 locations.³² This is twenty times the number of employees currently operating from these destinations. Emerging destinations like Vietnam, Ghana, and Kenya offer lower costs compared to established destinations; so, service providers from more established BPO hubs are hiring people from these emerging BPO countries.

Also, as established BPO firms move up the value chain and focus on high-end tasks, they can subcontract tasks at

the low or middle end of the value chain to ISSPs. This “de-skilling” of tasks creates efficiencies for BPO firms, as ISSPs’ cost structures can be about 40 percent lower than those of mainstream BPO firms.³³ The pricing provided by ISSPs allows BPO firms to be competitive in providing low-end tasks while lowering the risk of moving BPO jobs to alternate low-cost destinations. In addition to these trends, several other key factors currently make Impact Sourcing an attractive opportunity.

1. Positive demand and supply side factors –

Demand-side: Many clients value the social mission behind Impact Sourcing. For example, universities, NGOs, foundations, and some firms in the private sector have chosen to engage with ISSPs.

Supply-side: Per a recent study, the people available in rural and small towns in India are an underutilized resource.³⁴ Thus, there is a potentially vast supply of low- to medium-skilled workers with basic levels of education in BoP communities.

2. **Continued and growing demand for back-office work** – The demand for back-office work like data entry, domestic/basic voice, digitization, video-tagging, and general accounting will grow as organizations continue to outsource and offshore non-core tasks and processes. Considering that low-cost suppliers and ISSPs have already developed expertise in this type of work, further growth in demand should benefit these organizations.

3. **Declining technology costs and the increase in grant funding available to improve the financial viability of ISSPs** – Two emerging trends should improve the financial viability of ISSPs. First, emerging technologies like cloud computing are lowering set-up costs. As IT-infrastructure and software moves to the cloud, entry costs are lowered and capital is freed that can be used toward business development, marketing, and training. Second, emerging market governments and development agencies are starting to focus on development of the Impact Sourcing space, and thus grants are increasingly available to cover capital requirements and fixed costs.

4.3. Current State of the IS Space

Impact Sourcing is still a nascent field that makes up a small but growing part of the business process outsourcing industry.

- **Market size** – According to recent reports, the current Impact Sourcing market size is estimated at \$4.5 billion, which represents about 3.8 percent of the \$119 billion BPO industry.³⁵ Impact Sourcing directly employs approximately 144,000 people across all segments, and IS workers received \$1.2 billion in employment income.³⁶ Note that these BPO market size estimates may vary slightly from those presented in **Section 1** of this report, as they come from different sources.
- **Future outlook** – IS shows the potential to reach \$20 billion by 2015, representing about 11 percent of the \$178 billion projected for the future BPO market (as mentioned in **Chapter 3**). Direct and indirect jobs created will be approximately 780,000 and 624,000 respectively, and it is estimated that IS workers will receive over \$10 billion in employment income.³⁷
- **Tasks being outsourced** – Data work constitutes about 90 percent of the work in Impact Sourcing. Data work includes data entry, transcription, digitization, and video and image-tagging. Basic voice work constitutes the remaining 10 percent. Considering that domestic voice work^{xi} is increasing, it is possible that basic data work will constitute a lower percentage of Impact Sourcing work in the future.

xi Domestic voice work refers to BPO that involves answering calls and speaking directly to customers, from within the country in which a client firm exists (e.g., Digital Divide Data is an ISSP in Nairobi, Kenya, that services Kenyan firms and their customers).

- **Education level of IS employees** – The education level and skillset of Impact Sourcing employees tends to vary from country to country and between regions within countries. The education level ranges from high school graduates to college and even post graduates.
- **Roadblocks** – Considering the current size of the BPO industry and optimistic projections, the current size of the IS space appears to be relatively small. Research to date has identified some of the roadblocks that hinder the IS space from reaching its full potential:
 1. **ISSPs have difficulty partnering with mainstream BPO providers** because most BPO providers are risk-averse when considering whether to partner with ISSPs who have a short track record and no proof that they can handle sizeable contracts. However, ISSPs do not have the resources to make investments and scale if they are unable to first secure large contracts.
 2. **ISSPs must demonstrate that BoP workers are capable of completing contracted tasks** with high quality and on time. (Note that most ISSPs conduct their own training programs, which are costly and can erode cost competitiveness.)
 3. **ISSPs need dual positioning and branding.** For clients who are not affected by the social objective met by ISSPs, ISSPs need to position and brand themselves in a different manner.
 4. **Gaining traction can be difficult in emerging BPO destinations.** ISSPs in emerging BPO countries may face more obstacles in securing contracts than those destinations or regions within countries that already have a reputation for strong BPO work, like India.
 5. **Challenges arise with infrastructure.** The lack of adequate infrastructure (e.g., power and telecommunications) is an issue in locations where ISSPs are located.

Impact Sourcing is still a nascent space that does not enjoy growth rates similar to those of its parent BPO industry due to various challenges. Although some work has been done to identify these challenges, there are few published reports on the IS space that explore best practices for ISSPs, which types of BPO tasks BoP workers currently perform and could perform in the future to grow the space, the impacts of BPO employment on BoP workers and their families, and which countries show the highest potential for IS to flourish in the near future. **Chapters 5, 6, and 7** and **Section 3** present William Davidson Institute's original research on these topics.

5. Findings from Thought Leaders in the IS Space

5.1. Approach

WDI conducted interviews over the course of this research project to capture various stakeholders' perspectives on Impact Sourcing. Stakeholders interviewed included individuals from ISSPs, BPO service providers, and supporting organizations that work with both BPOs and ISSPs. The individuals interviewed are listed in **Table 5**.

Table 5: List of Interviewees

Impact Sourcing Service Providers

1. Digital Divide Data – Michael Chertok
2. Next Wealth – Mythily Ramesh
3. Sai Seva – Sujatha Raju, Prashanth Raju, and N.T. Shiv Kumar
4. Samasource – Jen Cantwell and Goldie Chow

Business Process Outsourcing (BPO) Companies

1. Infosys, Inc. – Rajesh Shetty
2. Next Services, Inc. – Sandeep Paranjpe

Supporting Organizations

1. Anavo Global LLC – Arvind Perumbala
2. Enablis Entrepreneurial Network – Betty Kariuki
3. Laurus Edutech – Srinivas Rao Cheedella
4. NASSCOM Foundation – Brett Sedgewick and Megha Bhagat
5. TechnoServe – Joan Leteipa

Interviews focused on understanding the challenges, lessons learned, and best practices gathered by these organizations throughout their engagements in the Impact Sourcing space. The interviews explored the following topics:

- Understanding the potential BPO tasks best suited for BoP workers
- Understanding the skills required for such tasks, current training programs, and potential training needs
- ISSP employment's impacts on workers from poor and vulnerable communities, from the perspectives of the thought leaders interviewed

5.2. Challenges Facing ISSPs

Many ISSPs were started by a group of well-intentioned entrepreneurs and BPO industry experts who saw the social and economic benefits of providing BPO jobs to workers from poor and vulnerable communities. While the potential for value has been outlined, many ISSPs still lack an established track record and thus face a unique set of challenges. Key findings from the interviews on ISSPs' challenges fall into the following five broad categories:

1. ISSPs find it difficult to secure new customers and work contracts

Securing contracts remains the biggest challenge for the majority of ISSPs and nearly all of our interviewees. Since it is a relatively new field, Impact Sourcing often requires “concept selling” to potential customers. This can involve leveraging industry contacts and networks and generally selling the concept and benefits of Impact Sourcing. Client firms and mainstream BPO providers are reluctant to award large contracts to ISSPs for several reasons, including:

a. Concerns about the ability of ISSPs to meet work criteria

Cost is not the only factor that drives decision-making around outsourcing for most clients. BPOs and clients have expressed concerns about the quality of work from ISSPs, the security of data, and the ability of ISSPs to meet quick turnaround times. Concerns about quality could be due to the lack of an established track record and uncertainty about the skillset of the BoP workforce.

b. Lack of ability to manage ISSP workflow

Some clients prefer to control how they manage the flow of work to their service providers; specifically, they prefer more high-touch interactions with their providers. As a result, some clients may prefer that the ISSPs they work with be located within a 30-minute drive from company facilities. This can be challenging, as many ISSPs are located in rural areas. Although management may be open to working with rural ISSPs, it can often be difficult for the operational staff to enable this relationship logistically, as distance interferes with the level of control between clients and ISSPs.

c. Smaller contract volume

Corporate social responsibility (CSR) initiatives oftentimes lead to smaller contracts (i.e., contracts that require 15 to 20 people). This type of work tends to be sporadic and involves shorter time frames, which makes it difficult for ISSPs to fully utilize their resources and achieve scale.

2. Lack of managerial talent in rural and non-metro locations

There is scarcity of managerial talent in rural areas and Tier 3/4 cities, and potential managers living in urban locations can be reluctant to move to rural locations for long periods of time. Internally developing management requires capacity building and training, which many ISSPs do not have the skills or resources to provide.

3. ISSPs incur additional costs and time training workers

BoP workers possess a variety of skillsets. Many BoP workers are high school graduates who may be primarily proficient in their local language; thus, ISSPs often have to make significant investments to train their employees in areas such as job roles, communication skills, English language skills, computer skills, and typing. Additionally, as many BoP workers have never been exposed to a professional work environment, they often have to be trained on topics such as working in an office environment, office communication (e.g., communicating to others when one will not be able to meet a deadline), and office etiquette. Many ISSPs also provide life skills training, including preparing workers for future opportunities in the job market and ensuring that they grow into well-rounded professionals.

There is no industry standard for training IS workers, and each ISSP provides training according to its capabilities. Securing funding to provide comprehensive training is a challenge faced by many ISSPs. While some BPO companies are open to training ISSP workforces, smaller training classes and long traveling distances make the time and resources necessary to support such efforts cost-prohibitive.

4. ISSPs find it challenging to quantify and demonstrate the positive social impact on poor and vulnerable workers

While ISSPs attempt to “sell” the social benefits of their work in initial talks with clients, many clients have

expressed interest in the quantification of impact, in addition to the anecdotal evidence now offered. According to one interviewee, many clients have made such requests, and start-ups do not have the resources or capabilities to collect evidence that demonstrates quantified impact.

5. ISSPs find it difficult to overcome the CSR and experimental mindsets of potential clients

Many BPO companies and client firms currently view Impact Sourcing mainly as a form of CSR. While some BPOs are willing to invest in small test-and-learning experiments because they see the potential future value and cost benefit of moving to non-traditional markets, they have not concluded without a doubt that Impact Sourcing creates mutual value for all stakeholders. Many interviewees compared the situation to the early 2000s when offshoring work first started in India. US clients had the same concerns related to the quality of work, data security, and turnaround times. Many interviewees expressed that they believe it is only a matter of time (potentially within two to five years) before the IS space gains reputability and grows dramatically.

5.3. Challenges Facing Mainstream BPOs When Working with ISSPs

BPO service providers can serve as clients for ISSPs, as they can outsource a portion of their back-office work to ISSP partners. While such a subcontracting relationship is easy to discuss conceptually, in reality there are a complex set of challenges that BPO companies face when attempting to develop partnerships with ISSPs.

1. Challenges relating to service level agreements (SLAs)

The SLAs that govern outsourcing relationships often have stringent requirements that prevent BPOs from subcontracting work to third party service providers. The other challenge regarding SLAs relates to the stringent requirements around disaster recovery. BPO companies have the resources to build data warehouses and can recover data in case of loss. ISSPs may not have the resource base to set up data warehouses; thus, there may be reluctance on the part of BPOs to hand over client work to ISSPs.

2. Longer learning curves of BoP workers potentially impact turnaround times

From a BPO company perspective, in addition to doubts surrounding the quality of work, subcontracting work to ISSPs may affect required turnaround times, as BoP workers have a longer learning curve compared to their urban counterparts. While most ISSPs agree with this assessment, they do not believe that this affects their ability to meet turnaround times.

3. Lack of necessary infrastructure in rural areas

BPO companies are concerned about the quality and reliability of infrastructure in Tier 3/4 cities and rural areas. In a country like India, where the reliability of electricity is an issue for metro areas and owning power generators is a necessity, BPOs are not confident about the infrastructure (i.e., broadband connectivity, electricity supply, etc.) in areas where ISSPs tend to operate.

4. Inability to handle the scale required by BPO providers

While ISSPs mention that BPOs are generally willing to provide only low-volume work (i.e., work that requires just 15-20 people), BPOs feel that ISSPs are not able to meet the scale necessary to quickly fill a 250-to-500-seat center. This could be due to issues such as the lack of talent in areas where ISSPs operate. Clients tend to be reluctant to give work to ISSPs that employ only 10-15 people. This has created a "chicken-and-egg" dilemma around scale: ISSPs need to win larger amounts of work in order to hire large numbers of people, but BPOs and clients want ISSPs to have large centers before they give them higher volume work.

5. Challenges engaging and working with ISSPs

In general, large BPO companies find it difficult to work with small ISSPs. According to one person interviewed, there are challenges around negotiating contracts, the amount of risk that smaller players are willing to assume, and tailoring the work product to customer requirements. Another interviewee stated that it was a myth that subcontracting would work in a mature location like India. The interviewee stated that subcontracting is still in an experimental stage, and it will take at least several years before there is deeper engagement between BPOs and ISSPs.

5.4. Best Practices to Mitigate Existing Challenges

While challenges related to the perceptions that BPO firms have of ISSPs may take time to overcome, many ISSPs have successfully surmounted operation-related issues and are showing success in securing contracts and delivering quality work within agreed-upon deadlines. The lessons learned and best practices from successful ISSPs can serve as a useful guide for new entrants into the Impact Sourcing space.

1. Focus on selling a value proposition rather than a CSR pitch for customer acquisition

One interviewee stated that ISSPs should not just be selling from a CSR perspective but rather should be taking a similar approach to other deal-making activities. ISSPs must tailor business propositions to their specific client projects and show the necessary value (i.e., a minimum 30 percent in cost savings) to be compelling. The interviewee also stated that ISSPs must sell clients on the “concept” that workers from the BoP can perform the work necessary to meet objectives and client requirements. Several interviewees echoed similar thoughts related to the sales process. In addition, several interviewees suggested that ISSPs should leverage their industry contacts and large networks, and CEOs/founders should participate directly in the sales process to increase the probability of closing deals.

2. Acquire domain-specific skills to develop a differentiated value proposition

Many ISSPs are currently providing an array of fairly generic services across many industry verticals. This consists primarily of back-office work with no particular specialization. While there are significant training costs and challenges to finding the required talent to focus on a particular sector, Next Wealth (for example) managed to successfully provide end-to-end healthcare services for one customer. It now manages and operates a 500-seat center that provides services for this customer. Next Wealth “started small” with this client and eventually grew to handle more complex work once the client was satisfied with the quality of work and Next Wealth’s ability to deliver. Partnering and focusing on domain-specific skills can enable an ISSP to grow, acquire domain knowledge, and scale when appropriate.

3. Leverage local colleges to find BoP and rural employment talent

It is possible to find college graduates in non-metro areas in India in the fields of business, science, and engineering. In fact, there is a supply of women graduates who, due to social norms, do not migrate to the city to search for employment. To mitigate talent availability issues, many ISSPs are located near colleges (i.e., a distance of 40-50 kilometers) as this provides a pipeline of talent when there is a need to scale. It is important to identify locations where there remains a steady supply of qualified students and resources.

One interviewee stated that even though the learning curve is longer, workers in rural areas have fewer distractions than their urban counterparts. They show greater motivation and work harder, as they do not have as many alternative employment opportunities. Attrition levels are also lower in areas where ISSPs operate. In addition to identifying optimal locations, another interviewee stated that working with regional NGOs could help provide access to the necessary local resources and talent.

4. Focus on urban areas to recruit BoP employment talent

To alleviate concerns that BPOs have about the long learning curves associated with rural workers, some ISSPs focus on hiring BoP workers from urban slums. One interviewee stated that their organization was extremely satisfied with the skills of urban workers from Nairobi slums. The interviewee stated that urban workers tended to be savvier and have better communication skills, especially English-speaking skills.

5. Enabling specific measures to build confidence in potential clients

ISSPs need to build the confidence of BPOs and client firms and demonstrate that they can deliver quality work within specified turnaround times. Several interviewees stated that ISSPs should first start with contracts that involve simple processes and tasks and then slowly build capacity to take on more complex BPO processes. One interviewee stated that they have assured 99 percent work accuracy and agreed to include severe penalty clauses in their contract. Such tactics can serve as confidence-building measures that can influence BPO companies and clients looking to engage with ISSPs.

6. Develop ISSP centers similar to high-quality BPO centers in urban locations

While connectivity and general infrastructure issues are common in developing countries, many ISSPs have intentionally replicated setups similar to BPO centers in urban locations. According to several interviewees, their ISSP facilities would make it difficult for one to distinguish whether they were in rural India or a Tier 4 city. ISSP centers are equipped with power generators and data warehouses for back-up recovery. One interviewee stated that “seeing is believing,” and ISSPs want BPO companies to visit their facilities in order to dispel any negative notions they may have about centers based in non-metro locations.

7. Minimize the perceived lack of ability to manage workflow with new technologies

While loss of control over outsourced work can be challenging for operations staffs at BPOs and client firms, technologies like cloud computing can help mitigate their concerns. Leveraging cloud computing and using Software as a Service (SaaS) not only reduces infrastructure-related costs but also allows anyone (e.g., managers, team leaders) to check the quality of work from any location. It also ensures that quality metrics are met across all centers and can alleviate concerns related to data back-up and security.

5.5. Perceived Impacts on BoP Workers

Interviewees spoke of their perspectives on the impacts that they perceived BoP workers to have experienced as a result of ISSP employment. They were the following:

1. Improved income and family economic security

The wages earned at ISSPs have enabled workers to significantly improve their quality of life. Reports indicate that Impact Sourcing employees benefit with income increases of 40 percent to 200 percent.³⁸ Employment in Impact Sourcing is important for workers because it also serves as initial entry point into the formal economy, which leads to valuable job experience that can help workers pay their way through school, receive higher education and move towards better careers.

2. Increased employment and income opportunities for women

One significant impact mentioned by several interviewees relates to the increased opportunity for women to find employment where they live. For example, Source for Change (an ISSP based in the town of Bagar in Rajasthan) solely employs women from small towns and villages. The organization’s vision is to empower women through

technology. Interviewees also mentioned that overall impact tends to be greater when hiring women, as women are more likely to invest in their households on items such as their children's education.

3. Additional community development activities performed by ISSPs

Many ISSPs are involved in other community development activities. For example, Sai Seva invests many of its profits in schools, hospitals, and community development initiatives. ISSPs such as Digital Divide Data and Sai Seva support additional education opportunities for their workers. At Sai Seva, workers obtain college degrees through online courses. The ISSP Daproim hires BoP students from universities in Kenya and allows them to complete their studies while working.

5.6. Other Relevant Findings

Interview questions touched upon other areas that provided additional insight into the skills, current tasks, and future opportunities for BoP workers in ISSPs. Relevant findings not described above include the following:

1. Tasks suited for BoP workers typically start with back-office work but can grow to more complex tasks

There was general agreement among interviewees that BoP workers are currently best suited for back-office tasks.^{xii} It is important to note that this does not imply that they are not capable of performing complex tasks; it merely suggests a common entry point for work. Workers at many ISSPs are involved in rules-led processing tasks. According to one interviewee, ISSP workers can easily perform an entire process like accounts payable. They can carry out data entry, vendor creation, and master management, as well as coding and entering data in enterprise accounting systems like SAP. He stated that out of twenty people working on finance and accounting transaction-processing work in his ISSP, only a small percentage needed to utilize accounting principles, and the remaining work was transaction-based. Another interviewee stated that at least half of the transaction processing work currently handled by traditional BPOs could easily be accomplished by ISSPs. This piece of insight shows the types of tasks that could potentially be de-skilled and transferred to ISSPs.

Examples of ISSPs that have evolved to handle more complex tasks include HarVa Source Pilani and Digital Divide Data. HarVa Source Pilani, an ISSP based in India, is the only non-urban BPO in India currently providing medical transcription services.³⁹ At DDD's operations in Kenya, workers are managing more complex tasks like Google Adwords campaigns. According to DDD, there are only six certified Google adwords advertisers in Kenya, and they all work at DDD.⁴⁰

2. Formal hiring requirements tend to be less stringent at ISSPs

For most ISSPs, the minimum level of education required of employees is high school. This differs from many mainstream BPO companies who often require a college degree. However, most low-end BPO tasks are trainable, and some ISSPs are also open to hiring workers with slightly lesser educational qualifications. Some ISSPs have partnered with community-based organizations in order to provide worker referrals and verify the socio-economic status of potential employees.

3. Hiring and selection processes tend to vary by ISSP

While each ISSP follows its own hiring process, workers are generally tested on logical reasoning, problem solving, and analytical skills. Examples include the following: Next Wealth tests workers on ethics and integrity, and personal interviews are used to rate the communication and presentation style of candidates. At Sai Seva, applicants are

xii Back-office tasks are low-end tasks such as data entry, data conversion, data processing, documents management, indexing, tagging, scanning, and OCR services.)

given a qualifying exam that tests them on verbal and quantitative abilities. Two levels of comprehensive interviews follow this test.

4. Career progression opportunities exist for BoP employees

Interviewees mentioned that some BoP workers move from process associates to team leads and managers. Other workers instead move on to more complex processes or different customers. Many workers also leave to accept opportunities at other firms. One interviewee stated that career progression at an ISSP could sometimes be faster than progression within a mainstream BPO. At a Next Wealth center in Salem, a process agent progressed to become a team lead within nine months. This type of promotion could take as long as three years in an urban BPO.

5. Governments as clients offer potential opportunities for ISSP growth

Working with government clients, with back-office work in particular, was frequently mentioned as an opportunity area. In fact, government agencies could become a large source of demand for ISSPs as the governments of many countries embark on e-government programs, digitization of archives, and other projects to create efficiencies and reduce paperwork. Governments (similarly to universities, foundations, and NGOs) also have a greater interest in promoting employment for target populations than traditional client firms. According to an interviewee, their company was able to work with a government client and brought down the retrieval time of documents from two days to two to three minutes. It is important to note, however, that currently work from government players tends to be sporadic and smaller in volume.

Potential Opportunities for Interventions

Several interviewees shared their perspectives on potential interventions that donor organizations should consider in order to effectively support the development and growth of the Impact Sourcing space:

- Invest in skills development by providing subsidies for training, or support an ISSP in initial set-up costs.
- Provide support for doing impact assessments to better understand, quantify, and articulate the social impacts on employees hired by ISSPs.
- Facilitate meetings between ISSPs and BPO providers to encourage partnerships.
- Foster domain awareness about the IS space and the work that ISSPs are able to perform.

Many of these intervention approaches are elaborated upon in **Section 4** of this report.

6. Findings from Field Visits to ISSPs

6.1. Approach

The WDI research team conducted field visits with three impact sourcing service providers at various stages of development to better understand the opportunities and challenges of working with the BoP workforce as well as the impacts of employment on the lives of BoP workers and their families.

The field research focused on the following key questions:

1. What are the benefits and challenges of engaging with a BoP workforce?
2. How does being employed in the IS space impact the lives of BoP workers and their families?
3. What are best practices and lessons learned related to recruiting and managing a BoP workforce?
4. What are the best strategies for enhancing engagement?

A two-step process was developed to identify the ISSPs for the field visits.

- **Selection of country** – There are several countries involved in the global BPO industry, but only a few are involved in Impact Sourcing. Most IS activity is currently occurring in India, Kenya, and South Africa. To align with the prioritization outlined by the Rockefeller Foundation, Africa was selected for further study. Within Africa, Kenya has higher levels of IS activity than South Africa. Thus, Kenyan ISSPs were selected for field visits.
- **Selection of ISSPs** – Kenya contains ISSPs with a variety of business models. The ISSPs chosen for field visits were Daprom Africa, Digital Divide Data (DDD), and Impact Sourcing Africa (ISA). These ISSPs directly hire BoP workers and have different models for social impact. In addition, all three organizations are at different stages of development, which would help highlight diverse challenges and success factors. Brief profiles of the selected ISSPs are provided in **Table 6**, and extended profiles are included in **Appendix A**.

Table 6: Snapshot of Three ISSPs Visited

| | Daprom Africa | Digital Divide Data | Impact Sourcing Africa |
|-------------------------|---|--|---|
| Year Founded | 2006 | 2001 (Cambodia); 2011 (Kenya) | 2012 |
| Profit Status | For-profit | Non-profit | For-profit |
| Stage of Development | Established/Operational: Local Kenyan enterprise | Scale: Internationally acclaimed social enterprise | Pilot: Early-stage venture |
| Number of Employees | 120 full-time 412 DCC program* | ~ 150 (Kenya office) ~900 (Overall) | 11 |
| Services Offered | Transcription, Data entry, Online research, Survey & invoice processing | Digital & mobile marketing, digitization, Data entry, Records management, EBooks | Writing articles, Data entry (potential), Transcription (potential) |
| Model for Social Impact | Provide employment to students while they pursue college degrees | Provide employment to students while they pursue college degrees; DDD also provides scholarships to students | Provide employment to unemployed youth; they may/may not be pursuing a college degree |

*The Digital Campus Connect (DCC) program specifically employs students attending college. The program offers combined work-study opportunities.

London's Base of the Pyramid Impact Assessment Framework

WDI's BoP Impact Assessment Framework (BoP IAF) was selected as the basis for analysis in regards to identifying the impacts of employment on the lives of BoP workers and their families. WDI's Senior Research Fellow Dr. Ted London developed the BoP IAF framework in order to help social enterprises and BoP ventures gain a deep understanding of how they affect BoP stakeholders.

The BoP IAF provides managers and funders with a robust and systematic approach to understanding venture influence on local stakeholders (i.e. buyers, sellers, others) and communities. The BoP IAF provides a complete view of social and economic value created across three areas of well-being: economic, capability and relationship, as defined below:

- *Economic Well-being*: Changes in income, income stability, assets, consumer surplus and economic productivity resulting from the enterprise's activities.
- *Capability Well-being*: Changes in physical (health, ability to perform specific activities, etc.) intellectual (skills, knowledge, capabilities, etc.) and psychological (self-esteem, dignity, etc.) well-being resulting from the enterprise's activities.
- *Relationship Well-being*: Changes in roles and status (within family, community, etc.), access to social support (relationships with individuals, groups and partners), levels of dependence and responsiveness (suppliers, intermediaries, government, etc.) and quality of the local physical and cultural environment (changes in land use, waste generated, traditional values, consumption patterns, etc.) resulting from the enterprise's activities.

For the WDI team's field visits, the BoP IAF was utilized to explore both the direct and indirect impacts experienced by poor and vulnerable workers and their families as the result of working for ISSPs. The BoP IAF was selected as the primary analysis method as it a holistic, yet flexible tool that highlights a full-range of impacts and can be applied to impact sourcing service providers of various sectors, regions and business model approaches. The BoP IAF also aims to be highly collaborative as key stakeholders help inform which impacts are collected.

Before the field visits, phone interviews were conducted with people directly and indirectly involved with the ISSPs to be visited. The WDI team then made field visits and conducted interviews with the workers directly impacted by each ISSP. Interviews were conducted with both management and staff; **Table 7** lists the types of interviews performed. The interviews were semi-structured conversations comprised of a standardized set of open-ended questions, which allowed the research team to ask follow-up questions to elicit more details (i.e., "Is there anything else related to this topic that you haven't shared with us yet?"). The research team also incorporated insights from earlier interviews into later interviews in order to develop a more refined understanding of impacts.

Table 7: Categorization of Individuals Interviewed During ISSP Field Visits

| Type of Respondent | Number of Individuals |
|---------------------------|-----------------------|
| Management Team and Staff | 8 |
| BoP Workers | 8 |
| External Organizations | 2 |

Field visits provided a deeper understanding of the opportunities and challenges faced by ISSPs when working with the BoP workforce, the impact on workers' lives, and lastly the lessons learned and best practices related to recruitment, training, and engaging the BoP workforce. The BoP Impact Assessment Framework was then applied to identify and organize the range of impacts on workers and their families.

6.2. Impacts on Workers

The workers employed by ISSPs were between the ages of 18 and 25. All of the workers interviewed had received high school degrees, and a few had completed their college education as well. At DDD and through Daproim's DCC program, some student workers were pursuing a college degree at the same time that they worked for the ISSP. **Table 8** describes the profile of typical workers interviewed across the three ISSPs.

Table 8: General Interviewee BoP Worker Profile

| Type of skills/qualifications required by ISSPs: | Available skills/qualifications within the BoP Workforce: |
|---|--|
| Minimum educational qualifications | High school degree |
| Language skills | Basic English language skills (read, write, and speak) |
| Prior knowledge of computer/ typing | Basic computer skills but occasionally no previous experience with computers |
| Prior knowledge of BPO tasks preferred, but not necessary | None |

Tables 9, 10, and 11 present the key impacts on BoP workers interviewed across the economic, capability, and relationship well-being components of the BoP IAF. To summarize, the key impacts on BoP workers as a result of ISSP employment include:

Changes in economic well-being:

- Increase in income
- Increase in income stability
- Increase in savings
- Increase in risk due to opportunity costs

Changes in capability well-being:

- Increase in skills and knowledge
- Increase in aspirations, self-esteem and goals
- Increase in work experience
- Increase in stress levels

Changes in relationship well-being:

- Improvement in household relationships
- Improvement in community reputation
- Increase in social and professional networks
- Improvement in perspectives on education and working while studying

Table 9: Changes in BoP Workers' Economic Well-Being**Impact on BoP Workers****Increase in income**

Nearly all of the BoP workers interviewed had experienced significant increases in income due to employment in the formal sector. The increase varied depending on the previous job held by the employees, as well as the hours and type of work that was performed. Surveys from a DDD report indicate that workers' incomes have increased by at least 20–30 percent compared with their prior employment. One worker from Daproim reported a 20x increase from their previous salary. Several workers at ISA had previously been looking for a job for one to two years and were subsequently able to find employment through the organization.

Increase in income stability

Compared to work in the informal sector, there is less variability in payment and other potential benefits such as a pension, health insurance, and the possibility of career progression. With a stable flow of income, BoP workers mentioned their ability to pay for some of the following types of expenses:

- Personal college fees and other expenses
- Siblings' school fees
- Family medical expenses
- Household expenses like groceries
- Payment of loans taken by their parents

Many workers also have been able to increase their personal expenditures (e.g., they bought laptops/desktops and new phones). Some workers have invested in computers so that they are able to work remotely and thus earn additional income.

Increase in savings

With a stable flow of income, some workers reported being able to save a portion of their income as savings and also indicated that they felt less vulnerable to economic shocks and family emergencies.

Increase in risk due to opportunity costs

Pursuing employment with an ISSP comes at the cost of other beneficial uses of time that must be considered, including other employment, spending time with family, and other activities. Employees may also incur additional transportation costs of going to the workplace. If a worker drops out before completion of their education, there may be negative consequences of time lost.

Table 10: Changes in BoP Workers' Capability Well-Being**Impact on BoP Workers****Increase in skills and knowledge**

Through ISSP employment, workers learn new technical, team-building, and communication skills, and are given the opportunity to further develop their skills. Workers reported improved skills in some of the following areas:

- Computer skills (including software like Microsoft Excel)
- Typing skills
- Technical skills (i.e., operating different equipment, scanners, etc.)
- Communication and interpersonal skills
- Self-confidence and public speaking skills
- Leadership and team-building skills

Increase in aspirations, self-esteem and goals

The exposure at work to different topics as well as the experience and confidence gained by a positive work experience drove interviewees' interest in considering futures that went beyond their BPO positions. Students interviewed wanted to pursue graduate degrees in fields such as law and aeronautical engineering as a direct result of their work experiences. Most workers interviewed indicated having a more optimistic view of their future and confidence in achieving their personal goals.

Increase in work experience

Many interviewees discussed the benefits of gaining valuable formal sector work experience. Those employees felt that this would enable them to move further in their careers at a faster pace than their counterparts. For workers who participated in work-study programs, they were able to accomplish this while also completing their college education. Some of these interviewees stated that working and studying at the same time in Kenya is a relatively new concept. They indicated that programs such as Daproim's work model are helping communities understand the value of work-study programs and internships.

Increase in stress levels

Managing both work and study can be stressful for BoP workers who are also students, especially during exams. Many of those workers do not have experience in managing multiple responsibilities and face difficulty communicating their challenges to management. Some workers expressed understanding the rarity of the opportunity they have been presented and thus they take work-related criticism more personally and place additional pressure on themselves to perform well.

Table 11: Changes in BoP Workers' Relationship Well-Being**Impact on BoP Worker****Improvement in household relationships**

Several interviewees expressed that their families view them differently and family dynamics have improved as a result of their employment. Some interviewees stated that they are now looked upon as adults and have a stronger say in family matters. Others expressed serving as role models and sources of inspiration for younger siblings. Some workers expressed having the ability to travel home for holidays, which has helped forge stronger bonds with parents and siblings.

Improvement in community reputation

Many interviewees stated that their community views them differently as a result of their employment. Some community members admire them for their achievements and want to emulate them. They are also sought out when people need any advice related to jobs, careers, and computers. A few interviewees spoke about the fact that they are also looked upon as role models within their communities.

Increase in social and professional networks

Due to socialization in the workplace, employees are able to create new and valuable relationships with their supervisors and among one another. During team meetings, employees are able to meet and build relationships with one another. Employees are also able to interact with clients as well and build their professional network. Managers have noted changes in many of their employees as result of these new networks. Previously employees found it difficult to speak up and express their opinions but now many are more confident and expressive.

Improvement in perspectives on education and working while studying

Some interviewees stated that employment is helping communities understand the value of work-study programs and internships. Because of a lack of employment opportunities post-graduation, many families (particularly in rural areas) previously did not place an emphasis on education. As a result of programs such as Daproim's DCC initiative, some families now have a more positive outlook toward education and are encouraging the younger children in families to complete schooling and work while they are in school.

6.3. Lessons Learned from ISSPs on Working with a BoP Workforce

Table 12 summarizes key findings around the benefits and challenges of engaging with a BoP workforce.

Table 12: Benefits and Challenges of Engaging with a BoP Workforce

| Benefits | Challenges |
|---|---|
| <ul style="list-style-type: none"> Workers tend to be dedicated, hard-working and motivated to perform at their best. Workers have less incentive to move and leave jobs as they appreciated and valued the opportunity they have been presented. Workers tend to be more interested in learning new things and taking on additional responsibilities. Once workers are trained and start producing quality work, their speed improves dramatically, and they are able to quickly take on additional tasks. | <ul style="list-style-type: none"> Recruiting and selecting BoP workers can be more expensive. Targeting BoP workers for employment can be a lengthier and costlier process in comparison to other job searches. Training BoP workers can be more expensive and time consuming, as workers may not have as much experience and can have longer learning curves. Workers may require training across many dimensions not related directly to job training (e.g., communication and workplace etiquette). Work study programs can create additional stress for employees and can lead to poor quality or slow turnaround times affecting client work. |

Other key lessons learned and best practices gathered from field visits included the following:

1. Better manage student workers by developing flexible policies

ISSPs such as Daproim allow students to take time off in order to prepare for exams, as long as students inform the staff at Daproim a few weeks in advance in order to allow the organization to schedule and manage workloads. Workers spoke highly about the work-study environment that Daproim offers and were motivated to stay longer with the firm because it was willing to work with students based on their varying schedules.

2. Take into consideration the long-term benefits of developing BoP workers

While the learning curve can be longer for BoP workers and there might be initial challenges in receiving high-quality work, lack of work experience can also be a benefit, as it can be easier to mold workers and have them develop the necessary mindsets toward work without having to break bad habits. ISSPs have found BoP workers to be dedicated and generally eager to learn new and better ways of doing things in order to develop their skillset. Employees from the BoP also tended to appreciate the opportunity they had been given and were oftentimes willing to put in the extra work necessary to perform at a high level.

3. Plan for some re-training

The management team for some ISSPs stated that training costs will almost always be higher than expected and that firms should plan and budget for some re-training costs. Workers are trained not only in job-specific skills but also in soft skills like communication, workplace etiquette, and life skills.

4. Document newly developed processes related to worker training

It is essential to have documentation in place that relates to firm policies, procedures, job roles and functions, recruitments and training processes, codes of ethics, etc. In the absence of such documentation, if a worker decides to leave his job, it can become challenging for a new employee to step in easily and enable a seamless transition.

5. Hold smaller and more skill-specific training sessions

Training a large group of workers at once with varying skill sets can be challenging. Going forward, firms like ISA plan to start training small groups of ten people each and attaining a certain acceptable level in terms of skills within that group before training the next batch.

6. Move accomplished workers to higher level tasks as they mature and grow

Workers at the ISSPs visited were generally involved in low- to medium-end BPO work. Tasks performed ranged from entry-level work like data entry to medium-end work like optical character recognition (OCR) and digital marketing. Most ISSPs aspire to take on higher-skilled tasks that involve some level of expertise and judgment on the part of the worker. Such tasks have higher margins. The student workforce hired by ISSPs is currently pursuing degrees in different disciplines. In a matter of years, this expertise could be leveraged by ISSPs to pursue work comprised of higher-end tasks.

7. Develop innovative strategies to recruit BoP workers

ISSPs discussed various strategies and application processes in order to reach and recruit potential BoP employees. Many work with community-based organizations such as NGOs and churches to support recruitment efforts. Such organizations can also be leveraged to obtain informal referrals. For example, Daproim mainly works with university students and hence posts flyers across campuses and works with local student organizations.

8. Gain support in securing domestic work

While domestic government work offers a huge opportunity and could potentially translate into a large volume of work for ISSPs, the lack of transparency in the process in terms of bidding as well as corruption make securing such work extremely difficult. ISSPs are looking to support from outside agencies and foundations to develop the necessary relationships to secure such projects.

7. Tasks-Mapping: Growing the Amount of Work Outsourced to the BoP

7.1. Approach

This chapter delves deeper into the Impact Sourcing space by exploring both the skills of the BoP workforce and the BPO tasks currently being performed by ISSPs. After gaining an understanding of the types of BPO tasks that BoP workers currently perform and the meaningful impacts this work has already had (through the aforementioned interviews and field visits), the WDI research team believes there is great potential for increasing the volume of tasks performed by ISSPs, as well as adding new tasks that are well-suited to the BoP workforce. The purpose of this research was to delineate the types of tasks currently being handled by ISSPs and to identify potential tasks that are well-suited for BoP workers moving forward. See **Table 13** for a definition of key terms that, in the context of this report. To identify the current and potential tasks best suited for BoP workers, the research team developed a ten-step methodology that is outlined in **Table 14**.

Table 13: Key Terms that Describe BPO Work

| Terms that Describe BPO Work | |
|---|---|
| Activities <i>Synonym: Functions</i> | A general overarching term for all the activities (core and non-core) that a firm performs to generate value (e.g., the human resources activities of a firm) |
| Processes | The component parts of activities (e.g., recruitment and selection is a process within human resources) |
| Tasks | The component parts of processes (e.g., scheduling interviews is a task within the recruitment and selection process) |

Table 14: Task-mapping Methodology

| To identify current skillset and current tasks performed: |
|---|
| 1. Determine the general current skillset of BoP workers |
| 2. Identify the current tasks being performed by BoP workers |
| 3. Utilize a framework for the categorization of tasks (the Roy Framework) |
| To identify potential tasks, given current skillset: |
| 4. Identify the major types of horizontal services in the BPO industry |
| 5. Identify the processes within each type of horizontal service |
| 6. Eliminate higher-end processes (based on process attributes) |
| 7. Identify the task-breakdown for the 1-3 processes remaining for each horizontal service |
| 8. Categorize those tasks using the Raman Roy Task-Based Framework |
| 9. Eliminate higher-end tasks |
| 10. Generate a list of potential tasks for the BoP workforce moving forward |

7.2. Ten-Step Methodology Explained

1. Determine the general current skillset of BoP workers

Oftentimes client firms are unsure of the general skills and abilities of BoP workers, and this lack of knowledge may prevent clients from outsourcing to ISSPs. To better understand the issue, the WDI research team set out to identify the skills that the BoP workforce currently possesses. This was determined by looking at existing ISSPs and analyzing their

workforces' skillsets. Secondary and primary research (via the field visits and thought leader interviews) were utilized to gain a better understanding of the skillset of BoP workers.

IS activity is currently concentrated in India and Africa. **Table 15** provides a high-level overview of the general skills of BoP workers from these countries in comparison to minimum qualifications required by ISSPs. These general skill levels are consistent across the countries researched (India, Kenya, and South Africa), and this information will later be leveraged to identify the tasks that BoP workers could potentially accomplish to grow the IS space, considering their existing skillset.

Table 15: General Skillset of BoP Workers

| Type of Qualification: | Minimum Qualifications | General BoP Qualifications: |
|-------------------------------|---|--|
| Level of education | High School (college and specialized degrees preferred) | Most have completed high school, some have just attended high school but not completed |
| Language | Read in English | Most have basic to intermediate English language skills |
| Computer/Typing | Some computer and typing experience | Most BoP workers have basic computer and typing skills, but some have never seen a computer. |
| Prior BPO industry experience | None needed but previous work experience preferred | None |

2. Identify the current tasks being performed by BoP workers

The tasks that BoP workers currently accomplish were determined and validated by identifying the various tasks that ISSPs undertake. Fourteen ISSPs^{xiii} were analyzed by the WDI research team. **Appendix B** provides basic profiles for each of these organizations. After this analysis, the major tasks (e.g., the column headings of the tables in **Appendix C**) currently being undertaken by BoP workers in ISSPs were identified. The thirteen major tasks undertaken by BoP workers in ISSPs include:

- 1. Data Entry
- 2. Data Processing
- 3. Data Conversion
- 4. Data Scanning & Capture
- 5. Data Cleansing & Consolidation
- 6. Data Mining & Extraction
- 7. Domestic Voice Support
- 8. Documents & Records Management
- 9. Transcription
- 10. Digitization & Archiving
- 11. Editing & Tagging
- 12. Social Media/Digital Marketing
- 13. Translation

3. Utilize a framework for the categorization of tasks (the Roy Framework)

BPO pioneer Raman Roy's Task-Based Framework, as explained in **Chapter 2** and summarized below, was used to categorize the tasks currently performed by the BoP workforce. Remember that Roy's framework categorizes BPO tasks based upon the level of discretion allowed to the service worker, in order of increasing discretion.

^{xiii} The fourteen ISSPs analyzed were the following: 1) Anudip Foundation, 2) Business to Rural, 3) DDD, 4) Desicrew, 5) GramIT, 6) HarVa, 7) Invisible Outsourcing, 8) Next Wealth, 9) Rural Shores, 10) Sai Seva, 11) Samasource, 12) Simply Grameen, 13) Source for Change, and 14) HarVa Source Pilani.

Table 16: Task Breakdown and Distinctions

| | |
|-------------------------|---|
| Expert Services | Tasks that require that the service worker be an expert in the area of service being offered. These tasks fall on the high end of the value chain and can be referred to as knowledge process outsourcing (or KPO). |
| Problem Solving | Tasks that involve working from more complicated and ambiguous rule sets in order to pursue a goal (established by the client firm). This generally requires professional knowledge and judgment. |
| Rules-led Processing | Tasks that involve decision-making by the worker based on clearly defined and simple rules (established by the client firm). They require simple judgment on the part of the worker. |
| Data Entry & Conversion | Tasks related to the capture and conversion of data that require attention to detail but no judgment on the part of the worker. These tasks fall on the lower end of the value chain. |

Per the Roy framework, the majority of the thirteen tasks identified that are currently being undertaken by BoP workers can be placed under the data entry & conversion category. There are limited tasks currently being performed by BoP workers that require expert services and/or problem solving.

Expert Services:

- None

Problem Solving:

- Social Media/Digital Marketing

Rules-led Processing:

- Domestic Voice Support
- Documents & Records Management
- Editing & Tagging

Data Entry & Conversion:

- Data Entry
- Data Processing
- Data Conversion
- Data Scanning & Capture
- Data Mining & Extraction
- Data Cleansing & Consolidation
- Digitization & Archiving
- Transcription
- Translation

4. Identify the major types of horizontal services in the BPO industry

This report focuses on horizontal BPO services (i.e., function-centric or process-centric outsourcing) in which service providers specialize in carrying out a particular set of activities across industry domains. Thus, providers are process experts. Some of the most popular types of outsourcing-by-function are related to six different types of functions (or

activities). They are: a) finance and accounting, b) human resource management, c) sourcing and procurement, d) supply chain management, e) knowledge process outsourcing, and f) contact center or customer care. Five of these six are non-voice functions.

5. Identify the processes within each type of horizontal service

Next, the WDI team mapped the major processes that comprise each of the six functions. It is important to note that the processes within the functions are not stand-alone or disparate. Sometimes, specific processes from one function may be an integral part of another. For example, the “sourcing and procurement” function has accounts-related processes, and the “supply chain management” function also has sourcing and procurement-related processes.

Processes were mapped for major functions. Below, one example is provided. The full set of data tables is available upon request.

Human Resource Management

Some of the earliest types of processes outsourced were related to HR. Some of the common processes outsourced in HR include recruitment and selection, training and development, benefits administration, compensation management, workforce management, performance management, and separation management. Payroll processing, which falls under compensation management, is one of the most common processes outsourced.

6. Eliminate higher-end processes (based on process attributes)

Some attributes make certain processes unsuitable candidates for BoP workers to perform. Eliminating unsuitable processes was the WDI research team’s first eliminatory step toward deriving a list of potential additional tasks for BoP workers to perform. For example:

Human Resource Management

Processes such as “performance management” (which contains tasks such as performance review and progression management) and “separation management” (which contains tasks such as exit interviews) could be eliminated, as they require some level of HR process expertise and may require an onsite presence.

7. Identify the task-breakdown within the 1-3 processes remaining for each horizontal service

After eliminating high-skill processes, the team examined the 1-3 key processes remaining within each horizontal service and broke them down to the task-level. The table below provides an example of how this was done for the “finance and accounting” function.

Finance and Accounting (F&A)

Effective finance and accounting management is critical to attaining an organization’s goals. Most F&A tasks are high-volume, labor-intensive, and routine. This makes them good candidates for outsourcing. As a result, management in client firms can free up time and resources associated from such tasks and focus on more strategic tasks. The most common types of processes within F&A outsourcing are record-to-report,^{xiv} quote-to-cash,^{xv} and procure-to-pay. **Table 17** lists a task-breakdown for the record-to-report process.

xiv Record to report involves activities related to recording of transactions and reporting.

xv Quote to cash involves activities from entering sales order details to receiving payments and managing accounts receivables.

Table 17: Task-Breakdown for Record-to-Report Process

| Function/Activity: Finance and Accounting | |
|---|--|
| Process: Record to Report | |
| Tasks: | Sub-tasks: |
| General Ledger Accounting | manual journal entry, automated journal entry, accruals/reversals, bank statement processing, bank account reconciliation, payroll posting and reconciliation, inter-company posting, accounts for loans/investments |
| Cost Accounting | activity-based costing (ABC) implementation, ABC model validation, ABC model population and maintenance, productivity cost analysis (PCA) reporting, PCA reconciliation |
| Month-end Closing | daily interface monitoring and reconciliation, month-end sub ledger close, month-end foreign exchange revaluation, balance sheet account reconciliation, inter-company reconciliation, allocations, consolidation, audit support |
| Fixed Assets | capital project setup, invoice recording, expense adjustments, capitalization, fixed assets retrials/disposals, depreciation |
| Financial Planning & Analysis | management reporting, budgeting and forecasting, taxation, internal audit, treasury, business unit support, decisions support and analysis |

A key assumption about tasks suitable for BoP workers is that the tasks must be transaction-intensive and not judgment-intensive. **Table 18** identifies tasks that are judgment- versus transaction-intensive, according to Everest Group. Judgment-intensive tasks within F&A could be eliminated, as they are most likely unsuitable for BoP workers.

Table 18: Differences between Finance & Accounting Tasks⁴¹

| Judgment-intensive tasks | Transaction-intensive tasks |
|-------------------------------------|-------------------------------|
| Internal audit | Payroll |
| Treasury and risk management | Tax |
| Regulatory reporting and compliance | Fixed assets |
| Financial planning and analysis | General accounting |
| | Accounts receivables/payables |

Source: Everest Group (2012)

8. Categorize those tasks using the Raman Roy Task-Based Framework

The WDI teamed looked more granularly into the tasks best suited for BoP workers by using the Raman Roy Task-Based Framework. It took the tasks that it identified in Step 7 and organized them under their corresponding categories within the Roy framework. For example:

Table 19: Tasks within “Record to Report” Process of F&A Function

| Task Category | Tasks within “Record to Report” Process of F&A Function |
|-------------------------|---|
| Expert Services | Fixed Assets Financial Planning & Analysis |
| Problem Solving | Cost Accounting Month-end Closing |
| Rules-led Processing | General Ledger Accounting |
| Data Entry & Conversion | N/A |

9. Eliminate higher-end tasks

Using the Roy framework, tasks that fell into the lower two categories -- “Data Entry & Conversion” and “Rules-led Processing” -- were selected for further analysis, while tasks that fell under the “Problem Solving” and “Expert Services” categories were eliminated.

10. Generate a list of potential tasks for the BoP workforce moving forward

When the WDI research team analyzed the remaining tasks against the skills it had identified that the BoP workforce currently possesses (e.g., can read English, has basic computer skills), the following list of additional or potential tasks suitable for the BoP workforce was distilled.

Table 20: List of Additional Tasks Suitable for the BoP Workforce

| Roy Category: | Data Entry & Conversion (Includes Basic Voice) | Rules-led Processing |
|---------------|---|---|
| Tasks: | Data entry Data collection Other back-office support Invoice receipt & scanning Inbound calling | Secondary research Data transcription Data cleansing Data classification Data codification P.O./Invoice/Order processing Order tracking Accounts payable support General ledger/Bank reconciliations Outbound calling Telemarketing |

7.3. Conclusions

This task-mapping exercise led to three recommendations about how the BoP workforce and ISSPs could capture a greater share of work within the BPO industry and to help the IS space achieve its full potential.

- ISSPs should increase the scale of the types of tasks that they already do, which primarily lie in the first category of the Roy framework (i.e., “Data Entry & Conversion,” also including basic voice tasks such as call center operations).**

Currently, BPO workers are handling basic tasks such as data entry and transaction processing-type tasks in which employees have to follow simple rules and use no judgment. These tasks are volume-intensive and have the potential to provide employment opportunities for a high number of workers. The volume of the tasks currently being done by ISSPs is not at efficient scale. There is room for ISSPs to scale and to accomplish a much higher

volume of current tasks.

2. ISSPs should work to capture additional tasks within the first category of the Roy framework. ISSP workers already have the skills needed to perform this work but are not currently doing so.

BoP workers in ISSPs currently possess the basic skillsets necessary to accomplish almost any task that falls in the first category of the Roy framework. Thus, a next area for growth is for ISSPs to more effectively capture work that spans the full spectrum of tasks that exist in “Data Entry, Conversion, and Basic Voice” by doing additional tasks within this category. For example, ISSPs could leverage the existing skillset of workers performing data entry and have them perform data classification and coding as well.

3. ISSPs should selectively invest in higher value-added BPO employment by seeking to capture work in the second category of the Roy framework, “Rules-led Processing.” This would require additional training, but the skills upgrading appears to be modest.

Many industry experts feel that with sufficient knowledge, experience, and improved skills, BoP workers can move up the value chain and provide medium- to higher-skilled BPO tasks. Presently, there are very few instances of ISSPs that provide higher-skilled BPO tasks. For example, Next Wealth (an ISSP based in India) provides engineering design services and end-to-end services in the healthcare domain. HarVa Source Pilani (another ISSP in India) is one of the few non-urban ISSPs providing medical transcription services. ISSPs do aspire to take on higher-skilled BPO tasks in coming years because such work has higher margins, and this type of work provides an opportunity to further develop the skills of the BoP workforce.

Based on the skills mapping discussed above, the WDI research team concludes that BoP workers can be trained for jobs at the lower- to medium-end of the BPO value chain. In other words, ISSPs could strategically move to higher value BPO work by taking one step up from tasks in the “Data Entry & Conversion” category to capture new tasks in the “Rules-led Processing” category with some basic additional training (we do not recommend jumping ahead and implementing costly curricula to train BoP workers on highest-end expertise-requiring tasks like legal research and data analytics).

There are many tasks that impact sourcing service providers and their BoP workforces will likely never handle (e.g., enterprise-level programming for a bank). However, there is still much room for growth regarding BPO work that ISSPs are well positioned to accomplish.

After identifying the BPO tasks that are and could be accomplished by BoP workers, the final step in WDI’s research study was to identify which countries with BoP populations are strategically well-suited for growing the Impact Sourcing space globally. **Section 3** of this report presents WDI’s country selection and prioritization process, and **Section 4** concludes with actionable recommendations on which the Rockefeller Foundation and other development organizations can act to foster an enabling environment for a thriving IS industry in priority countries.



Section 3:

Building a Thriving Global Impact
Sourcing Industry

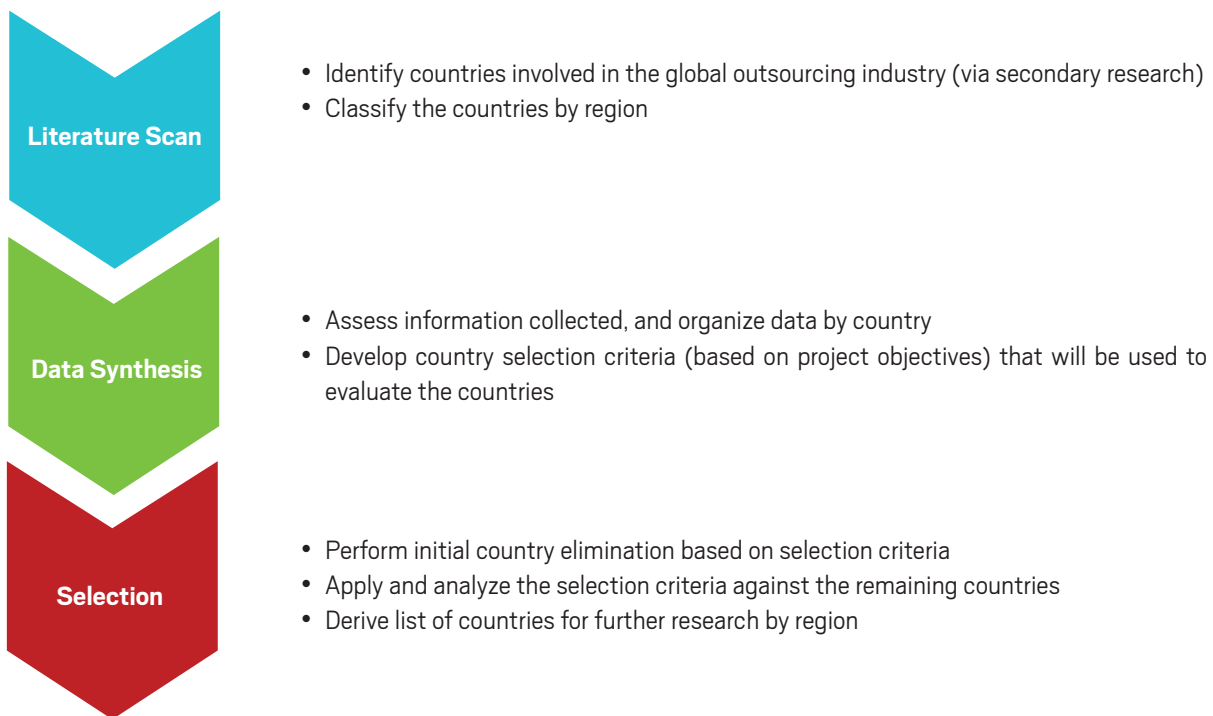
8. Finding Fertile Ground: Identification of Twenty Countries

8.1. Approach

The analysis in this chapter identifies twenty “priority countries” for which the WDI team performed in-depth assessments of potential for Impact Sourcing. The assessments include analysis of each country’s BPO industry, IS space and labor force in order to gain insight on the availability of BPO-specific skills and types of BPO tasks that might be performed in these countries. The analysis should allow the Rockefeller Foundation and other development organizations to design interventions to promote the growth of the IS space in these countries.

The methodology that was used for the country selection process is summarized in **Figure 5** below.

Figure 5: Country Selection Methodology



8.2. Methodology Explained

A. Literature Scan

Identify countries involved in the global outsourcing industry (via secondary research)

An initial literature scan was performed by searching academic articles and reports, doing web searches, and having discussions with key thought leaders in the BPO and IS industries in order to identify global outsourcing destinations. Sixty-four countries were identified. These countries make up the vast majority of the global outsourcing industry.^{xvi}

Classify the countries by region

After the initial literature scan, the top countries within each region were identified. The Americas region had 16 countries, the Europe Middle East and Africa (EMEA) region had 35 countries, and the Asia and Pacific Countries (APAC)

^{xvi} There were countries like Bangladesh and Paraguay that did appear during the research scan but were eliminated upfront due to lack of available information.

region had 13 countries (see **Table 21**). In the table, the number in parentheses next to a country’s name indicates where that country is ranked on A.T. Kearney’s Global Services Localization Index (GSLI). The GSLI rankings are highly regarded within the BPO industry. The rankings assess the top 50 countries for providing outsourcing activities — including IT services and support, contact centers, and back-office support. Each country’s score is composed of a weighted combination of relative scores on 43 measurements, which are grouped into three categories: financial attractiveness, people skills and availability, and business environment. See **Appendix D**⁴² for a detailed breakdown of the GSLI.

Table 21: List of Countries Involved in Outsourcing

| AMERICAS | | EMEA | | APAC | |
|-----------------|-------------------|---------------------|-----------------|------|--|
| Mexico (6) | Ghana (27) | Estonia (11) | China (2) | | |
| Chile (10) | Senegal (29) | Latvia (13) | Malaysia (3) | | |
| Brazil (12) | South Africa (45) | Lithuania (14) | Indonesia (5) | | |
| Costa Rica (19) | Egypt (4) | Bulgaria (17) | Thailand (7) | | |
| Argentina (30) | UAE (15) | Russia (20) | Vietnam (8) | | |
| Jamaica (33) | Jordan (22) | Poland (24) | Philippines (9) | | |
| Panama (34) | Tunisia (23) | Romania (25) | India (1) | | |
| Uruguay (41) | Morocco (37) | Hungary (31) | Sri Lanka (21) | | |
| Colombia (43) | Mauritius (36) | Czech Republic (35) | Pakistan (28) | | |
| US (18) | Israel (47) | Ukraine (38) | Singapore (32) | | |
| Canada (39) | Uganda | Slovakia (40) | Australia (46) | | |
| Guatemala | Kenya | Turkey (48) | Afghanistan | | |
| Peru | Zambia | United Kingdom (16) | Cambodia | | |
| Nicaragua | Nigeria | Germany (26) | | | |
| Honduras | | Spain (42) | | | |
| El Salvador | | France (44) | | | |
| | | Ireland (49) | | | |
| | | Portugal (50) | | | |
| | | Serbia | | | |
| | | Slovenia | | | |
| | | Malta | | | |

B. Data Synthesis

Assess information collected, and organize by country

Data collected during the research scan was assessed and then organized by country in order to determine if further research was warranted.

Develop country selection criteria (based on project objectives) that will be used to evaluate individual countries

The research team developed a selection criteria framework based on the Rockefeller Foundation’s project objectives. The framework was used to determine the countries to be selected for more in-depth analysis. **Table 22** depicts the elements of the selection framework.

Table 22: Country Selection Criteria Framework

| Primary Elements | Description |
|-----------------------------|---|
| Availability of BoP workers | Countries that contain a significant number of BoP workers were given preference. |
| Presence of Impact Sourcing | Countries with IS activity were given preference. IS activity through presence of ISSPs IS activity through being a recipient of work from an ISSP, BPO, or directly from clients |
| Level of BPO activity | Countries with higher levels of BPO activity were given preference. Broad comparison of IT, KPO, and BPO activities |
| A.T. Kearney GSLI Rankings | Presence in rankings was given preference, as that is indicative of the relative maturity of a country’s BPO markets (tasks handled, skills, etc.). |
| Secondary Elements | Description |
| Size of offshore industry | Larger offshore industries were given preference. |
| Size of country | Countries with larger populations were given preference, as there was a higher probability of achieving scale and they were more likely to have an available workforce. |
| Regional distribution | The analysis sought a somewhat balanced regional distribution of countries. |

C. Selection

Perform initial country elimination based on selection criteria

The framework was used to screen out developed nations, Eastern European nations, and other countries that do not appear to have high potential for Impact Sourcing. This screen narrowed the list from 64 to 37 countries. Once the 37 countries were identified, they were organized by region, which is listed in **Table 23**.

Apply and analyze the selection criteria against the remaining countries

The remaining countries were then grouped by region and ranked in terms of IS potential within each region.

Identify priority countries for further research within each region The 20 highest potential countries for IS were identified.

The next three sections of this chapter present a more detailed look at the assessments done for each of the three regions — Latin America and the Caribbean (LAC), the Middle East and Africa (MEA), and Asia and Pacific Countries (APAC) — in order to determine the final list of twenty countries.

Table 23: List of 37 Countries after the Initial Round of Elimination

| LAC (14) | MEA (12) | APAC (11) |
|-------------|--------------|-------------|
| Mexico | Ghana | China |
| Chile | Senegal | Malaysia |
| Brazil | South Africa | Indonesia |
| Costa Rica | Egypt | Thailand |
| Argentina | Jordan | Vietnam |
| Jamaica | Tunisia | Philippines |
| Panama | Morocco | India |
| Uruguay | Mauritius | Sri Lanka |
| Colombia | Uganda | Pakistan |
| Guatemala | Kenya | Afghanistan |
| Peru | Zambia | Cambodia |
| Nicaragua | Nigeria | |
| Honduras | | |
| El Salvador | | |

8.3. Regional Assessment: Latin America and the Caribbean (LAC)

Regional Snapshot

The LAC region has gained momentum in offshoring and near-shoring primarily because of its language capabilities, lower delivery costs, and proximity to the United States. Most Latin American countries can provide service to both Spanish and English-speaking customers at costs comparable to similar services offered in India and the Philippines. Therefore, companies in LAC have the ability to cater to both the US and European markets. Some advantages that providers from this region have include similar time zones, cultural affinity, and the availability of an educated workforce.

The region provides a variety of outsourcing services, and most countries have or are developing niches in specific areas: Brazil excels in IT; Mexico is a prominent BPO location; Chile has emerged as a niche R&D destination; and Costa Rica, Colombia, Uruguay, and Argentina continue to grow their offshore offerings. Key positive attributes of the LAC region are summarized in **Table 24**.

Table 24: Key Attributes of LAC Region

| Cultural Affinity | Talent & Resources | Cost Attractiveness |
|--------------------------|--------------------------------------|--------------------------------|
| Relevant Language Skills | Available Workforce | Competitive Wages |
| Time Zone Proximity | Major Talent Hubs | Availability of real estate |
| Physical Proximity | Higher unemployment, lower attrition | High connectivity |
| Cultural Similarities | Established BPO market | Robust Business Infrastructure |
| Necessary Amenities | | Lower travel costs |

Country Selection

Each of the fourteen LAC countries was analyzed and scored using the selection criteria framework and was then categorized as high, medium, or low fit for this project (see **Table 25**).

For the LAC region, four countries (Argentina, Brazil, Mexico, and Costa Rica) were selected for further research. Of those selections, only Brazil has a significant Impact Sourcing presence. Overall, most countries in the region are still developing their BPO sectors.

Table 25: Project Fit Categorization of Countries in LAC

| Country | Relevant Facts |
|----------------------------|--|
| Project Fit: High | |
| Argentina | Well-developed call center industry and most captive centers are offering other BPO services like F&A, HR, data work, imaging, translations, collections, and order fulfillment-type work. #30 on GSLI rankings. Sizeable English-speaking population. The higher levels of BPO activity in addition to call centers make it a good fit for further study. |
| Brazil | Interest and activity in Impact Sourcing. ^{xvii} Largest call center industry in LAC. Mature domestic market. Excels in IT and is a strong platform location for systems integrators & software developers. Currently developing its BPO offerings based on its strength in IT (as a result of which many captives have opened centers). #12 on GSLI rankings. Despite an IT-focus, the Impact Sourcing activity and mature BPO market make it a good fit for further study. |
| Mexico | Range of services offered – BPO, KPO, and IT. Considered a premier BPO destination – 2nd largest call center industry in the region. Companies like Genpact and ACS have significant operations. #6 on GSLI rankings, the highest in LAC region. The range of BPO offerings and high GSLI rankings make it a good fit for further study. |
| Project Fit: Medium | |
| Chile | Has the most competitive IT industry in region. ⁴³ Offers IT, BPO, and KPO offerings – call center industry generates high volume from Spain and is expected to grow. Due to smaller population size (7.2 million) focused on developing capabilities in R&D and other higher-end BPO tasks (e.g., pharma trials). #10 on GSLI rankings. Smaller population size and focus on IT and KPO make it unfit for project purposes. |
| Costa Rica | Politically stable and possesses a strong education system. Despite a small population of 4 million, it has become an important destination for call center and shared services (e.g. F&A, HR). Many US companies already have a presence (e.g. PG&E). #19 on GSLI rankings. High levels of BPO activity and high GSLI rankings make it fit for further study. |

xvii A Brazilian delegation participated in the Impact Sourcing Conference supported by the Rockefeller Foundation in December 2011 in South Africa. And the Brazilian entity of J.P. Morgan Chase-Manhattan, through a partnership, sponsors an ISMART program that educates young people in low-income communities and Junior Achievement.

| Country | Relevant Facts |
|---|--|
| Project Fit: Low | |
| Colombia | <p>“Neutral-Spanish” capabilities enable service to additional customers. Negative publicity due to high crime rates has slowed down investments.⁴⁴ #43 on GSLI rankings; recent entrant on GSLI.</p> <p>Lower levels of BPO offerings and still developing industry put the country out of scope.</p> |
| Jamaica | <p>Size of industry very small, approximately fewer than 10,000 people. Focus is mainly call center and few F&A functions. Reports suggest that industry does not show growth.⁴⁵ #33 on GSLI rankings.</p> <p>Small industry and population size and lack of BPO service offerings put the country out of scope.</p> |
| Panama | <p>Small population (3.4 million) with talent shortage. Only two cities can support decent-sized outsourcing business. Work cannot be scaled for transaction-intensive BPO services.⁴⁶ #34 on GSLI rankings.</p> <p>Small industry and population size, slow growth, and lack of BPO service offerings put the country out of scope.</p> |
| Peru | <p>Like Colombia, it is a second-tier outsourcing destination within LAC. The industry is still not developed and has limited levels of activity. Not listed on GSLI rankings.</p> <p>Nascent BPO industry and limited service offerings put the country out of scope.</p> |
| Uruguay | <p>Politically stable environment. Highly educated workforce. Service focus is mainly on higher-end KPO work like financial analytics to investment banks. Small labor pool and slow industry growth projections.⁴⁷ #41 on GSLI rankings.</p> <p>Focus on KPO activities, labor pool limitations, and slow industry growth put the country out of scope.</p> |
| El Salvador Guatemala Honduras Nicaragua | <p>These countries are still developing BPO markets and possess limited levels of BPO activity.</p> <p>Countries out of scope.</p> |

Table 26 presents scores based on fit for the selected LAC countries based on the developed assessment and prioritization framework.

Table 26: LAC Countries Assessment and Detailed Analysis

| Country | Impact Sourcing | BPO focus | ATK rankings attractiveness | Overall attractiveness |
|------------|-----------------|-----------|-----------------------------|------------------------|
| Argentina | 1 | 4 | 2 | 4 |
| Brazil | 5 | 2 | 4 | 4 |
| Chile | 1 | 3 | 5 | 3 |
| Colombia | 1 | 3 | 1 | 2 |
| Costa Rica | 1 | 3 | 4 | 3 |
| Jamaica | 1 | 2 | 2 | 2 |
| Mexico | 1 | 5 | 5 | 4 |
| Panama | 1 | 2 | 2 | 2 |
| Peru | 1 | 2 | 1 | 1 |
| Uruguay | 1 | 3 | 2 | 2 |

Note: 1 is the lowest and 5 is the highest score for fit.

8.4. Regional Assessment: Middle East and Africa (MEA)

Regional Snapshot

The MEA region is beginning to demonstrate potential as a premier offshore destination and near-shore destination for European markets. The region is relatively new to the global outsourcing industry but shows huge potential for growth. Its promise lies in its low-cost educated workforce, multilingual skills, high Internet penetration, expansive telecommunications network, and strong government support to foster BPO industry development. For example, most governments in Africa have identified the IT-BPO sector as a key element of inclusive development and are encouraging its emergence through favorable policies and investments. Also, while Impact Sourcing is still nascent, Africa contains the highest number of countries involved in the space. Key positive attributes of the MEA region are summarized in **Table 27**.

Table 27: Key Attributes of MEA Region

| Cultural Affinity | Talent & Resources | Cost Attractiveness |
|--|--|--|
| <ul style="list-style-type: none"> English Language Proficiency Multilingual skills Similar time zones to Europe Shared business culture Cultural familiarity | <ul style="list-style-type: none"> Low cost workforce Educated workforce Lower attrition Established BPO markets | <ul style="list-style-type: none"> Competitive Wages Real estate availability High connectivity Robust Business Infrastructure Lower travel costs to Europe |

Country Selection

Each of the twelve countries was analyzed and scored using the selection criteria framework and was then categorized as a high, medium, or low fit for this project (see **Table 28**).

For the MEA region, nine countries (Egypt, Ghana, Jordan, Kenya, Morocco, Nigeria, Senegal, South Africa, and Uganda) were selected for further research. Given the significant levels of Impact Sourcing activity in the MEA region, more countries were selected for further research than in other regions. Note that Jordan is the only representative not in Africa. The other countries represent a varied sample from different parts of the African continent. Given the current focus of African governments on fostering IT-BPO industries to achieve the goal of poverty alleviation, Africa shows significant promise for growth in the Impact Sourcing space.

Table 28: Project Fit Categorization of Countries in MEA

| Country | Relevant Facts |
|----------------------------|---|
| Project Fit: High | |
| Egypt | Offers BPO, voice (multilingual capabilities), and IT. #4 on GSLI rankings; regional leader. Presence of BoP community. Higher levels of BPO service offerings and high rankings make it fit for further study. |
| Ghana | Presence of Impact Sourcing activity. # 27 on GSLI rankings. High BPO activity. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| Kenya | Impact Sourcing activity in country. Not part of GSLI rankings. Has BPO activity and presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| Nigeria | Presence of Impact Sourcing activity. Not part of GSLI rankings. High BPO activity. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| South Africa | Presence of Impact Sourcing activity. # 45 on GSLI rankings. High BPO activity. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| Project Fit: Medium | |
| Uganda | Presence of Impact Sourcing activity. Not part of GSLI rankings. High BPO activity. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |

| Country | Relevant Facts |
|-------------------------|--|
| Jordan | <p>Range of services in BPO, voice, IT and KPO. Strong government support. #22 on GSLI rankings. Lower cost, yet educated workforce. Strong BPO service offerings make it fit for further study.</p> |
| Morocco | <p>Moderate levels of BPO activity, in particularly voice BPO. #37 on GSLI rankings. Largest size of offshore industry within Africa from an FTE perspective with 30,000. High levels of BPO activity and large industry size make it fit for further study.</p> |
| Senegal | <p>#29 on GSLI rankings. Moderate levels of BPO activity, and has forged alliance with NASSCOM to progress in this field.⁴⁸ Relatively high ranking, interest in fostering development of BPO through NASSCOM partnership, and growing Impact Investing^{xviii} space make it fit for further study.</p> |
| Project Fit: Low | |
| Tunisia | <p>Attractive business environment and high availability of skilled workforce. #23 on GSLI rankings. Focus on IT rather than BPO services. The size of offshore industry is smaller at 8,000 FTEs vs. 30,000 in Morocco and 15,000 & 10,000 in Egypt and South Africa.⁴⁹ Small size of offshore industry and focus on IT put the country out of scope.</p> |
| Mauritius | <p>Strong government support & favorable business environment. #36 on GSLI rankings. Primarily BPO and some IT services. Small country size put the country out of scope.</p> |
| Zambia | <p>Not a prominent outsourcing destination; only Lusaka has limited activity. Lack of information on BPO industry and omission of GSLI rankings indicate limited activities in industry and put the country out of scope.</p> |

xviii Dalberg Consulting received a grant from the Rockefeller Foundation in support of a scoping study in West Africa to identify current impact investing activities, key players, successes, failures, lessons learned, policy issues, and steps required to grow the sector for the benefit of poor and vulnerable populations in the region.

Table 29 presents scores based on fit for the selected MEA countries based on the developed assessment and prioritization framework.

Table 29: MEA Countries Assessment and Detailed Analysis

| Country | Impact Sourcing | BPO focus | ATK rankings attractiveness | Overall attractiveness |
|--------------|-----------------|-----------|-----------------------------|------------------------|
| Egypt | 1 | 3 | 5 | 4 |
| Ghana | 5 | 3 | 3 | 4 |
| Jordan | 1 | 3 | 3 | 4 |
| Kenya | 5 | 3 | 1 | 4 |
| Mauritius | 1 | 3 | 3 | 2 |
| Morocco | 1 | 3 | 4 | 3 |
| Nigeria | 5 | 3 | 1 | 4 |
| Senegal | 1 | 3 | 3 | 3 |
| South Africa | 5 | 4 | 1 | 4 |
| Tunisia | 1 | 2 | 3 | 2 |
| Uganda | 5 | 3 | 1 | 4 |
| Zambia | 1 | 2 | 1 | 2 |

Note: 1 is the lowest and 5 is the highest score for fit.

8.5. Regional Assessment: Asia and Pacific Countries (APAC)

Regional Snapshot

Countries in the APAC region are generally considered to be the leaders in outsourcing. Seven of the top ten countries in the GSLI rankings are from this region. The primary reasons for APAC’s preeminence in the global outsourcing industry are the availability of a large and skilled labor force, lower labor costs, English language proficiency, well-developed infrastructure, and strong government and industry support. Large numbers of graduates from various fields such as engineering, medicine, law, and business consider careers in the BPO industry. Regional service providers offer a multitude of services along the entire BPO value chain. Providers in this region are key global players, sophisticated, and very competitive. Key positive attributes of the APAC region are summarized in **Table 30**.

Table 30: Key Attributes of APAC Region

| Cultural Affinity | Talent & Resources | Cost Attractiveness |
|--|---|--|
| English Language Proficiency Other multilingual skills (Asian and European languages) | Low cost workforce Skilled workforce Large population sizes in most countries Well-developed BPO markets | Competitive Wages High connectivity Robust Business Infrastructure |

Country Selection

Each of the eleven countries was analyzed and scored using the selection criteria framework and was then categorized as a high, medium, or low fit for this project (see **Table 31**).

For the APAC region, seven countries (Cambodia, China, India, Malaysia, Philippines, Sri Lanka, and Vietnam) were selected for further research. Unlike Africa, the APAC region has a large number of countries with well-developed BPO industries. India and the Philippines are considered established BPO destinations. However, the region (with the exception of India and Cambodia) does not have a large amount of Impact Sourcing activity. India, one of the largest players in the outsourcing industry, played an important role in fostering the emergence of the IS space through projects with rural BPOs. The success of rural BPOs has led to the development of the IS space within and outside India.

Table 31: Project Fit Categorization of Countries in APAC

| Country | Relevant Facts |
|----------------------------|---|
| Project Fit: High | |
| Cambodia | Presence of Impact Sourcing activity. Not part of GSLI rankings. High BPO activity. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| China | #2 on GSLI rankings. Well-educated and low-cost, large workforce. Offers range of BPO, IT, and KPO services. Large BPO industry, BPO service offerings, and presence of BoP community make it fit for further study. |
| India | #1 on GSLI rankings. Presence of Impact Sourcing activity. Offers range of BPO, KPO, and IT services. Presence of BoP community. The presence of Impact Sourcing activity makes it fit for further study. |
| Malaysia | #3 on GSLI rankings. Offers BPO, voice, and IT services – has 250 call centers & 130 shared services centers. ⁵⁰ Availability of skilled and low-cost workforce. High ranking and BPO activity make it fit for further study. |
| Philippines | Worldwide leader in the call center industry. #9 on GSLI rankings. Offering other BPO services catering to healthcare and pharmaceutical industries. High ranking and BPO activity make it fit for further study. |
| Project Fit: Medium | |
| Vietnam | Emerging as viable alternative to China. #8 on GSLI rankings. Offers BPO and IT services (higher IT activity). Scores high on GSLI’s financial attractiveness metrics. Presence of large BoP community and BPO market make it fit for study. |

| Country | Relevant Facts |
|------------------|--|
| Sri Lanka | High levels of BPO activity. #21 on GSLI rankings. Emerging as top destination in F&A outsourcing. Presence of BPO activity and high rankings make it fit for further study. |
| Project Fit: Low | |
| Afghanistan | Only Kabul shows as having some BPO activity (global services). Not ranked on A.T. Kearney GSLI. Little information found on BPO activity and thus put the country out of scope. |
| Indonesia | The industry is in infancy but has high ranking due to vast talent pool and competitive wages. #5 on GSLI rankings. Fundamentals are in place but no investments from MNCs due to lack of government support, unsupportive business environments, and lack of proficiency in English. Limited industry activity due to macro constraints put the country out of scope. |
| Pakistan | Limited BPO services & limited levels of activity. #28 on GSLI rankings. Faces issues with government support, infrastructure, and skills availability. Industry still in infancy. Limited industry activity due to macro constraints put the country out of scope. |
| Thailand | The industry is in infancy but has high ranking due to vast talent pool and competitive wages. #7 on GSLI rankings Fundamentals are in place but no investments from MNCs due to lack of government support, unsupportive business environments, and lack of proficiency in English. Limited industry activity due to macro constraints put the country out of scope. |

Table 32 presents scores based on fit for the selected APAC countries based on the developed assessment and prioritization framework.

Table 32: APAC Countries Assessment and Detailed Analysis

| Country | Impact Sourcing | BPO focus | ATK rankings attractiveness | Overall attractiveness |
|-----------------|-----------------|-----------|-----------------------------|------------------------|
| Afghanistan | 1 | 2 | 1 | 1 |
| Cambodia | 5 | 2 | 1 | 5 |
| China | 1 | 3 | 5 | 4 |
| India | 5 | 5 | 5 | 5 |
| Indonesia | 1 | 2 | 5 | 2 |
| Malaysia | 1 | 3 | 5 | 4 |
| Pakistan | 1 | 2 | 3 | 2 |
| The Philippines | 1 | 4 | 5 | 5 |
| Sri Lanka | 1 | 3 | 3 | 3 |
| Thailand | 1 | 2 | 5 | 2 |
| Vietnam | 1 | 2 | 5 | 3 |

Note: 1 is the lowest and 5 is the highest score for fit.

8.6. Twenty Recommended Countries for Further Research

A systematic screening process was used to identify priority countries for deeper analysis. The analysis sought to identify countries with a high potential for IS work, but to modify a strict ranking system with some balance across geographic regions. **Table 33** presents the twenty countries selected for further study. Detailed country profiles of the twenty countries selected are provided in **Appendix G**.

Table 33: Twenty Countries Suggested for Further Research

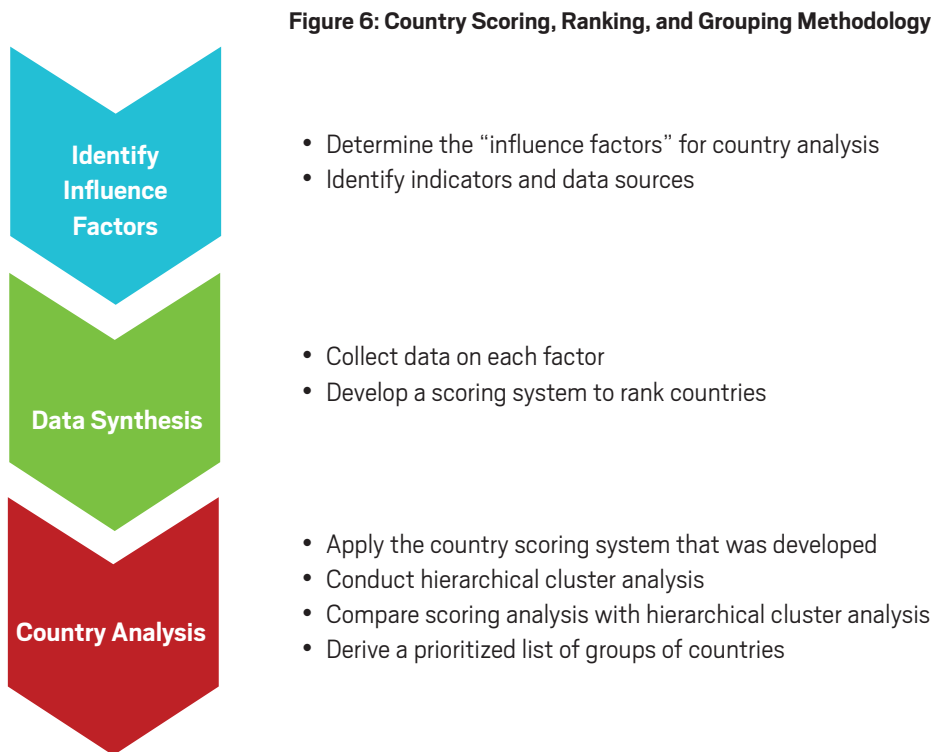
| LAC (4) | MEA (9) | APAC (7) |
|------------|--------------|-------------|
| Argentina | Egypt | Cambodia |
| Brazil | Ghana | China |
| Costa Rica | Jordan | India |
| Mexico | Kenya | Malaysia |
| | Morocco | Philippines |
| | Nigeria | Sri Lanka |
| | Senegal | Vietnam |
| | South Africa | |
| | Uganda | |

9. Prioritization of Countries

9.1. Approach

While many countries participate in the global BPO industry, not all countries demonstrate the same potential to use Impact Sourcing as a means to create employment opportunities for poor and vulnerable communities. One of the primary objectives of this research was to capture country-level data in order to score, rank, and group the twenty countries selected for further research by their potential to develop a thriving IS industry.

The methodology that was developed to support the country prioritization process is summarized in **Figure 6**. Detailed country profiles of the twenty countries selected are provided in **Appendix G**.



9.2. Scoring Methodology Explained

Identify Influence Factors

1. Determine the “influence factors” for country analysis

The WDI research team performed secondary research in order to identify the major factors that determine a location’s attractiveness for Impact Sourcing. The team determined that the following influence factors would help provide a comprehensive view of each country and be the basis for cross-country comparisons.

The five major influence factors were:

- a. **Business Environment** – Refers to the business environment of a given country. The business environment should be conducive for businesses to flourish. The political rights and civil liberties that citizens enjoy, rule of law, regulatory efficiencies, role of government, market openness, quality of infrastructure, level of corruption, and ease of doing business all become important considerations for impact sourcing.

- b. **Base of the Pyramid (BoP) Characteristics** – Refers to the characteristics of the BoP population of a given country, including the depth and incidence of poverty.
- c. **Education** – Refers to the quality and level of education in a given country.
- d. **Labor Force** – Refers to the labor characteristics of a given country. The labor market structure and regulatory environment surrounding labor practices are important, as they can hinder the ability of an industry to prosper.
- e. **BPO Industry Characteristics** – Refers to the level of BPO activity in a country. The availability of BPO-specific skills and a country’s technological infrastructure are prerequisites for BPO or IS activity to occur.

2. Identify indicators and data sources

Based on these influence factors, data indicators that measure each factor were sought: Secondary research was conducted to better understand the type of indicators that were available for each category. Indicators that allowed for the best opportunity to perform meaningful cross-country analysis were then selected.

The list indicators chosen for each of the five influence factors are listed and defined in **Appendix E. Appendix F** provides the rationale for the WDI team’s choice of indicators. The indicators chosen for each of the five categories are the following:

- a. **Business environment** – Index of economic freedom, Ease of doing business, Political Rights and Civil Liberty, and Quality of electricity supply
- a. **BoP characteristics** – Gini Index, Percentage of poor below \$5/day, Poverty gap at \$5/day, and Multidimensional poverty index
- a. **Education** – Inequality adjusted education index, Adult literacy rates, Gini co-efficient of average years of schooling, and score on “Higher education & training” component of the Global Competitiveness Index
- a. **Labor force** – Vulnerable employment rate, Youth unemployment rate, Employment to population ratio, score on “Labor market efficiency” component of the Global Competitiveness Index
- a. **BPO industry characteristics** – Score on A.T. Kearney’s “People Skills and Availability” component, Presence of Impact Sourcing (levels of activity), and score on “Technological readiness” component of the Global Competitiveness Index

Data Synthesis

3. Collect data on each factor

Data for each of the selected indicators was then collected from identified sources and compiled and categorized by influence factor. Creating tables by influence factor allowed for comparison across countries by factor. **Table 34** provides one example of how this was done for the influence factor “Business Environment.” Such tables were created for each of the other four influence factors as well.

Table 34: Data Compilation by Factor -- Business Environment

| Country | Index of Economic Freedom, Score (2012) | Ease of Doing Business Ranking (2012) – out of 183 countries | Total score (Political Rights & Civil Liberties) (2011) | Quality of electricity supply, score (WEF) |
|--------------|---|--|---|--|
| Argentina | 48 | 113 | 4 | 3.8 |
| Brazil | 57.9 | 126 | 4 | 4.9 |
| Cambodia | 57.6 | 138 | 11 | 3.5 |
| China | 51.2 | 91 | 13 | 5.5 |
| Costa Rica | 68 | 121 | 2 | 5.6 |
| Egypt | 57.9 | 110 | 11 | 4.6 |
| Ghana | 60.7 | 63 | 3 | 3 |
| India | 54.6 | 132 | 5 | 3.1 |
| Jordan | 69.9 | 96 | 11 | 5.7 |
| Kenya | 57.5 | 109 | 7 | 3.4 |
| Malaysia | 66.4 | 18 | 8 | 5.9 |
| Mexico | 65.3 | 53 | 6 | 4.3 |
| Morocco | 60.2 | 94 | 9 | 4.9 |
| Nigeria | 56.3 | 133 | 8 | 1.5 |
| Philippines | 57.1 | 136 | 6 | 3.4 |
| Senegal | 55.4 | 154 | 6 | 1.7 |
| South Africa | 62.7 | 35 | 4 | 3.7 |
| Sri Lanka | 58.3 | 89 | 9 | 5 |
| Uganda | 61.9 | 123 | 9 | 2.7 |
| Vietnam | 51.3 | 98 | 12 | 3.3 |

4. Develop a scoring system to rank countries

A scoring system framework was developed in order to compile the data from the various indicators in a meaningful way and thus be able to identify the countries that show the highest potential for Impact Sourcing.

The research team compiled the data as follows:

- a. Score each indicator on a scale of 1-3, 1-5, or 1-7, with the highest number being the most attractive for IS. For example, for the “Index of Economic Freedom” shown in **Table 35**, the following conversion to a five-point scale was made:

Index of Economic Freedom – A higher score on this indicator signifies greater freedom. The total score for this indicator is 5 points.

Table 35: Index of Economic Freedom Scoring

| Score | What it means | Scoring |
|---------|-----------------|---------|
| 100-80 | Free | 5 |
| 79.9-70 | Mostly Free | 4 |
| 69.9-60 | Moderately Free | 3 |
| 59.9-50 | Mostly Unfree | 2 |
| 49.9-40 | Repressed | 1 |

Thus, as **Table 34** shows that Argentina received a score of 48 on the Index of Economic Freedom, Argentina then received a score of 1 on WDI's scale. Such conversions were then repeated for all indicators.

- b. Sum the total for each country by influence factor.
For each country the scores of 1-5 for every indicator were added together to create a total score for each country for that indicator. See **Table 36** on the next page for an example of how this was done for the Business Environment influence factor. For example, Argentina received a total score of 10 for Business Environment.
- c. Determine the total score across categories and multiply by the pre-determined weighting.
For each country, the total scores for each of the influence factors were added together (see the "Total Score" column of **Table 37**). The category scores were then weighted equally between the five categories (0.20) so they would appear on a 0-100 scale.
- d. Rank countries from highest to lowest score.

Table 36: Total Scores (Across Countries) for the Influence Factor “Business Environment”

| Country | IEF | Our Scoring | EDB | Our Scoring | PRCL | Our Scoring | QEF | Our Scoring | Total BE Score |
|--------------|------|-------------|-----|-------------|------|-------------|-----|-------------|----------------|
| Argentina | 48 | 1 | 113 | 2 | 4 | 3 | 3.8 | 4 | 10 |
| Brazil | 57.9 | 2 | 126 | 2 | 4 | 3 | 4.9 | 5 | 12 |
| Cambodia | 57.6 | 2 | 138 | 2 | 11 | 1 | 3.5 | 4 | 9 |
| China | 51.2 | 2 | 91 | 3 | 13 | 1 | 5.5 | 6 | 12 |
| Costa Rica | 68 | 3 | 121 | 2 | 2 | 3 | 5.6 | 6 | 14 |
| Egypt | 57.9 | 2 | 110 | 2 | 11 | 1 | 4.6 | 5 | 10 |
| Ghana | 60.7 | 3 | 63 | 4 | 3 | 3 | 3 | 3 | 13 |
| India | 54.6 | 2 | 132 | 2 | 5 | 3 | 3.1 | 4 | 11 |
| Jordan | 69.9 | 3 | 96 | 3 | 11 | 1 | 5.7 | 6 | 13 |
| Kenya | 57.5 | 2 | 109 | 2 | 7 | 2 | 3.4 | 4 | 10 |
| Malaysia | 66.4 | 3 | 18 | 5 | 8 | 2 | 5.9 | 6 | 16 |
| Mexico | 65.3 | 3 | 53 | 4 | 6 | 2 | 4.3 | 5 | 14 |
| Morocco | 60.2 | 3 | 94 | 3 | 9 | 2 | 4.9 | 5 | 13 |
| Nigeria | 56.3 | 2 | 133 | 2 | 8 | 2 | 1.5 | 2 | 8 |
| Philippines | 57.1 | 2 | 136 | 2 | 6 | 2 | 3.4 | 4 | 10 |
| Senegal | 55.4 | 2 | 154 | 1 | 6 | 2 | 1.7 | 2 | 7 |
| South Africa | 62.7 | 3 | 35 | 5 | 4 | 3 | 3.7 | 4 | 15 |
| Sri Lanka | 58.3 | 2 | 89 | 3 | 9 | 2 | 5 | 5 | 12 |
| Uganda | 61.9 | 3 | 123 | 2 | 9 | 2 | 2.7 | 3 | 10 |
| Vietnam | 51.3 | 2 | 98 | 3 | 12 | 1 | 3.3 | 4 | 10 |

IEF is the Index of Economic Freedom as of 2012

EDB is the Ease of Doing Business Ranking, out of 183 countries as of 2012.

PRCL is the total score for Political Rights and Civil Liberties as of 2011.

QEF corresponds to the Quality of Electricity Score (WEF)

Table 37: Total Score for Each Country

| Country | Business Environment | BoP Characteristics | Education | Labor Force | BPO Industry | Total Score | Total (with weights) | Total (Scaled to 100) |
|--------------|----------------------|---------------------|-----------|-------------|--------------|-------------|----------------------|-----------------------|
| India | 11 | 13 | 14 | 14 | 15 | 67 | 13.6 | 68 |
| Kenya | 10 | 14 | 14 | 13 | 11 | 62 | 12.45 | 62.25 |
| South Africa | 15 | 11 | 13 | 13 | 11 | 63 | 12.4 | 62 |
| Nigeria | 8 | 15 | 14 | 13 | 7 | 57 | 11.35 | 56.75 |
| Ghana | 13 | 12 | 13 | 13 | 6 | 57 | 11.05 | 55.25 |
| Senegal | 7 | 14 | 15 | 12 | 7 | 55 | 11 | 55 |
| Uganda | 10 | 14 | 13 | 13 | 6 | 56 | 11 | 55 |
| Cambodia | 9 | 11 | 14 | 12 | 8 | 54 | 10.75 | 53.75 |
| China | 12 | 10 | 15 | 11 | 7 | 55 | 10.75 | 53.75 |
| Vietnam | 10 | 11 | 13 | 11 | 8 | 53 | 10.5 | 52.5 |
| Brazil | 12 | 7 | 14 | 10 | 9 | 52 | 10.25 | 51.25 |
| Malaysia | 16 | 7 | 14 | 9 | 7 | 53 | 10.15 | 50.75 |
| Sri Lanka | 12 | 10 | 15 | 10 | 5 | 52 | 10.05 | 50.25 |
| Morocco | 13 | 9 | 14 | 11 | 5 | 52 | 10 | 50 |
| Egypt | 10 | 10 | 12 | 11 | 6 | 49 | 9.6 | 48 |
| Philippines | 10 | 11 | 13 | 9 | 6 | 49 | 9.6 | 48 |
| Mexico | 14 | 7 | 13 | 9 | 6 | 49 | 9.4 | 47 |
| Costa Rica | 14 | 7 | 14 | 9 | 5 | 49 | 9.35 | 46.75 |
| Jordan | 13 | 6 | 13 | 11 | 5 | 48 | 9.2 | 46 |
| Argentina | 10 | 5 | 13 | 8 | 6 | 42 | 8.2 | 41 |

Country Analysis

5. Apply the country scoring system that was developed

Countries were given a score based upon the framework developed. After applying the weighting for each influence factor and establishing a total weighted score, the scores were then readjusted to scale to 100 — see the “Total (Scaled to 100)” column of **Table 37**. In the few cases where data for a particular country was not available, the team inserted a score from a similar country in that region. In cases where scores for all countries in a particular region were missing, a conservative score was given to allow for complete analysis.

Table 38 shows the list of the twenty countries studied with their total scores. The socio-economic characteristics of the countries are similar within and across regions, particularly in Asia and Africa. While there are variations in scoring, many countries tended to band close together. India received the highest score by a significant amount, followed by six African countries. Impact Sourcing activity is fairly limited in the Latin America region, which is why no Latin American countries ranked in the top 10 (Brazil is number 11).

Table 38: Country Rankings Based Upon Scoring Framework Developed

| Country | Total Score |
|--------------|-------------|
| India | 68 |
| Kenya | 62.25 |
| South Africa | 62 |
| Nigeria | 56.75 |
| Ghana | 55.25 |
| Senegal | 55 |
| Uganda | 55 |
| Cambodia | 53.75 |
| China | 53.75 |
| Vietnam | 52.5 |
| Brazil | 51.25 |
| Malaysia | 50.75 |
| Sri Lanka | 50.25 |
| Morocco | 50 |
| Egypt | 48 |
| Philippines | 48 |
| Mexico | 47 |
| Costa Rica | 46.75 |
| Jordan | 46 |
| Argentina | 41 |

A brief discussion of scoring by each influence factor is described below.

- a. **Business Environment (out of 20)** – Scores ranged from 7 to 16 out of a possible total of 20. Malaysia (16) and South Africa (15) offer the best business environment and Nigeria (8) and Senegal (7) the worst. Most other countries largely fall in the 10–13 range. Ghana and Morocco offer the second best business environment in Africa. India scores 11 in this category.
- a. **BoP Characteristics (out of 18)** – Many African countries take the top positions starting with Nigeria (15) and followed by Kenya, Uganda, and Senegal at 14 from a total potential score of 18. India follows them at a score of 13. Jordan (6) and Argentina (5) score the lowest in this category.
- a. **Education (out of 22)** – The scores of many of these countries fall in a narrow range. All countries, except for Egypt (12), fall in the range of 13–15 out of 22 points. The Gini Coefficient of average years of schooling data was not available for Argentina, China, Costa Rica, Malaysia, Mexico, and Sri Lanka. They were given scores similar to those of other countries in the same regions.
- a. **Labor Force (out of 22)** – The indicators for labor force mostly reflect the labor market situation in the country. The focus is largely on capturing unemployment issues within a country. India leads in this category (14/22 points) and is closely followed by the African countries of Ghana, Kenya, South Africa, Nigeria, and Uganda at 13 points. Argentina ranks the lowest at 8 points. Most countries fall within the range of 8–13 points. The data for vulnerable employment was not available for China and Nigeria. In both cases, an average score of 3 was given. For youth unemployment, a score was assumed for China, Nigeria, and Kenya. China was scored a 1 (similar to India and other Asian countries) and Nigeria and Kenya were both assigned a 2.

- a. **BPO Industry (out of 18)** – India received the highest score in this category (15), followed by Kenya and South Africa at 11. Most other countries scored in the range of 5–8, except for Brazil at 9. The “People skills & availability” metric was not available for Cambodia, Kenya, Nigeria, and Uganda. A score of 1 was assigned for these countries.

6. Conduct hierarchical cluster analysis

In order to complement and validate the primary scoring system described above, the team also performed a purely statistical analysis of the target country data utilizing a hierarchical cluster analysis. Cluster analysis is a statistical analysis technique used to organize data into groups, or clusters. The unique element about cluster analysis is that the researcher need not pre-specify which factors are most important. The statistical program clusters data by minimizing within-group variation and maximizing between-group variations. The analysis does not rank countries, but simply identifies groups that are similar to each other. When WDI performed a cluster analysis on the twenty countries and selected indicators, it returned five clusters (with China serving as a cluster of its own).

7. Compare scoring analysis with hierarchical cluster analysis

Table 39 reports the results of the cluster analysis and compares these with the scoring analysis describe above. The groupings from the two analyses are quite similar. As noted above, cluster analysis does not rank country attractiveness for Impact Sourcing. However, the fact that a completely bottom-up statistical technique (with no structure imposed) returned groupings similar to the scoring analysis gives WDI a high degree of confidence in its scoring methodology.

Table 39: Countries’ Results Based Upon Scoring and Cluster Analysis

| SCORING ANALYSIS | CLUSTER ANALYSIS |
|--|--|
| Highest scores: India, Kenya, South Africa, Ghana, Nigeria | Cluster 1: India, Senegal, Nigeria, Vietnam, Kenya |
| High scores: Uganda, Senegal, Cambodia, China, Vietnam | Cluster 2: Cambodia, Uganda, Ghana |
| Medium scores: Brazil, Malaysia, Sri Lanka, Morocco | Cluster 3: Egypt, Morocco, Philippines, Sri Lanka |
| Low scores: Egypt, Philippines, Mexico, Costa Rica, Jordan, Argentina | Cluster 4: Brazil, Malaysia, South Africa, Mexico, Jordan, Costa Rica, Argentina. |
| | Cluster 5: China was an outlier in cluster analysis |

Derive a prioritized list of groups of countries

While limitations would exist with any scoring methodology, the results of the scoring analysis were validated by the cluster analysis. The findings from these analyses are also supported and complemented by the secondary and primary research that identifies countries that show the highest potential for Impact Sourcing in **Chapter 8**.

As a result of the analysis performed, the countries were then re-prioritized. Countries were organized into four groups, with the lowest number group representing the highest priority. The grouping of countries includes:

- **Priority 1 Countries – India, Kenya, South Africa, and Ghana**

These countries received some of the highest scores in the scoring analysis and already show high levels of Impact Sourcing activity; for example, India contains the highest number of ISSPs. These countries also demonstrate government and industry commitment to develop favorable policies and programs in order to enhance the capabilities

of ISSPs. Kenya, Ghana, and South Africa have identified Impact Sourcing as a means to create employment opportunities for people from the BoP. These countries serve as strong models for testing whether Impact Sourcing can be scaled-up through interventions.

- **Priority 2 Countries – Uganda, Nigeria, Cambodia, and Vietnam**

These countries received scores in the upper range of the scoring spectrum, just below Priority 1 countries. They also tend to contain limited levels of Impact Sourcing activity in comparison to Priority 1 countries. These countries tend to have large BoP populations and high levels of BPO activity that could support the development of Impact Sourcing in the medium- to long-term.

- **Priority 3 Countries – Brazil, Sri Lanka, Senegal, and Morocco**

These countries received scores in the middle to lower range of the scoring spectrum. Yet, they tend to have large BoP populations and some levels of BPO activity that could support the development of Impact Sourcing in the long-term. For example, Brazil was a participant in the Impact Sourcing conference held by the Rockefeller Foundation and is showing interest in developing Impact Sourcing as a means to achieving socio-economic goals.

- **Priority 4 Countries – Egypt, Philippines, Mexico, Costa Rica, Malaysia, Jordan, China, and Argentina**

These countries received scores on the relatively low end of the range in comparison to the other countries in the sample.

9.3. Conclusions

Regionally, African countries tended to score higher and hold a higher potential for Impact Sourcing development, followed by Asian countries. Most African countries, despite a nascent and growing BPO industry, are in the process of developing policies and programs specifically to foster Impact Sourcing as a means of poverty alleviation. This is true in the case of Kenya, South Africa, Nigeria, Uganda, and Ghana.

The countries that show the highest indications of IS potential are also those that will benefit the most by immediate interventions by the Rockefeller Foundation. Other countries in the sample will be ready for interventions in the short- to medium-term future. Extended profiles of all twenty countries are provided in **Appendix G**, and recommended interventions are elaborated upon in the final section of this report.



Section 4:

Conclusions and Recommended Interventions

Conclusions

The analysis presented in this report leads to several important conclusions:

1. **The global BPO industry is large, is growing, and provides employment opportunities for workers in low-income communities. All three of these factors are likely to remain in place.**
2. **The idea of Impact Sourcing (i.e., moving some BPO tasks to areas where they can be performed by workers from poor and vulnerable communities) has the potential to create both economic and social value for all stakeholders – poor and vulnerable workers, ISSPs, BPO firms, and BPO clients.**
3. **While there is vast potential for value-creating partnerships between ISSPs and BPO firms or between ISSPs and client firms, the number and volume of such partnerships is currently far below that potential. This analysis identified several key hurdles that appear to be inhibiting the full development of the IS space. These include:**
 - a. There is a lack of information about the long-term impacts of ISSP employment on poor and vulnerable communities.
There is high interest in working with ISSP organizations that provide world-class services combined with high social impact. However, most evidence of social impact is anecdotal. ISSPs are not nearly as sophisticated regarding CSR issues and metrics as are mainstream BPO providers or client firms. This means that ISSPs' "pitches" about social impact tend to fall short.
 - b. ISSPs incur significant costs identifying, recruiting, and training BoP workers, and this can diminish ISSPs' cost advantage.
While training programs have high benefits for BoP workers, they raise costs and require significant management attention for aspiring ISSPs. Creating a pool of qualified and well-trained IS workers is a public good that has the potential to support an entire cluster of ISSPs. The costs of identifying, training, and certifying workers for ISSPs might best be moved off the income statements of ISSPs and be funded in some other way, most likely by governments or foundations.
 - c. ISSPs find it difficult to secure new customers and work contracts.
Major issues here involve visibility and documentation. Both mainstream BPO providers and client firms have expressed interest in working with ISSPs. However, each ISSP has its own story, with widely varying performance metrics, social impact studies, and capabilities. The market for creating potential partnerships is poorly organized – on both the information side and on the convening side.

Given the potential for creating large social impact and the relatively straightforward issues holding back the development of the IS space, the WDI research team identified four strategic, actionable interventions that the Rockefeller Foundation and/or other supporting organizations might undertake to support the development of the IS space.

Recommended Interventions

1. Conduct impact assessment studies to understand the impacts of employment on poor and vulnerable workers.

While much work has been done to quantify the prospective market size and employment potential of the Impact Sourcing space, there remains a lack of rigorous information outlining the true social impacts of ISSP employment on poor and vulnerable individuals and their households. Clients working with ISSPs have requested more specific, quantifiable information regarding the positive and negative social impacts that the employees of these organizations and their families experience. In addition, more work needs to be done to better understand and enhance impact and outcomes like worker satisfaction, quality of work output, and worker retention. Clearly articulating these impacts will help develop the supporting case that will allow clients and supporting organizations (such as large NGOs and governments) to move forward with Impact Sourcing projects or to support them through philanthropy. Finally, performing detailed impact assessments would allow ISSPs to better understand how to improve their business models and support services to maximize impact.

While impact assessment is a high priority, many ISSPs do not have the resources or capabilities to perform effective impact measurement themselves. Thus, it would be beneficial for funding organizations to support impact assessment studies on the ISSPs with which it engages. This would lead to a deeper understanding of the benefits of ISSP employment, as well as insights on how to further enhance ISSP impacts.

There is also an opportunity to capture and compare impact performance data across various ventures, which could help generate a sense of best practices and help determine how ventures may vary across different contexts. Such information would provide a better understanding of how specific interventions influence impact. Finally, the Foundation would be able to use this information to better understand how improving social impact is tied to enterprise performance.

An example of one such approach to impact assessment that has been applied in an Impact Sourcing context is the Base of the Pyramid Impact Assessment Framework (BoP IAF). The BoP IAF has previously been implemented in partnership with DDD across its operations in Cambodia, Laos, and Kenya in order to better understand the range of impacts on employees as they go through DDD's program. The framework, as featured in *Harvard Business Review*,⁵¹ holistically assesses a range of impacts across poor and vulnerable stakeholders. The associated methodology is interactive and involves the social venture, its partners, and BoP stakeholders across all stages. As previously delineated in this report, the BoP IAF provides a complete view of social and economic value created across three areas of well-being: economic, capability, and relationship well-being. This includes capturing both positive and negative impacts and assessing these impacts across a variety of BoP stakeholders. Data collected with the framework is intended to lead to action and create mutual value so that ventures can improve their operations and better meet their stakeholders' needs.

WDI recommends that supporting organizations incorporate impact assessment studies that focus on poor and vulnerable workers and their families in the next phase of IS work.

2. Support ISSPs by establishing training centers.

Many ISSPs discussed the challenges involved with training workers from poor and vulnerable communities. Considering that ISSPs generally hire workers with fewer academic qualifications than their mainstream BPO counterparts, there is a steeper initial learning curve, higher training costs, and more substantial time commitment by ISSPs for training their workers.

In order to support ISSPs and allow them to lower their cost structure and provide a better value proposition for clients and BPOs, supporting organizations should consider a strategy to provide training to ISSP workers. This strategy could center on the development of regional training centers in identified hubs where several ISSPs are present or

activity is likely to grow. Regional centers could be used to provide skills training (e.g., computer, English, typing), work environment training (workplace etiquette, managing expectations), and management training (communication as a manager). Training hubs would lower ISSP training costs, standardize the skill development curriculum, and serve as a recruiting ground for ISSPs searching for local workers.

Establishing training centers could help support the development of a standard curriculum for BPO training. Given the varied skill set of poor and vulnerable communities, a standardized curriculum could lead to some uniformity and a leveling of the skills base found at the BoP. Further, training centers that offer the standardized curriculum could be certified, and these centers would, in turn, certify the workers who have completed training. As it might be difficult for BoP workers from rural areas to come to regional centers, it is also important that a training strategy include plans for distributed training methods. In other words, it would be necessary to both bring the BoP to training centers and bring training to the BoP. This might include incorporating the use of mobile training programs that could be held at various locations where BoP workers reside.

Supporting organizations should consider following the model that was implemented by the Rockefeller Foundation in its work related to Impact Investing (i.e., developing one or two centers and programs regionally that serve as a test site for a broader network of such centers in the future). It will be imperative that, as a part of this process, supporting organizations enable the effective coordination, management, and evaluation of such centers so that findings can be captured and best practices replicated across regions.

3. Develop a hosted online platform focused on the field-wide promotion of Impact Sourcing and the connection and engagement of relevant stakeholders.

Because of the Rockefeller Foundation and others, some progress has been made in regard to developing the Impact Sourcing space and increasing awareness around the potential benefits of IS on poor and vulnerable employees as well as BPO clients. However, Impact Sourcing has yet to gain wide recognition within the BPO industry. In addition, there is still low awareness about Impact Sourcing and its potential benefits within the fields of development and social innovation. Industry-building activities must continue to occur in order to promote and draw attention to both the nascent Impact Sourcing space and to ISSPs. This will draw additional partners to Impact Sourcing and help ISSPs reduce some of their challenges related to customer acquisition.

Supporting organizations should consider developing a hosted online platform dedicated specifically to Impact Sourcing. This portal would enable the distribution and promotion of Impact Sourcing content (e.g., stories, reports, blogs). In addition, community features (personal blogs, forums, discussion topics) could be implemented that would bring together various practitioners and stakeholders involved with Impact Sourcing.

One such opportunity for the development of a hosted online platform would be leveraging the NextBillion Network. NextBillion (www.nextbillion.net), along with its affiliated Spanish and Portuguese language sites, is a leading network of websites that explores the connection between development and enterprise. By stimulating discussion, raising awareness, and providing platforms for sharing ideas, the NextBillion Network is a growing community of practitioners, academics, entrepreneurs, and business leaders promoting market solutions to poverty. The NextBillion Network already hosts domain-specific portals (e.g., “Capturing Impact,” “Healthcare,” “Agriculture & Energy”) that focus on targeted issue areas. Developing a dedicated site on a well-known and trusted platform would be beneficial as it would leverage an already engaged visitor base (500K+ unique visitors yearly) with a robust social media audience (20K+ fans/followers).

Developing this online presence would allow supporting organizations and related partners to build an online presence that could eventually expand to offline meetings, convenings, and conferences that connect relevant ISSPs, BPO providers, and other stakeholders involved with Impact Sourcing. This is similar to the model created by the Foundation

for its work on Impact Investing and by the William Davidson Institute and others for their work on developing the BoP domain.^{xix}

4. Facilitate a series of knowledge dissemination events like summits/seminars for both clients and ISSPs.

In large part due to several initiatives undertaken by the Rockefeller Foundation, there has been a growing awareness about Impact Sourcing on both the supply and demand sides. Some countries like India, Kenya, South Africa, and Ghana have become interested in promoting Impact Sourcing and now provide incentives to entrepreneurs interested in establishing ISSPs. And clients are increasingly outsourcing a wide variety of work to ISSPs.

One of the biggest challenges that ISSPs face is client acquisition. Many clients express interest in outsourcing work to service providers that are creating impact. However, what clients generally lack is comprehensive information about Impact Sourcing and the impact that ISSPs create as well as a medium through which they can connect to ISSPs.

Many ISSPs (e.g., Impact Sourcing Africa) were established by entrepreneurs who had the vision to create impact but no prior BPO industry experience. The founding members of ISA received comprehensive training from the Enblis Entrepreneurial Network on all aspects of running a BPO business.^{xx} Further, ISA members had the opportunity to visit an ISSP called Rural Shores in India where they received hands-on training about how to run an actual BPO operation. The comprehensive training opportunities provided helped establish ISA.^{xxi} Many more ISSPs could be established if such opportunities were provided to entrepreneurs who wished to create social impact through Impact Sourcing.

Both ISSPs and clients lack comprehensive knowledge on Impact Sourcing. The Rockefeller Foundation is in a unique position to provide a platform for such knowledge exchange to take place. One way to accomplish this would be to work with an organization that can take the lead on organizing a series of summits/seminars in various countries that are interested in learning more about Impact Sourcing.^{xxii}

Such summits/seminars would provide comprehensive information on Impact Sourcing — from policies and programs that work from a government/industry level to successful business models for ISSPs, types of work that ISSPs can accomplish, and roles of other players (e.g., foundations, NGOs, and mainstream BPO providers). The organization could connect with various industry associations like the National Association of Software and Services Companies (NASSCOM), Brazilian Association of Information Technology and Communications Companies (BRASSCOM), and others in order to arrange a series of summits/seminars in various parts of the world. Such events can also provide networking opportunities between clients and ISSPs and help in business development for ISSPs. In summary, WDI recommends that supporting organizations appoint an organization to conduct such knowledge dissemination events in the next phase of its Impact Sourcing work.

The emergence of the Impact Sourcing space is an exciting development with the potential to transform the lives of millions while creating real economic value. Modest interventions by foundations, governments, and development organizations could catalyze the Impact Sourcing space's growth, improving the lives of poor and vulnerable communities around the globe.

xix See <<http://wdi.umich.edu/research/bop/projects/leadership-development/conferences>> for examples of the types of conferences on the BoP that WDI hosts.

xx Enblis received a grant from the Rockefeller Foundation.

xxi ISA met executives from Rural Shores through the leadership learning program convened by Leaders Quest through a grant from the Rockefeller Foundation.

xxii For example, the William Davidson Institute houses the "Globalization of Services" initiative and is a leading organization on the topic of offshore outsourcing. Dr. Robert Kennedy, Executive Director of WDI, has over a decade of experience in researching the drivers and implications of the globalization of services and has written extensively on the issue of offshoring of service activities and the profound impact on businesses and governments in both developed and developing countries. His book, "The Services Shift: Seizing the Ultimate Offshore Opportunity," is considered an essential guidebook for managers who want a global competitive advantage.

Appendices

Appendix A: Extended Profiles of Three ISSPs

Daproim Africa

Overview

Daproim Africa is a mid-stage for-profit impact sourcing service provider (ISSP) located in Nairobi, Kenya. Daproim, which has been in operation since 2006, is an acronym for “Data Processing and Information Management.” The organization’s mission is to provide high-quality business process outsourcing services that are geared towards providing jobs and ensuring a transformational impact. The Digital Campus Connect (DCC) is Daproim’s flagship program (in partnership with TechnoServe and funding from the Rockefeller Foundation) with a socio-economic goal to employ university students to work for Daproim while studying.

| ISSP SNAPSHOT | |
|----------------|---|
| Name | Daproim Africa |
| Location | Nairobi, Kenya |
| Incorporated | 2006 |
| # of employees | 120 full-time employees; 412 in DCC program |

Social model for impact

Daproim Africa, through its DCC program, employs students pursuing a college degree. Students either work at the Daproim office in Nairobi or work remotely from their university computer labs and/or from personal computers. The goal of the DCC program is to provide an opportunity for students, while in college, to enhance their skill set, gain relevant formal sector experience, and earn income through which they can support themselves and their families. The social model for impact is to retain students while they pursue college degrees. Post-graduation, they become higher-skilled and are thus able to pursue better-paying jobs. Currently, DCC has about 1,600+ applicants, and Daproim has not been able to meet the demand from students with an adequate supply of work. Daproim’s goal was to hire 500 workers by the end of 2012; this was at a time when it had 412 students enrolled in the program. Daproim also provides relevant life-skills training to students, covering areas such as:

1. Emotional intelligence
2. Interpersonal skills
3. Personal finance
4. Time management
5. Personal and professional effectiveness
6. Entrepreneurship
7. Career discovery and development

Recruitment process

It is mainly through flyers posted around campus, partnerships with student organizations, and word-of-mouth that Daproim gets students to apply for the DCC program. The Daproim team has created an online application process to ensure that motivated students from target income segments are selected. The organization acknowledges that this process may not be the most appropriate in attracting students from BoP segments. Because many students found the online application process complex and difficult to understand, Daproim had to create an instructional video that helped students understand and complete the application process.

The online application process uses a weighted scoring model to shortlist applicants. Each criterion is given a certain

weight depending upon its importance. The factors and criteria considered include:

| Personal Factors | Family |
|--|---|
| Computer proficiency | Structure of parents' house |
| Extracurricular activities on campus | Main source of energy |
| How campus holidays are spent | Family unit leadership |
| How applicants raise their school fees | Main source of family income |
| Marks/grad obtained in primary/high school | Personal working budget per month (food) |
| | Personal working budget per month (telephone) |
| | Personal working budget per month (clothes) |
| | Personal working budget per month (entertainment) |
| | Extra responsibilities |
| | Challenges faced (physical/economic) |

Based upon the score from the online application, students are then called for a personal interview where they are asked questions relating to communication and job-related skills.

Services offered

Daproim offers a range of services. Its student workforce is drawn from various disciplines and Daproim leverages the backgrounds of the students to provide services across various industries. Its goal is to move toward delivering higher-end BPO services and specializing in selected verticals. Some of the service offerings by Daproim include online research, data entry, web design, audio and video transcription, video subtitles, and invoice and survey processing.

Current challenges

- Difficulty managing work-study efforts of employees*
 The combined work-study can lead to stressful situations for workers, especially during examination times and when client work demands a fast turnaround. Students can sometimes turn in poor quality work just to meet deadlines.
- Difficulty managing virtual employment*
 Daproim allows students to work remotely according to their schedule. Several challenges can exist due to a lack of a physical presence and an inability to monitor work in real time. Some challenges related to virtual employment include training workers, verifying the quality of work submitted, and meeting quick turnaround times. Some tasks, like optical character recognition (OCR), do not allow for remote work. The staff at Daproim spends a significant amount of time verifying the work submitted, which results in the use of a lot of resources.
- A higher learning curve for BoP workers*
 The learning curve of students from the BoP tends to be longer. They require more training and sometimes retraining in certain types of BPO tasks.
- Higher attrition rates initially for the DCC program*
 The attrition rates within the DCC program were initially as high as 25 percent (2010-2011). Common reasons identified included scheduling conflicts with college classes, lack of computers to work remotely, lack of project understanding, and an inability to commit for the entire duration of the program.

Lessons learned and best practices

- Develop a flexible work study program and plan for exam schedules in advance*
 Daproim allows students to take time off so they can properly prepare for exams. Daproim works with students from various universities in Kenya. The students at these universities follow a different academic schedule and hence it becomes easy for Daproim to determine resources and complete client work. Students have to inform the staff at

Daproim a few weeks in advance in order for them to plan schedules accordingly. Many students interviewed spoke highly about the work-study environment that Daproim offers.

- *Aim to have employees take in-house training whenever possible*
Daproim indicated a higher success rate with in-person training in comparison to virtual training. In-person training helped students understand the job role and function; in addition, queries can be answered immediately. Employees who performed in-person training were also less likely to be retrained.
- *Gain a solid understanding of which BPO tasks can be performed in-house vs. virtually*
Through trial and error and experience, Daproim management has developed a better sense of which jobs are best handled remotely and now does not send BPO jobs like OCR to virtual employees.
- *Gain a realistic understanding of training costs*
Daproim's training costs were higher than originally expected. The management team now has a better understanding about the resources and funding required for training.
- *Document key processes and procedures in order to reduce transition time and costs*
The management team quickly learned that it was essential to have documentation in place related to firm policies, procedures, job roles and function, recruitment and training processes, code of ethics, etc. In the absence of such documentation, it was difficult to hold workers accountable for the work they performed. Eventually employees were made to sign and accept certain rules of conduct before they commenced work.
- *Design specific support services to reduce attrition in key programs*
The management team implemented several activities in order to retain students for the DCC program specifically. Some of those initiatives are: (i) providing several training sessions to make the students better understand the benefits of staying in the DCC program; (ii) providing soft skills training and conducting free career planning workshops; (iii) partnering to provide access to corporate employers post-DCC; (iv) offering a better and more stable work environment by encouraging students to work from the office; and (v) offering an open-door policy and easy access to management staff in order to mitigate potential problems that prevent students from staying in the program.

Potential opportunities for development (through external intervention)

- *Conduct an impact assessment study to better understand long-term impacts on employees and their families*
Daproim does conduct a high-level survey to gather information about how the lives of its employees have improved. However, the firm's view is that if an external agency undertakes the survey then the students would give more accurate responses and not necessarily the responses that Daproim would like to hear. Daproim does not have the necessary resources and expertise to conduct impact assessment studies and is open to external agencies conducting them on its behalf.

Digital Divide Data (DDD), Kenya

Overview

Digital Divide Data (DDD) is an internationally acclaimed social enterprise. DDD was founded in 2001 in Cambodia as a non-profit venture with a mission to create a better future for disadvantaged youth through employment at DDD's business process outsourcing (BPO) centers. DDD not only targets youth from BoP communities but also other disadvantaged segments such as those with physical disabilities. The organization has experienced many positive social impacts in its decade of operation; nearly all employees graduate with a college degree and most have secured higher-paying jobs in the formal economy post-graduation. In 2011, DDD started operations in Kenya in order to replicate and scale its current model in African countries. The initial operations in Kenya were partially funded through a grant from the Rockefeller Foundation. In 2012, DDD Kenya was recognized as the most innovative BPO company at the Connected Kenya Summit.

ISSP SNAPSHOT

| | |
|----------------|--|
| Name | Digital Divide Data |
| Location | Nairobi, Kenya |
| Incorporated | 2001 (Cambodia); 2011 (Kenya) |
| # of employees | ~250 workers (Kenya) ~1,100 (overall) |

Social model for impact

Through its decade of operations, DDD has developed and implemented a well-defined social impact model. It hires determined youth who lack opportunities for higher education and employment in the formal sector. It trains workers and pays them a fair wage to perform BPO work while simultaneously offering them scholarships to attend university. The workers balance work-study for four years. Post-graduation, most workers leave DDD for higher-skilled positions with higher-earning potential. Program graduates generally earn almost four times the average regional wage, leading to many positive benefits from an income and savings perspective. DDD has experienced a high success rate in terms of college completion and securing higher-skilled employment opportunities for graduates of its program.^{xxiii} Some graduates are selected to work in management positions with DDD and a few even choose to start their own firms related to IT and other industries.

Recruitment process

DDD Kenya has a rigorous recruitment process. The final intake rate is approximately 12 percent of the total applications received. The selection criteria and process are as follows:

- Recruitment – DDD largely works with NGOs who are familiar with the people living in the slums that DDD targets. NGOs also provide referrals for workers that DDD is interested in hiring.
- Initial application -- Applicants have to fill out an application form and submit it to DDD. A placement test is given in English, math, and logic. About 80 percent of the initial applicants are ruled out.
- In-person interview – Successful applicants are called for an in-person interview with the human resource team.
- Fact check – If an applicant is selected, a team from DDD visits the home of the applicant. The team ensures that all family and household data provided on the application form is accurate. DDD also checks with community members and NGO partners to validate and gather more information about the applicant.

Services offered

DDD Kenya offers a range of BPO tasks and services from the low to the medium end of the value chain. The current key offerings include:

- Digital and mobile marketing – DDD manages online advertising campaigns using Google Adwords and Facebook

^{xxiii} This has been experienced in Cambodia and Laos. Kenya operations are still new to experience this impact.

marketing.

- Ebook conversion – DDD offers conversion of published content in new formats such as e-book for Kindle/iPhone/Nook. DDD has a partnership with eKitabu, a website and mobile e-bookstore that lets users search for books and buy using M-pesa and read from any device such as a computer, Android mobile or tablet.
- Newspaper and archive digitization – DDD works on digitizing library collections for accessibility and preservation, with a specialty in newspaper digitization. DDD also digitizes rare, fragile, and unique archives.
- Records management – DDD integrates hard copies of documents into a records management system. The services it provides include data entry, data storage, data organization, and document scanning and OCR.
- Data entry and conversion – Services include data entry, document scanning, OCR, and content tagging.

DDD Kenya aspires to eventually expand its operations to 600 workers and secure higher-end BPO work. The management anticipates eventually having employees perform higher-level BPO tasks that provide a higher profit margin. This would provide an opportunity for more experienced employees to perform higher-skilled jobs while maintaining similar volumes for low-end BPO work that entry-level workers could perform.

Current challenges

- *Gaining new client business*
DDD Kenya is slowly developing a local track record and reputation, but still has challenges in terms of securing local clients as it faces competition from well-known BPO companies. Currently, DDD Kenya's client mix is equal in terms of local and international customers.
- *Securing the right type of client projects*
DDD Kenya needs to secure longer-term projects in order to ensure that workers remain employed over the four-year period while they work toward a college degree. DDD is fully committed to the workers and cannot let workers go due to lack of sufficient work. This sometimes makes it difficult to take on short-term work when it becomes available.
- *Difficulty securing new domestic government projects*
While domestic government work offers a huge opportunity and could potentially translate into a large volume of work for DDD Kenya (as well as other local ISSPs), the lack of transparency in the bidding process and factors like corruption make securing such work extremely difficult.
- *Lack of access to managerial-level talent with BPO experience*
As Kenya is still an emerging BPO destination, finding management personnel with significant years of BPO experience can be a challenge, especially when looking for experienced business development personnel who understand both the local BPO market and the global BPO industry.
- *Employees having to adjust to a formal work environment*
Many DDD employees are working in a formal office setting for the first time and thus have difficulty adjusting to work structures and norms. For example, some can take professional criticism as personal criticism. Items such as feedback from clients and supervisors can feel like personal criticism and can thus be difficult to receive in a constructive manner. In addition, employees can become attached to their work teams and find it very difficult to shift teams when teams need to be reorganized.
- *Employees having to balance work and study*
Balancing work-study can be challenging for employees, in particular juggling among classes, homework, employment, and time for transport. This can be more apparent and difficult during times of examinations.

Lessons learned and best practices

- *Develop activities to better support employees in their student activities*
DDD has taken several steps to ensure that employees are better able to handle work-study situations. Some important initiatives are:
 - » Workers are encouraged to form study groups and a conference room is provided so that they have a quiet place to study during breaks and when they are not working.
 - » Work hours (shifts) are organized in a manner so that workers can attend university. There is no afternoon shift currently.
 - » DDD has developed an arrangement with Kenyatta University to provide distance learning. In this manner, employees can study and take classes per their schedule. Formal hours for online courses were created to ensure that employees are able to log in and study.

- *Be very selective about hiring*
DDD is extremely selective about hiring; its process can be long and only a handful of candidates complete it successfully. DDD relies on personal recommendations from NGOs and personally verifies the information provided by candidates.

- *Focus on in-person work*
DDD does not provide virtual employment opportunities, as the BPO work performed requires a higher degree of attention and quick turnaround times. In the absence of physical monitoring, work quality and deadlines could suffer.

Potential opportunities for development (through external intervention)

- *Support with client acquisition of government and donor contract work*
External agencies can provide support to ISSPs by leveraging existing relationships to help them secure government contracts or contracts with donor agencies (e.g., the World Bank). If contract rules become more oriented toward employing local people from poor and vulnerable segments, then ISSPs would have a better chance to win such projects. In particular, domestic government work suits the DDD model, as the work is long-term and high-volume, which enables the organization to employ many people over a longer period of time.

Impact Sourcing Africa (ISA)

Overview

Impact Sourcing Africa (ISA) is an early-stage Kenyan ISSP located in Kisumu, Kenya. It is a for-profit enterprise that commenced operations in 2012. Its social mission is to eradicate poverty by providing employment to people from BoP communities living in the Nyanza region. While none of the founding members of ISA have previous BPO industry experience, they all strongly believe in the ability of Impact Sourcing to create positive impact on youth from poor and vulnerable communities.

| ISSP SNAPSHOT | |
|----------------|---------------------------------|
| Name | Impact Sourcing Africa |
| Location | Kisumu, Kenya |
| Incorporated | September 2012 ^{xxiv} |
| # of employees | 15 (11 workers) ^{xxiv} |

Social model for impact

Very few process associates currently working possess a college degree. All workers have a high school degree and many have not been able to attend college because of their inability to pay fees. There is also generally a gap of a year between finishing high school and attending college.

The desired social impact for ISA includes providing employment in the year between high school and college. Employment during this period will enhance employee skillsets, provide formal sector experience, and most importantly keep people occupied in meaningful work.^{xxv} In addition, ISA aims to provide an income-generating opportunity to the poor and vulnerable workers so that they can pay toward their personal and family expenses.

The founders want ISA to serve as a stepping stone to college and jobs in the formal economy. Their goal is to hire 100 workers at the center in Kisumu. The management team also wants to replicate this ISSP center in all 47 counties in Kenya over the next five to seven years.

Recruitment process

ISA does not have a robust hiring process in place. It is willing to train anyone who demonstrates a passion to work. Candidates must possess a high school degree and should be fluent in English. ISA specifically recruits women as well as people with disabilities. Currently, ISA works with local organizations (i.e., NGOs, schools, churches) that have access to target groups.

Services offered

ISA currently has sourcing work through online job websites. It has four UK-based clients and is working with an intermediary based in India who outsources work to ISA. Current work includes writing articles and content development for magazines (e.g., product descriptions). Potential work opportunities include data entry and transcription.

Current challenges

- *Developing a pool of direct customers*
ISA is currently sourcing work through an intermediary. The organization wants to start working directly with clients, but finds it difficult, lacking an established track record of success.
- *The need for better and more equipment*
ISA uses second-hand computer equipment. Employees cannot be hired to do additional work, as ISA does not have

xxiv Actual work commenced in October 2012.

xxv ISA started out with hiring 25 process associates. Because ISA has limited work, only 11 work full-time.

xxvi ISA leaders have discussed a "virtual employment model" wherein employees can work from remote locations once in college. However, nothing has been implemented as yet.

enough high-quality computers.

- *Difficulty training employees*

About twenty-five process associates were trained over a period of two months on all aspects of the job. The learning curve has been slow, mainly due to a lack of previous work experience; many employees have not even seen a computer before.

Lessons learned and best practices

- *Focus on training smaller groups of employees*

The experience of training a group of twenty-five workers with varying skillsets was challenging. Going forward, ISA will train smaller batches of ten people and get them to a certain acceptable level in terms of skills before training the next batch.

- *Consider the advantages of working with candidates with less work experience*

While there is a higher learning curve with new employees, it is easier to mold them to develop a certain mindset toward work. In addition, ISA has found workers from BoP communities to be dedicated, hardworking, and always eager to learn new tasks.

Potential opportunities for development (through external intervention)

- *Support client acquisition activities*

Supporting organizations can help ISA to secure work in the following manners:

- » Create awareness about Kenya as an attractive BPO offshore destination.
- » Create awareness about Impact Sourcing in the private sector.
- » Provide grants to the ICT Board in Kenya to award BPO work (like digitization of government records) to ISSPs.

- *Continue to help ISSPs network and develop capacity*

ISA received a lot of training and exposure to the BPO industry through its partnership with the Rockefeller Foundation. ISA found these experiences extremely beneficial and would hope that the foundation continues to support such activities.

Appendix B: Basic Profiles of 14 ISSPs Analyzed

| Name | Primary Country | Secondary Countries | Primary Location | Setting | Year Launched | # of Centers | # of Employees | Impact |
|------------------------|-----------------|---------------------|---------------------------------------|--------------------|---------------|----------------------------|----------------|--|
| Anudip Foundation | India | None | West Bengal | Rural & Semi-Urban | 2006 | 3 | | Empowers marginalized youth and women with market skills |
| Business to Rural | India | None | Uttarakhand | Rural | 2011 | 5 (planning to grow to 11) | 180+ | 180+ families impacted across 48 villages, One direct job creates 3 indirect jobs, Livelihood creation and reverse migration, 62% employed are women |
| DDD | Cambodia | Laos, Kenya | Phnom Penh, Nairobi, Vientiane | Urban, Peri-Urban | 2001 | 3 | 750 | Impact on high school graduates in urban slums |
| Desicrew | India | None | Tamil Nadu | Rural & Semi-Urban | 2007 | 5 | 130 | 2/3 of staff are women |
| GramIT | India | North America | Andhra Pradesh | Rural | 2007 | 4 | 500 | Women employment |
| HarVa | India | None | Haryana, Uttar Pradesh, Uttarakhand | Rural | 2009 | | | Only employs women |
| Invincible Outsourcing | South Africa | None | Gauteng | Urban | 2009 | | | |
| Next Wealth | India | India | Tamil Nadu, Karnataka, Andhra Pradesh | Tier 2/3/4 cities | 2009 | 4 | 550 | Rural employment and prevents migration |

| Name | Primary Country | Secondary Countries | Primary Location | Setting | Year Launched | # of Centers | # of Employees | Impact |
|-------------------|-----------------|--------------------------------------|--|--------------------------|---------------|--------------|----------------|---|
| Rural Shores | India | None | Karnataka, Gujarat, Andhra Pradesh, Rajasthan, Uttar Pradesh, Madhya Pradesh, and Tamil Nadu | Rural | 2008 | 12 | 1000+ | Rural employment and prevents migration |
| Sai Seva | India | None | Tamil Nadu | Rural | 2006 | 1 | | Rural employment and prevents migration. All profits reinvested towards providing health, medical, and educational facilities in the region |
| Samasource | Kenya | Pakistan, Haiti, India, South Africa | Nairobi | Urban, Peri-Urban, Rural | 2006 | 1 | 3000+ | Women, youth & refugees |
| Simply Grameen | India | None | Karnataka | Rural | 2010 | 1 | | Rural employment and prevents migration |
| Source for Change | India | None | Rajasthan | Rural | 2006 | 1 | 100 | Rural employment and prevents migration |
| Source Pilani | India | None | Rajasthan | Rural | 2007 | 1 | | Rural employment and prevents migration |

Appendix C: Identification of Tasks Currently Performed by ISSPs

| Service \ ISSP | Anudip Foundation | Business to Rural | DDD | Desicrew | GramIT | HarVa | Invincible Outsourcing | Next Wealth | Rural Shores | Sai Seva | Samasource | Simply Grameen | Source for Change | Source Pilani |
|----------------------------------|-------------------|-------------------|-----|----------|--------|-------|------------------------|-------------|--------------|----------|------------|----------------|-------------------|---------------|
| Data Entry | ✓ | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | |
| Data Processing | | ✓ | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | ✓ | ✓ | |
| Data Conversion | | | ✓ | ✓ | | ✓ | | | ✓ | ✓ | | ✓ | ✓ | |
| Data Scanning & Capture | | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | |
| Data Cleansing & Consolidation | | ✓ | | ✓ | | | | | | | ✓ | ✓ | ✓ | |
| Data Mining & Extraction | ✓ | | | | | ✓ | | ✓ | | | ✓ | | ✓ | |
| Domestic Voice Support | | | | | ✓ | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ |
| Documents & Records Mgmt | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | ✓ | | ✓ | | |
| Transcription | | | ✓ | ✓ | | | | | ✓ | | ✓ | ✓ | ✓ | ✓ |
| Digitization & Archiving | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | | ✓ | ✓ | |
| Editing & Tagging | ✓ | | | | | | | | | | ✓ | | | |
| Social Media & Digital Marketing | | | ✓ | | | | | ✓ | | | | | | ✓ |
| Translation | | | | ✓ | ✓ | | | | | | | | | |

Note: Tasks listed above do not encompass the whole of every ISSP's offerings. Many offer more specialized services. Examples include Desicrew (mailroom activities, secondary research), GramIT (information research), Next Wealth (online tutoring via chat and engineering 2D/3D drawings), Samasource (content creation and moderation), and Simply Grameen (reconciliations).

Appendix D: A.T. Kearney GSLI Metrics

| Category | Subcategories | Metrics |
|------------------------------------|---|--|
| Financial Attractiveness (40%) | Compensation costs | Average wages; median compensation costs for relevant positions (e.g., call center representatives, BPO analysts, IT programmers, and local operations managers) |
| | Infrastructure costs | Rents costs; commercial electricity rates; international telecom costs; travel to major customer destinations (e.g., New York, London, and Tokyo) |
| | Tax and regulatory costs | Relative tax burden; corruption perception; currency appreciation or depreciation |
| People Skills & Availability (30%) | Remote services sector experience and quality ratings | Size of existing IT and BPO sectors; contact center and IT center quality certifications; quality ratings of management schools and IT training |
| | Labor force availability | Total workforce; university-educated workforce; workforce flexibility |
| | Education and language | Scores on standardized education and language tests |
| | Attrition risk | Relative IT and BPO sector growth and unemployment rates |
| Business Environment (30%) | Country environment | Investor and analyst ratings of overall business and political environment; A.T. Kearney FDI Confidence Index; security risk; regulatory burden and employment rigidity; government support for the ICT sector |
| | Infrastructure | Overall infrastructure quality; quality of telecom, Internet, and electricity infrastructure |
| | Cultural exposure | Personal interaction score from A.T. Kearney Globalization Index |
| | Security of intellectual property (IP) | Investor ratings of IP protection and ICT laws; software piracy rates; information security certifications |

Appendix E: Definitions of Indicators

| Category | Indicator | Source | Definition |
|----------------------|--|----------------------|--|
| Business environment | Index of Economic Freedom | Heritage House | Ten components of economic freedom are measured. 0= no freedom and 100 = maximum freedom. The 10 economic freedoms are categorized into four pillars: Rule of law, limited government, regulatory efficiencies, and open markets. |
| | Ease of Doing Business Ranking | World Bank | Ease of doing business ranks economies from 1 to 183, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation. The index averages the country's percentile rankings on 10 topics covered in the World Bank's Doing Business. The ranking on each topic is the simple average of the percentile rankings on its component indicators. |
| | Political Rights | Freedom House | Political Rights and Civil Liberties are measured on a one-to-seven scale, with one representing the highest degree of Freedom and seven the lowest. Based on ranking, country is "free", "partially free", and "not free". |
| | Civil Liberties | Freedom House | Political Rights and Civil Liberties are measured on a one-to-seven scale, with one representing the highest degree of Freedom and seven the lowest. Based on ranking, country is "free", "partially free", and "not free". |
| | Quality of electricity supply (Global Competitiveness Index) | World Economic Forum | Quality of electricity supply is measured on scale of 1 to 7 (part of infrastructure component of Global Competitiveness Index). |
| BoP characteristics | Gini Index | World Bank | Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. |
| | Poverty Gap at \$5 a day (PPP) (%) | World Bank | Poverty gap at \$5 a day (PPP) (%). |
| | Percentage of Population at \$5/day | World Bank | Percentage of population at \$5/day. |
| | Multidimensional Poverty Index (MPI) | UNDP | It shows the percentage of the population that is multidimensionally poor adjusted by the intensity of the deprivations. This index identifies multiple deprivations at the individual level in education, health, and standard of living. The MPI, published for the first time in the 2010 report, complements money-based measures by considering multiple deprivations and their overlap. The index identifies deprivations across the same three dimensions as the HDI and shows the number of people who are multidimensionally poor (suffering deprivations in 33% of weighted indicators) and the number of deprivations with which poor households typically contend. |

| Category | Indicator | Source | Definition |
|--------------|---|----------------------|---|
| Education | Gini coefficient of average years of schooling (age 15+) | World Bank | Gini coefficient of average years of schooling. Age 15+ measures the degree of inequality in years of schooling in a society. It is calculated similarly to the Gini coefficient of income or wealth. Results range from 0 to 100 with 0 indicating perfect equality and 100 indicating perfect inequality. |
| | Rankings on “Higher Education & Training” in Global Competitiveness Index | World Economic Forum | Ranks countries on secondary & tertiary education enrollment, quality of education system, quality of math/science education and mgmt schools, Internet access in schools, availability of research & training services and extent of staff training. |
| | Adult Literacy rates (% of people 15 & above) | World Bank | Adult literacy rate is the percentage of people ages 15 and above who can, with understanding, read and write a short, simple statement on their everyday life. |
| | Inequality-adjusted education index | UNDP | The Human Development Index (HDI) education index adjusted for inequality in distribution of years of schooling based on data from households surveys. |
| Labor force | Vulnerable Employment Rate | World Bank | Vulnerable employment is unpaid family workers and own-account workers as a percentage of total employment. |
| | Employment to Population Ratio (15+ years) | World Bank | Employment to population ratio is the proportion of a country’s population is employed. Ages 15 and older are generally considered the working-age population. |
| | Youth unemployment rate (% of labor force, 15–24 years) | World Bank/ILO | Youth unemployment refers to the share of the labor force ages 15–24 without work but available for and seeking employment. Definitions of labor force and unemployment differ by country. |
| | Rankings of “Labor Market Efficiency” in Global Competitiveness | World Economic Forum | Sub categories: cooperation in labor-employer relations, flexibility of wage determination, rigidity of employment index, hiring & firing practices, redundancy costs (weeks of salary), pay & productivity, reliance on professional |
| BPO industry | A.T. Kearney “People Skills & Availability” score on Globalization of Services Location Index | A.T. Kearney | Countries are rated based upon: remote services sector experience & quality ratings, education & language, labor force availability, and attrition risk. |
| | Presence of Impact Sourcing activity | Internet Research | Presence of ISSPs, Government/industry initiatives to foster Impact Sourcing activity and/or doing work for ISSPs (crowdsourcing). |
| | Rankings on “Technological Readiness” in Global Competitiveness Index | World Economic Forum | Sub categories are: availability of latest technologies, firm-level technology absorption, FDI & Tech transfer, Internet Users/100 pop, Broadband Internet Users/100 pop, and Internet bandwidth, kbs/capita. |

Notes: The Global Competitiveness Rankings by the World Economic Forum rank countries based upon three metrics. The weights vary depending upon the country’s stage of development: (i) basic requirements – institutions, infrastructure, macroeconomic management, and health/primary education; (ii) efficiency enhancers – higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, and market size; and (iii) innovation and sophistication factors – business sophistication and innovation.

Appendix F: Rationale for Indicators

| INDICATORS (Category) | RATIONALE |
|---|---|
| Index of economic freedom (BE) | <p>Demonstrates important relationships between economic freedom and positive social and economic values such as per capita income, economic growth rates, human development, democracy, the elimination of poverty, and environmental protection. The ten economic freedoms are categorized into four pillars:</p> <ol style="list-style-type: none"> 1. Rule of law – freedom from corruption, property rights 2. Limited government – fiscal freedom and government spending 3. Regulatory efficiencies – business, labor, and monetary freedom 4. Open markets – trade, investment, and financial freedom <p>This indicator reflects best the relationship between economic freedoms and socio-economic values.</p> |
| Ease of doing business (BE) | The rankings show how conducive a regulatory environment is within a country. |
| Political rights & civil liberties (BE) | These indicators reflect the freedom that citizens enjoy and political rights, which directly relates to the ability of businesses to operate. |
| Quality of electricity supply (BE) | Infrastructure, particularly electricity, is important from a BPO industry perspective. |
| Gini Index (BoP) | Articulates the income inequality within a country. The higher the inequality, the larger gap between rich and poor, and generally the existence of a larger BoP population. |
| % of poor at \$5/day (BoP) | The size of the BoP is an important consideration when spending efforts to create employment. BPO work, for economies of scale, is best suited for populations with higher talent pools. The percentage of poor living on less than \$5/day is taken as a direct proxy to represent the BoP population. |
| Poverty gap at \$5/day (BoP) | This indicator shows the depth and incidence of poverty. The mean shortfall from the \$5 a day poverty line (counting the non-poor as having zero shortfall) is expressed as a percentage of the poverty line. |
| Multidimensional poverty index (BoP) | The MPI is an index of acute multidimensional poverty. It shows the number of people who are multi-dimensionally poor and the number of deprivations with which poor households typically contend. It reflects deprivations in rudimentary services and core human functioning for people across countries. |
| Score on “higher education and training” component of Global Competitiveness Index (Education) | This indicator captures various elements of education within a country such as quality of the educational system, math and science education, enrollments in secondary and tertiary, and also availability of training for staff. |
| Inequality-adjusted education index (Education) | The education index tracks the mean years of schooling for adults and expected years of schooling for children. The index shows the potential of human development. When adjusted for inequality, it demonstrates actual levels. It serves as a realistic indicator that captures the level of development within education. |

| INDICATORS (Category) | RATIONALE |
|--|--|
| Adult literacy rates (Education) | Most ISSPs are willing to hire high school graduates. In the absence of complete data on the percentage of a population within a country with a high school degree, literacy rates can serve as a reliable proxy. |
| Gini coefficient of average years of schooling (Education) | This indicator shows the inequality in education achievement. A higher score shows greater inequality. |
| Vulnerable employment rate (Labor force) | Unpaid family workers and own account workers are the target segment that will benefit most from a thriving Impact Sourcing sector. A higher percentage of such workers help demonstrate a greater employment opportunity for this group. |
| Youth unemployment (Labor force) | A larger % of youth unemployed helps demonstrate a greater employment opportunity for this group. |
| Score on “labor market efficiency” component of Global Competitiveness Index (Labor force) | This indicator captures the various elements within labor market such as rigidity of employment, flexibility in wage determination, hiring/firing practices, pay/productivity, and brain drain that occurs due to the lack of availability of suitable jobs. |
| Employment-to-population ratio (Labor Force) | This identifies the proportion of people that are employed, which can help demonstrate the potential employment opportunity for a country. |
| “People skills & availability” component of A.T. Kearney’s Global Services Location Index (GSLI) (BPO industry) | This indicator captures the availability of skills for the BPO industry in a particular country. It not only captures skills availability and quality, but also attrition risk, education, commensurate education, and labor force availability for the BPO industry. |
| Presence of Impact Sourcing (BPO industry) | Countries that have an ISSP presence, are fostering activity via labor market studies or pilot projects, or are considering supporting other Impact Sourcing activities are more likely to enable the development of an Impact Sourcing industry and are hold more potential for intervention. |
| Score on “technological readiness” component of Global Competitiveness Index (BPO industry) | BPO work involves the use of Internet and broadband connectivity. Higher adoption rates or users of Internet show the percentage of population that is ready for doing work that requires familiarity with this type of technology. This indicator also captures Internet bandwidth kbps/capita, an important indicator for BPO service providers and ISSPs. |

Argentina


Overview ⁵²

Argentina is one of the five largest economies in South America. It has a large base of natural resources, export-oriented agricultural sector, diversified industrial base, and a highly literate population. Argentina suffered from economic, social, and political crises during certain periods over the past twenty years. 2001 was characterized by severe crises, demonstrated by a real GDP 18 percent smaller than in 1998. Over 60 percent of Argentines live below the poverty line. Recent years have seen strong macroeconomic growth largely due to expansionary fiscal and monetary policies. Services constitute the highest area of the GDP at 58 percent. Argentina’s HDI is 0.797, which is higher than the regional average of 0.731. Consecutive years of pro-poor policies have led to poverty and unemployment at levels prior to the 2000–2001 crises.


| COUNTRY SNAPSHOT ^{xxvii} | |
|---|---------------------|
| Region | Latin America |
| Classification (World Bank) | Upper middle-income |
| Population (2011) | 40.76 million |
| GDP (2011) | \$446 billion |
| GDP growth (2011) | 8.8% |
| GDP per capita (current international \$) | \$17,674 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 10.7% |
| Industry | 31.1% |
| Services | 58.2% |
| Human Development Index score (2011) | 0.797 |
| Human Development Index rank (2011) | 45/187 |

Analysis of data indicators


The categories and indicators identified in the country analysis are discussed below.

Business Environment Rank 12/20 


| | |
|---------------------------------------|---|
| Index of economic freedom – 48 | Argentina scores in the bottom half of this category. While its citizens enjoy political rights and civil liberties, it is labeled as “repressed” per the index of economic freedom. It improved its rankings by one place in terms of ease of doing business. The quality of electricity supply is also considered to be at the lower end. |
| Ease of doing business rank – 113/183 | |
| Civil liberties – 2/7 | |
| Political rights – 2/7 | |
| Quality of electricity supply – 3.8/7 | |

BoP Characteristics Rank 20/20 

| | |
|-------------------------------------|--|
| Gini Index – 44.49% | Argentina scores last in this category, which primarily indicates a smaller presence of the BoP segment. |
| % of poor at \$5/day – 9.18% | |
| Poverty gap at \$5/day – 3.57% | |
| Multidimensional Poverty Index – 1% | |

Education Rank 12/20 

| | |
|---|--|
| Gini coefficient of avg. years of schooling (15+ years) – n/a | Argentina scores in the mid-range of this category. The population has high literacy rates and access to education and educational attainment is also high as evidenced by the score on higher education and training. |
| “Higher education & training” – 4.5/7 | |
| Adult literacy rates (15+ years) – 97.80% | |
| Inequality adjusted education index – 80% | |

Labor Force Rank 20/20 

| | |
|--|---|
| Vulnerable employment – 19.60% | Argentina again scores last in this category, indicating fewer challenges relating to unemployment. Youth unemployment rates are low and vulnerable employment rates are well under 20 percent. There are some challenges related to hiring and firing practices and flexibility in wage determination as indicated by a low score on labor market efficiency |
| Youth unemployment rate – 18.70% | |
| Employment-to-population ratio – 56.10 | |
| “Labor market efficiency” – 3.5/7 | |

xxvii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 11/20



“People skills & availability” – 1.58/3
 IS presence – yes – 0
 “Technological readiness” – 3.7/7

Argentina scores in the mid-range of this category. It has no impact sourcing activity but an established outsourcing industry and well-developed technology-related infrastructure.

Summary: Despite a high adult literacy rate and a good education score, Argentina ranks low (17th) with a score of 41 mainly due to its lower rankings on the BoP and labor force front. It also scores in the lower end in the business environment BPO industry category.

BPO/IS Overview^{53 54}

A profile of the BPO industry and Impact Sourcing activity in Argentina is detailed below.

| Category | Details |
|---------------|---|
| History | BPO – Offers IT, BPO, and call center services BPO started in late 1990s/early 2000 ⁵⁵ Largely call center-focused Rapidly developing in the non-voice BPO space IS – None |
| Industry size | BPO – n/a IS - None |
| Strengths | Relevant language skills – English and Spanish Favorable time zone and physical proximity to the US Cultural affinity to the US Available workforce |
| Challenges | Some political and economic instability Declining cost competitiveness due to rising inflation and demands by labor unions |
| Key players | Key captives/BPOs – Exxon Mobile, P&G, Nextel, MCI, IBM, TCS, Sabre, Call Center Argentina, Call Center Servicios, Cat Technologies, Indicom, Action Line Key ISSPs – None |

Summary: Argentina offers IT, call center, and a few BPO services. The BPO work was largely call-center focused although it has started offering non-voice BPO services. Due to the physical proximity to the US and good language skills, it has emerged as a key near offshore destination.

Prioritization

Argentina is classified as a Priority 4 country due to several factors. It scores low due to lack of IS activity and a result of low scores on the BoP characteristics and labor market scores.

Brazil

Overview ^{56 57}

Brazil is the world's seventh largest economy and the largest in the Latin American region in terms of population and size. It has well-developed manufacturing, mining, agriculture, and service sectors. Brazil weathered the global economic downturn with minor impact; the country was one of the last countries to fall into recession in 2008 and the first to resume growth in 2009. It has a strong domestic market that is less vulnerable to external crisis, and as a result Brazilians have experienced improvements in socio-economic well-being. There are extreme regional differences in social indicators such as health and infant mortality. The richer south and southeast regions have better social indicators than the poorer north and northeast. Brazil's HDI score is 0.718, which is lower than the regional average of 0.731.

| COUNTRY SNAPSHOT ^{xxviii} | |
|---|---------------------|
| Region | Latin America |
| Classification (World Bank) | Upper middle-income |
| Population (2011) | 196.7 million |
| GDP (2011) | \$2.477 trillion |
| GDP growth (2011) | 2.7% |
| GDP per capita (current international \$) | \$11,719 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 5.5% |
| Industry | 27.5% |
| Services | 67% |
| Human Development Index score (2011) | 0.718 |
| Human Development Index rank (2011) | 85/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|---|---|
| <p>Business Environment</p> <p>Index of economic freedom – 57.9 Ease of doing business rank – 126 /183 Civil liberties – 2/7 Political rights – 2/7 Quality of electricity supply –4.9/7</p> | <p>Rank 8/20</p> <p>Brazil scores in the mid-range of this category. Brazilians are free in terms of the civil liberties and political rights they enjoy but the economy is labeled as repressed from a perspective of economic freedom. Brazil fell behind six places to 126th in the ease of doing business rankings for 2012. It scores in the mid-range in the quality of electricity supply.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 54.69% % of poor at \$5/day – 36.02 % Poverty pap at \$5/day – 16.35% Multidimensional Poverty Index – 1%</p> | <p>Rank 15/20</p> <p>Brazil scores low in this category; the number of poor at less than \$5/day stands at 36% and the poverty gap is just 16.35%.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – 42 “Higher education & training” – 4.4/7 Adult literacy rates (15+ years) – 90.30% Inequality adjusted education index – 72%</p> | <p>Rank 4/20</p> <p>Brazil scores high in this category as a result of good educational outcomes. The adult literacy rate is above 90% and the score on the quality of educational institutions and access as measured by “higher education & training” is also in the mid-range. Brazil scores the highest among Latin American countries.</p> |
| <p>Labor Force</p> <p>Vulnerable employment –25.10% Youth unemployment rate – 17.80 % Employment-to-population ratio – 64.80 “Labor market efficiency” – 4.2/7</p> | <p>Rank 14/20</p> <p>Brazil scores low in this category, indicating fewer challenges on the labor force front. The youth unemployment rate is at 18% and vulnerable employment at 25%. It scores in the mid-range in regard to “labor market efficiency.”</p> |

xxviii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 4/20



“People skills & availability” – 2.07/3
 IS presence – yes – 0
 “Technological readiness” – 4/7

Brazil ranks twelfth overall in A.T. Kearney’s GSLI. It scores high in the “people skills and availability” metric. Brazil does not have a full-fledged IS presence but Brazil was part of the delegation at the IS conference held by the Rockefeller Foundation in 2011. It scores in the mid-range in regard to “technological readiness.”

Summary: Overall, Brazil ranks ninth with a score of 51.25. It scores high on the BPO industry front but lower in regard to business environment, BoP characteristics, and labor market.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Brazil is detailed below.

| Category | Details |
|--|---|
| History ⁵⁸ | BPO – Early-mid 2000 Mature IT destination and largest call center industry in the region (Portuguese) Still developing in the BPO space BRASSCOM – Brazilian Association of Software and Service Export Companies – is the industry association. Most IT-BPO activity is conducted in the south and southeast regions. There are about 18 technology parks. IS – None |
| Industry size ⁵⁹ | BPO – Brazil has the seventh-largest domestic ICT market in the world, accounting for 8% of the GDP and \$165.7 billion in 2010. Per BRASSCOM, BPO was \$4.7 billion in 2010. IS – None |
| Strengths | Availability of skilled labor Favorable time zone and physical proximity to the US Cultural affinity to the US |
| Challenges | Limited English and Spanish speakers Safety and security-related issues Strengthening currency eroding cost competitiveness |
| Key players | Key captives/BPOs – IBM, Nestlé, HSBC, GM, Sitel Key ISSPs – None |
| <p>Summary: Brazil is one of the top countries as an offshore destination for IT-BPO. It has mature IT capabilities and the largest call center industry, and also offers other BPO services. BRASSCOM was established to make Brazil a leading player in the global offshore industry. The lack of availability of English language speakers is a critical challenge and both the government and industry are taking steps to mitigate this issue.</p> | |

Prioritization

Brazil is classified as a Priority 3 country due to several factors. It has a well-established IT-BPO market although the focus is more on IT services and call center work. There is no Impact Sourcing activity currently in the country. A well-developed BPO industry can accelerate the formation of the IS space going forward. Brazil could well become ideal for intervention and Impact Sourcing in the medium-term.

Cambodia

Overview⁶⁰

Cambodia experienced strong economic growth (about 10 percent per year) from 1998–2008. The textile industry, agriculture, tourism, and construction are the largest contributors to this growth. After the global economic downturn, Cambodia was able to sustain the growth at a slightly lower rate of 6.9 percent in 2011. Growth is driven by strong exports, private investments, and a stable macroeconomic environment. Rapid economic growth has led to a reduction in poverty headcount. Rural poverty, however, remains a challenge with 92% of the poor residing in rural areas. Cambodia is facing severe challenges on the development front – the country has a high percentage of people under the age of 25 who lack basic education and job skills. The poor mainly reside in the countryside where the basic infrastructure is inadequate.⁶¹ Cambodia’s HDI score of 0.523 is less than the regional average of 0.671.

| COUNTRY SNAPSHOT ^{xxix} | |
|---|---------------------|
| Region | East Asia & Pacific |
| Classification (World Bank) | Low income |
| Population (2011) | 14.31 million |
| GDP (2011) | \$12.88 billion |
| GDP growth (2011) | 6.9% |
| GDP per capita (current international \$) | \$2,372 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 34.6% |
| Industry | 24.1% |
| Services | 41.3% |
| Human Development Index score (2011) | 0.523 |
| Human Development Index rank (2011) | 139/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

Business Environment

Rank 18/20



Index of economic freedom – 57.6
 Ease of doing business rank – 138/183
 Civil liberties – 5 / 7
 Political rights – 6 / 7
 Quality of electricity supply – 3.5/7

Cambodia ranks low in this category. In terms of the index of economic freedom, the country is labeled as “mostly unfree” and its citizens are “not free” in terms of enjoying civil liberties and political rights. Its score on the ease of doing business is also low at 138 and the score on quality of electricity supply is also at the low end.

BoP Characteristics

Rank 7/20



Gini Index – 37.85%
 % of poor at \$5/day – 92.24%
 Poverty gap at \$5/day – 54.86%
 Multidimensional Poverty Index – 25%

Cambodia ranks in the top half of this category. There is a sizeable BoP population with almost 92% of the population living on less than \$5/day. The Multidimensional Poverty Index is also high.

Education

Rank 4/20



Gini coefficient of avg. years of schooling (15+ years) – 45.93
 “Higher education & training” – 3.1/7
 Adult literacy rates (15+ years) – 73.90%
 Inequality adjusted education index – 52%

Cambodia ranks in the mid-range of this category. The score on “higher education & training” is toward low-end, indicating issues with the access to and quality of educational institutions.

Labor Force

Rank 7/20



Vulnerable employment – 82.5%
 Youth unemployment rate – 3.4 %
 Employment-to-population ratio – 81.40
 “Labor market efficiency” – 4.6/7

Cambodia ranks in top half of this category. The vulnerable employment rate is very high at almost 83%. The score on “labor market efficiency” is in the mid-range.

xxix GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 5/20



“People skills & availability” – n/a
 IS presence – yes – 1
 “Technological readiness” – 3/7

Cambodia was not listed in A.T. Kearney’s GSLI rankings. However, there is a presence of Impact Sourcing activity. The country scores low on the “technological readiness” front.

Summary: Cambodia ranks eighth overall with a score of 53.75. Despite an unfavorable business environment, Cambodia is attractive due to the presence of a sizeable BoP population, Impact Sourcing, and its needs relating to unemployment.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Cambodia is detailed below.

| Category | Details |
|---|---|
| History | BPO – n/a IS – Early 2000 |
| Industry size | BPO – n/a IS – n/a |
| Strengths | Availability of labor force at low costs Basic English language skills |
| Challenges | Lack of skilled labor force Lack of technology-related infrastructure |
| Key players | Key captives/BPOs – n/a Key ISSPs – Digital Divide Data (DDD) |
| Summary: Cambodia was one of the early pioneers in Impact Sourcing. DDD was set up in 2001 to train disadvantaged youth and lift them out of poverty by providing employment opportunities. The BPO industry is still nascent. | |

Prioritization

Cambodia is classified as a Priority 2 country due to several factors. Most importantly, Impact Sourcing activity has been present since 2001 when DDD first opened its offices. In addition, there is a sizeable BoP population and a large number of youth who are not employed.

China

Overview ⁶²

China moved from a centrally planned economy to a market-based one about three decades ago. It has experienced rapid growth during this period. China became the second largest economy in 2010 and is increasingly playing an influential role in the global economy. Despite being an “upper middle income” country, China faces daunting development challenges such as poverty. China has the second-largest number of consumption poor in the world after India. Growth has brought another set of challenges such as income inequality, a rapidly aging population largely due to its population control policy, environmental sustainability, external imbalances, and rapid urbanization. Industry and services sectors contribute almost equally to the GDP. China’s score on HDI is 0.687, which is higher than the regional average of 0.671.

| COUNTRY SNAPSHOT ^{xxx} | |
|---|---------------------|
| Region | East Asia & Pacific |
| Classification (World Bank) | Upper middle income |
| Population (2011) | 1.344 billion |
| GDP (2011) | \$7.318 trillion |
| GDP growth (2011) | 9% |
| GDP per capita (current international \$) | \$8,466 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 10% |
| Industry | 46.6% |
| Services | 43.3% |
| Human Development Index score (2011) | 0.687 |
| Human Development Index rank (2011) | 101/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | | |
|---|---|------------|--|
| Business Environment | | Rank 8/20 | |
| Index of economic freedom – 51.2 | China ranks in the top half of this category due to its top score in the quality of electricity supply and its relatively high rank in the ease of doing business rankings. In terms of index of economic freedom, the country is labeled as “mostly unfree” and its citizens are “not free” in terms of enjoying civil liberties and political rights. | | |
| Ease of doing business rank – 91/183 | | | |
| Civil liberties – 6/7 | | | |
| Political rights – 7/7 | | | |
| Quality of electricity supply – 5.5/7 | | | |
| BoP Characteristics | | Rank 11/20 | |
| Gini Index – 42.48% | China ranks at 11th in this category. The size of BoP population is about 80 percent, with the poverty gap at \$5/day at 43 percent. | | |
| % of poor at \$5/day – 80.05% | | | |
| Poverty gap at \$5/day – 42.9% | | | |
| Multidimensional Poverty Index – 6% | | | |
| Education | | Rank 1/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – n/a | China shares the top rank in this category with two other countries. Its score in the quality of educational institutions and access is in the mid-range and the literacy rates are high at 95%. | | |
| “Higher education & training” – 4.3/7 | | | |
| Adult literacy rates (15+ years) – 94.27% | | | |
| Inequality adjusted education index – 69% | | | |
| Labor Force | | Rank 9/20 | |
| Vulnerable employment – n/a | The data for vulnerable employment and youth unemployment was not available for China. The employment to population ratio is at 71 and it scores in the high range in the “labor market efficiency” indicator. | | |
| Youth unemployment rate – n/a | | | |
| Employment-to-population ratio – 71.10 | | | |
| “Labor market efficiency” – 4.7/7 | | | |

xxx GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 7/20



“People skills & availability” – 2.55/3
 IS presence – yes – 0
 “Technological readiness” – 3.6/7

China ranks second in A.T. Kearney’s GSLI. It scores high in the “people skills & availability” category although its score in the “technological readiness” part is in the mid-range. There is no Impact Sourcing activity going on in the country.

Summary: China ranks seventh with an overall score of 53.75 (ties with Cambodia). China scores in the top ten due to its high scores in education and BPO industry.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in China is detailed below.

| Category | Details |
|---------------|--|
| History | BPO – Early 2000 Offers BPO, KPO, and IT services Strong government commitment to growing the services sector Existence of several technology parks in the country IS – None |
| Industry size | BPO – China BPO grew from \$1.2 billion in 2007 to \$3.5 billion in 2010, of which 65% was IT services. ⁶³ IS – None |
| Strengths | Availability of large low-cost workforce Strong government support to industry Multi-language skills – Korean, Japanese, Chinese Excellent infrastructure |
| Challenges | English language capability Data privacy and protection Stringent labor regulations |
| Key players | Key captives/BPOs – TCS, Wipro, Infosys, HCL, Genpact Key ISSPs – None |

Summary: China is continuing its ascendancy in the global BPO industry. Government commitment to the industry and the availability of a large low-cost labor force with improving English language skills has made China a strong contender vis-à-vis India. Despite a huge population at low-cost rates, China is more dominant in the IT space. Within BPO, it is more suited for non-voice BPO work than voice because of the necessary language skills

Prioritization

China is classified as a Priority 4 country due to several factors. Most importantly, China does not have any Impact Sourcing activity and is not a good fit from a BoP workforce perspective.

Costa Rica

Overview ⁶⁴

Costa Rica has enjoyed steady growth and development over the past twenty-five years due to its favorable policies toward export-led growth, trade liberalization, and openness to foreign investments. The main revenue generators for the country include ecotourism and commodity exports of bananas, coffee, beef, and sugar. High value-added services and products such as microchips and a variety of industrial and specialized agricultural products have further bolstered exports. It attracts the highest levels of FDI per capital due to its favorable tax incentives, political and economic stability, and high educational levels. However, many challenges surrounding poverty, immigration from Nicaragua, difficulty in enforcing contracts, weak investor protection, and high levels of bureaucracy remain. Costa Rica’s HDI score of 0.744 is higher than the regional average of 0.731.

| COUNTRY SNAPSHOT ^{xxx} | |
|---|---------------------|
| Region | Latin America |
| Classification (World Bank) | Upper middle-income |
| Population (2011) | 4.727 million |
| GDP (2011) | 41.01 billion |
| GDP growth (2011) | 4.1% |
| GDP per capita (current international \$) | \$12,236 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 6.3% |
| Industry | 21.7% |
| Services | 72% |
| Human Development Index score (2011) | 0.744 |
| Human Development Index rank (2011) | 69/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|--|---|
| <p>Business Environment</p> <p>Index of economic freedom – 68 Ease of doing business rank – 121 /183 Civil liberties – 1/7 Political rights – 1/7 Quality of electricity supply – 5.6/7</p> | <p>Rank 3/20</p> <p>Costa Rica offers a very positive business environment. Its citizens enjoy full civil liberties and political rights (labeled as “free”) and in terms of the index of economic freedom the country is “moderately free.” The score on quality of electricity supply is toward the high-end and it ranks 121st out of 183 countries in ease of doing business.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 50.73% % of poor at \$5/day – 27.45% Poverty gap at \$5/day – 10.4% Multidimensional Poverty Index – n/a</p> | <p>Rank 15/20</p> <p>Costa Rica scores low in this category. It is less attractive from a BoP perspective. The number of poor at less than \$5 a day is at 28% and the poverty gap at \$5 a day is less than 11%.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – n/a “Higher education & training” – 4.7/7 Adult literacy rates (15+ years) – 96.16% Inequality adjusted education index – 74%</p> | <p>Rank 4/20</p> <p>Costa Rica ranks high in this category. The literacy rates are high at 96% and the score on quality of educational institutions and access to education is toward the higher-end.</p> |
| <p>Labor Force</p> <p>Vulnerable employment – 19.60% Youth unemployment rate – 11% Employment-to-population ratio – 59.70 “Labor market efficiency” – 4.5/7</p> | <p>Rank 16/20</p> <p>Costa Rica ranks low in this category. The vulnerable employment rate is less than 20% and youth unemployment at around 11%. Its score on “labor market efficiency” is toward the higher end.</p> |

xxx GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 17/20



“People skills & availability” – 0.94/3
 IS presence – yes – 0
 “Technological readiness” – 3.9/7

Costa Rica ranks low in this category. Despite ranking at #19 in A.T. Kearney’s GSLI, its scores on “people skills & availability” and “technological readiness” are low. There is no Impact Sourcing activity in the region.

Summary: Costa Rica ranks fifteenth with a score of 46.75. Despite an excellent business environment, high educational levels, and a growing BPO industry, the country ranked low because of its unattractiveness from BoP and labor market perspectives

BPO/IS Overview⁶⁵

A profile of the BPO industry and Impact Sourcing activity in Costa Rica is detailed below.

| Category | Details |
|-----------------------------|---|
| History | BPO – 1990s Offers call center and non-voice BPO services Foreign investment is promoted by CINDE – Costa Rica development agency. IS – None |
| Industry size ⁶⁶ | BPO – In 2008, the offshore services industry employed 23,500 workers. IS – None |
| Strengths | Availability of skilled labor force Favorable time zones and physical proximity to the US Cultural affinity to the US Language skills |
| Challenges | Small labor force Challenges surrounding investor protection and contract enforcement |
| Key players | Key captives/BPOs – Procter & Gamble, Sykes, Qualfon, People Support, Supra Telecom, Fujitsu, PeopleSoft, and Western Union Key ISSPs – None |

Summary: Costa Rica has become an important nearshore destination for the United States. It has a small but skilled labor force. Despite its small size, Costa Rica has attracted the attention of several MNCs and large companies in the global IT-BPO space.

Prioritization

Costa Rica is classified as a Priority 4 country due to several factors. It is a small country of fewer than 5 million people and is largely focused on call center and shared services work. There is no Impact Sourcing activity in the country. From an intervention perspective, the country is not ideal and less attractive due to BoP and labor market factors.

Egypt

Overview ⁶⁷

Egypt has undergone tremendous political upheaval over the past few years with the falling of the Mubarak government. Despite a new president, the situation in Egypt remains volatile, which has made it difficult to restore investor confidence. In addition, challenges remain in regards to determining the best manner in which to grow the economy and restore peace. In spite of some economic advances, unemployment, wide socio-economic disparities, and poverty remain as large obstacles. Tourism, manufacturing, and construction were the hardest-hit sectors, which significantly reduced government revenues. Egypt’s score on HDI (0.644) is slightly higher than the regional average for Arab states (0.641).

| COUNTRY SNAPSHOT ^{xxxii} | |
|---|---------------------|
| Region | North Africa |
| Classification (World Bank) | Lower-middle income |
| Population (2011) | 82.54 million |
| GDP (2011) | \$229.5 billion |
| GDP growth (2011) | 1.8% |
| GDP per capita (current international \$) | \$6,324 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 14.5% |
| Industry | 37.6% |
| Services | 47.6% |
| Human Development Index score (2011) | 0.644 |
| Human Development Index rank (2011) | 113/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|--|--|
| <p>Business Environment</p> <p>Index of economic freedom – 57.9 Ease of doing business rank – 110/183 Civil liberties – 5/7 Political rights – 6/7 Quality of electricity supply – 4.6/7</p> | <p>Rank 12/20</p> <p>Egypt scores at the lower end in terms of offering a favorable business environment. In terms of index of economic freedom, the country is labeled as “mostly unfree” and its citizens are identified as “not free” in terms of enjoying civil liberties and political rights. In regard to the ease of doing business, Egypt moved back two places to #108 in 2011 from the previous year.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 30.77% % of poor at \$5/day – 84.62% Poverty gap at \$5/day – 35.49% Multidimensional Poverty Index – 2%</p> | <p>Rank 11/20</p> <p>Egypt suffers from widespread poverty issues. Despite the economic progress it made over the past few years, living conditions and access to opportunities for the BoP have remained limited. Some of these issues have led to public discontent.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – 40.83 “Higher education & training” – 3.4/7 Adult literacy rates (15+ years) – 72.05% Inequality adjusted education index – 64%</p> | <p>Rank 20/20</p> <p>Egypt scores the lowest in terms of education. Education access, attainment, and the quality of educational institutions are unsatisfactory when compared to the other 19 countries.</p> |
| <p>Labor Force</p> <p>Vulnerable employment – 27.30% Youth unemployment rate – 24.80% Employment-to-population ratio – 44.20 “Labor market efficiency” – 3.2/7</p> | <p>Rank 9/20</p> <p>Egypt does face unemployment challenges, although the level of vulnerable employment is low compared to other African countries. The country does score on the lower end in regard to “labor market efficiency.”</p> |

xxxii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 11/20



“People skills & availability” – 1.36/3
 IS presence – yes – 0
 “Technological readiness” – 3.3/7

Egypt has a well-developed BPO voice industry and ranks at #4 in the A.T. Kearney’s GSLI (highest among African countries). There is a fair amount of availability of BPO-specific people skills – mainly multilingual populace. It still scores low on the “technological readiness” front.

Summary: Egypt ranks thirteenth (ties with the Philippines) out of 20 countries. It scores relatively low despite a well-developed BPO-voice industry due to the poor business environment and education system.

BPO/IS Overview⁶⁸

A profile of the BPO industry and Impact Sourcing activity in Egypt is detailed below.

| Category | Details |
|---|---|
| History | BPO - Early 2000 Information Technology Industry Development Agency (ITIDA) is a public-private partnership between Egypt’s Ministry of Communications and Information Technology and the ICT industry. Government commitment in terms of training students for call center work such as EDuEgypt program and setting up business parks like Smart Village and Maadi Contact Center Park ⁶⁹ IS – none |
| Industry size | About 15,000 FTEs for offshore industry. ⁷⁰ Per ITIDA, in 2010, there were 15,000 direct export oriented professionals and 22,000 for domestic business accounts. ⁷¹ |
| Strengths | Multilingual populace (Arabic, German, French, English, Spanish, Italian) Proximity to Europe and favorable time zones Cultural fit to Europe Large low-cost supply of youth labor force |
| Challenges | Negative country perception (political risk) Lack of infrastructure High levels of illiteracy |
| Key players | Key BPOs/clients – Microsoft, Teleperformance, Google, Vodafone, Xceed, ECCO, Valeo, Orange, E Group Key ISSPs – none |
| Summary: Egypt has a thriving BPO-voice industry with several international clients due to its multilingual capabilities. Government commitment for skills development and infrastructure is also strong. There is no Impact Sourcing activity in the country. | |

Prioritization

Egypt is classified as a Priority 4 country due to several factors. Despite a growing BPO voice industry and some IT capabilities, Egypt is focused on growing the BPO sector through BPO-specific policies. There is no Impact Sourcing activity and there is a lack of IS-specific policies and programs. When these policies do take shape, Egypt will be able to leverage its BPO industry experience and develop an IS sector more quickly and effectively.

Ghana

Overview ⁷²

A relatively stable political environment, prudent economic policies, sound management, and a competitive business environment have strengthened Ghana’s economy. Ghana is well stocked with natural resources such as gold and oil. Services contribute 50% to the GDP and agriculture more than 25%. Gold, cocoa production, and oil production continue to serve as major sources of foreign exchange and further boost the economy. The GDP growth rate of 14.3% has been sustained largely by high prices of gold and cocoa over the past several years. In terms of the Human Development Index, Ghana (0.541) ranks higher than the regional sub-Saharan average (0.463). Ghana is generally considered to be a strong and stable country in Africa.


| COUNTRY SNAPSHOT ^{xxxiii} | |
|---|---------------------|
| Region | West Africa |
| Classification (World Bank) | Lower middle income |
| Population (2011) | 24.96 million |
| GDP (2011) | \$39.20 billion |
| GDP growth (2011) | 14.3% |
| GDP per capita (current international \$) | \$1,884 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 28.3% |
| Industry | 21% |
| Services | 50.7% |
| Human Development Index score (2011) | 0.541 |
| Human Development Index rank (2011) | 135/183 |


Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|--|--|
| <p>Business Environment</p> <p>Index of economic freedom – 60.7 Ease of doing business rank – 63/183 Civil liberties – 2/7 Political rights – 1 /7 Quality of electricity supply – 3/7</p> | <p>Rank 4/20</p> <p>Ghana’s business environment is second best in Africa, behind South Africa. Ghana’s index of economic freedom score is “moderately free” and its citizens enjoy political rights and civil liberties that score it as a “free” country. In the ease of doing business rankings, Ghana stands at 63, which is considered to be relatively high. The quality of electricity supply is at the lower end of the spectrum, but that is consistent with other African countries. Overall Ghana is considered to be a positive place to conduct business.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 42.76% % of poor at \$5/day – 87.82% Poverty gap at \$5/day – 54.5% Multidimensional Poverty Index – 14%</p> | <p>Rank 6/20</p> <p>Ghana has been addressing its poverty-related challenges through its sound economic policies. Despite that fact, there are still many households vulnerable to poverty, as indicated by the Multidimensional Poverty Index.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – 41.70 “Higher education & training” – 3.3/7 Adult literacy rates (15+ years) – 67.27% Inequality adjusted education index – 54%</p> | <p>Rank 12/20</p> <p>Ghana scores in the medium range in this category. Considering that most countries in the sample fall into the 13-14 score range, the quality of educational system, attainment, and literacy rates are comparable to other countries.</p> |

xxxiii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

| | | |
|--|---|---|
| Labor Force | Rank 2/20 |  |
| Vulnerable employment – 75.40% | Ghana contains a high percentage of vulnerable employment. This presents an opportunity for Impact Sourcing to play a role in reducing this type of unemployment. Ghana also maintains less rigidity in employment relations and wage determination, per the labor market efficiency indicator. | |
| Youth unemployment rate – 16.60% | | |
| Employment-to-population ratio – 66.80 | | |
| “Labor market efficiency” – 4.2/7 | | |

| | | |
|---------------------------------------|---|---|
| BPO Industry | Rank 11/20 |  |
| “People skills & availability” – 0.69 | There is some Impact Sourcing activity through hiring of BoP workers in certain BPO centers. Almost 50 percent of BPO seats are classified as IS seats. ⁷³ Ghana ranks low on the “technological readiness” front; investments in infrastructure will be needed at some point. The Secretariat in Ghana has received a PRIDE grant for the implementation of the ITES/BPO Work Readiness Programme. The program’s goal is to train 150 youth from the BoP on work readiness and BPO skills and then employ those youth in BPOs to digitize government records. | |
| IS presence – yes - 1 | | |
| “Technological readiness” - 3/7 | | |

Summary: Ghana ranks 5th with a total score of 55.25. Ghana has ranked highly in most of the five categories other than the BPO industry category.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Ghana is detailed below.

| Category | Details |
|--|--|
| History | The BPO industry in Ghana is over a decade old, with companies like ACS setting up operations in 2000. ⁷⁴ The ACS facility provided transaction-processing for the healthcare industry. Ghana Association of Software and IT Services Companies (GASSCOM) is the premier trade association for the IT software and services industry. IS – No ISSP activity, but some poor and vulnerable workers have been hired within BPO companies, starting in the late 2000s. |
| Industry size ⁷⁵ | BPO – The total BPO headcount is estimated to be 3,500; revenues are estimated at \$21 million. IS – Approximately 50% of BPO headcount classified as IS headcount (1,750) |
| Strengths ⁷⁶ | Strong government support and incentives to develop the BPO industry English language skills Favorable time zones with Europe – strategically located on equator and sharing a time zone with the United Kingdom Favorable policies like BPO free zone area outside Accra – zero taxes for 10 years and 8% tax after the 10-year period |
| Challenges | Infrastructure concerns of reliable power supply – blackouts and brownouts High rental costs for suburban office space High wage rates for professionals and skilled and technical workers |
| Key players | Key clients/BPOs – MTN, UBA, Nestle, Intercontinental Bank, Tech Mahindra, ACS Key ISSPs – n/a |
| Summary: Ghana is fostering Impact Sourcing by hiring people from the BoP. The government is showing commitment to the BPO/IS sector through policy incentives and skill development programs. A recent report suggests that there is high potential to hire 780,000 Ghanaians from the BoP by 2015 in the international BPO market. ⁷⁷ | |

Prioritization

Ghana is classified as a Priority 1 country due to several factors, including its interest in developing an Impact Sourcing industry. It offers a stable political and economic environment and the government is showing a strong commitment to developing the Impact Sourcing space in order to create employment opportunities for poor and vulnerable communities. Given the success that Ghana has enjoyed over the past few years in transforming its economy, the government and industry commitment to foster Impact Sourcing can spur the domain to further success.

India

Overview ⁷⁸

India is the largest democracy with a population of 1.2 billion people. Reforms undertaken in the 1990s to integrate with the global economy have led to impressive growth, turning India into a global economic player. It is the world’s fourth largest economy in terms of purchasing power parity. The recent global economic downturn affected India’s growth rate and the economy grew at 6.8% in 2011. Services are the largest contributor to the GDP at 56.4%. Agriculture and industry contribute 17.2% and 16.4% each. Strong economic growth has placed growing demands on the country’s infrastructure, which continues to come under increasing pressure. India still faces critical challenges on infrastructure. India ranks low on the HDI at a score (0.547), which is below the regional average score (0.548).

| COUNTRY SNAPSHOT ^{xxxiv} | |
|---|---------------------|
| Region | South Asia |
| Classification (World Bank) | Lower middle-income |
| Population (2011) | 1.241 billion |
| GDP (2011) | \$1.848 trillion |
| GDP growth (2011) | 6.8% |
| GDP per capita (current international \$) | \$3,652 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 27.2% |
| Industry | 16.4% |
| Services | 56.4% |
| Human Development Index score (2011) | 0.547 |
| Human Development Index rank (2011) | 134/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|---|--|--|
| <p>Business Environment</p> <p>Index of economic freedom – 54.6 Ease of doing business rank – 132/183 Civil liberties – 3/7 Political rights – 2/7 Quality of electricity supply – 3.1/7 Category rank – #11 out of 20</p> | <p>Rank 11/20</p> <p>India scores in the medium range in this category. Its citizens do enjoy civil liberties and political rights and it is thus labeled as a “free” country. India ranks poorly in the ease of doing business, ranking at 132, and the quality of electricity supply score is in the medium range.</p> | |
| <p>BoP Characteristics</p> <p>Gini Index – 33.38% % of poor at \$5/day – 95.85% Poverty gap at \$5/day – 66.76% Multidimensional Poverty Index – 28%</p> | <p>Rank 5/20</p> <p>India scores high in this category, indicating deep-rooted issues related to poverty. There is a large BoP population and a high poverty gap.</p> | |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – 52.62 “Higher education & training” – 3.9/7 Adult literacy rates (15+ years) – 62.75% Inequality adjusted education index – 56%</p> | <p>Rank 4/20</p> <p>India scores in the higher range in this category, indicating higher inequality in terms of educational attainment (with Gini coefficient at 53%). The overall quality of education system is good and thus India scores in the medium range.</p> | |
| <p>Labor Force</p> <p>Vulnerable employment – 82.80% Youth unemployment rate – 10.20% Employment-to-population ratio – 53.60 “Labor market efficiency” – 4.2/7</p> | <p>Rank 1/20</p> <p>India has the highest rates of vulnerable employment of the sampled countries. The employment-to-population ratio is low, which indicates challenges related to creating suitable employment opportunities. Overall, India has a decent labor market structure and practices.</p> | |

^{xxxiv} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 1/20



“People skills & availability” – 2.76
 IS presence – yes – 1
 “Technological readiness” – 3.4/7

India is an established BPO destination and was an early pioneer of the outsourcing industry. It is also one of the innovators in the IS space and has a decent amount of activity. India scores high in “people skills and availability,” as the country has a large pool of well-educated English-speaking workers.

Summary: India scored the highest of all sampled countries with a score of 68. The high levels of vulnerable employment, a large BoP population, and high scores in the BPO category contributed to its top ranking.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in India is detailed below.

| Category | Details |
|--|---|
| History | BPO – Started in late 1990s Outsourcing started with IT services in 1970s and later moved to BPO services in the 1990s. National Association of Software and Services Companies (NASSCOM) is the premier trade association for IT and BPO industry. IS – Early 2000s. The growth of rural BPOs started to meet the cost and talent-related challenges of urban areas. |
| Industry size ⁷⁹ | BPO – The total headcount for domestic and international BPO is as follows (does not include IS headcount): Domestic BPO: 178,167 International BPO: 757,500 Revenues are estimated at \$1.3 billion for domestic BPO and \$1.5 billion for international BPO IS – The total headcount is around 251,000 people with 168,500 working in domestic BPOs, 77,500 in international BPOs, and 5,000 in rural BPOs/ISSPs. Revenue for rural BPOs/ISSPs is estimated at \$25 million. |
| Strengths | Established BPO destination with experience in providing range of BPO services (low- to high-end) Large low-cost workforce English language skills Strong government and industry support |
| Challenges | Attrition rates (as high as 50% in some cases) Rising costs for real estate and other infrastructure and services Shortage of talent in metro areas |
| Key players | Key Captives/BPOs – Infosys, Wipro, HCL, TCS, Genpact, Mahindra Satyam, EXL Service Holdings, WNS, IBM Daksh Key ISSPs – Rural Shores, Sai Seva, Gram IT, HarVa, HarVa Source Pilani, Simply Grameen, Business 2 Rural (B2R) |
| Summary: India is an established BPO destination and occupies the top spot in terms of market share in the outsourcing industry. The domestic BPO market will be a new source of demand and revenue for the service providers. There are significant levels of IS activities and efforts are under way to test IS models that work. | |

Prioritization

India is classified as a Priority 1 country due to several factors, including its leadership developing the Impact Sourcing sector through its experiments with rural sourcing. India is an example of a country where all types of IS-related models can be tested: direct BoP hiring by mainstream BPO providers, BPOs subcontracting work to ISSPs, opening centers in non-metro areas, and direct hiring by ISSPs. Many regional governments such as those in Karnataka and Tamil Nadu already have IS-specific policies and programs in place to attract investment. The sizeable BoP population and vulnerable employment challenges could potentially be mitigated by scaling investments in the Impact Sourcing sector in India.

Jordan





Overview ⁸⁰

Jordan is the smallest economy in the Middle East region. It has one of the youngest populations among middle-income countries, with 38 percent of the population under age of 14. It has limited natural resources (potash and phosphate are main exports) and limited agricultural land, and ranks as the fourth poorest country in the world in terms of water resources. Services constitute the largest sector in terms of contribution to the GDP and also provides the highest number of jobs. Jordan has an open economy and is well-integrated with its neighbors through trade, remittances, tourism, and FDI. Because of a high degree of regional integration and an open economy, Jordan is vulnerable to the political, social, and economic volatility in the region. Jordan’s HDI is at 0.698, which is higher than the regional average for Arab states (0.641).

| COUNTRY SNAPSHOT ^{xxxv} | |
|---|---------------------|
| Region | Middle East |
| Classification (World Bank) | Upper-middle income |
| Population (2011) | 6.181 million |
| GDP (2011) | \$28.84 billion |
| GDP growth (2011) | 2.5% |
| GDP per capita (current international \$) | \$6,007 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 4.5% |
| Industry | 30.8% |
| Services | 64.7% |
| Human Development Index score (2011) | 0.698 |
| Human Development Index rank (2011) | 95/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|--|---|---|
| Business Environment | Rank 5/20 |  |
| Index of economic freedom – 69.9 Ease of doing business rank – 96/183 Civil liberties – 5/7 Political rights – 6/7 Quality of electricity supply – 5.7/7 | Jordan is an open economy and offers a good business environment. In terms of the index of economic freedom, it is labeled as “moderately free.” However, its citizens are “not free” in terms of enjoying political rights and civil liberties. It ranks well in the ease of doing business and moved up one place in 2012. It also scores well in terms of quality of electricity supply. | |
| BoP Characteristics | Rank 19/20 |  |
| Gini Index – 35.43% % of poor at \$5/day – 40.02% Poverty gap at \$5/day – 11.46% Multidimensional Poverty Index – 1% | There is not a large BoP population in Jordan. The Gini Index, % of poor at \$5/day and MPI are not very high for Jordan. | |
| Education | Rank 12/20 |  |
| Gini coefficient of avg. years of schooling (15+ years) – 23.83 “Higher education & training” – 4.3/7 Adult literacy rates (15+ years) – 92.55% Inequality adjusted education index – 70% | Most countries in the sample fall in the mid-range score of 13-14 and Jordan falls in this range. It ranks well in terms of educational attainment and access. | |
| Labor Force | Rank 9/20 |  |
| Vulnerable employment – 9.60% Youth unemployment rate – 27% Employment-to-population ratio – 36 “Labor market efficiency” – 4/7 | Jordan falls in the mid-range in this category. It has one of the youngest populations in the region and the youth unemployment rate is high. The efficiency of the labor market is average. There are some challenges surrounding labor market rigidity and hiring and firing practices. | |

^{xxxv} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 17/20



“People skills & availability” – 0.77/3 Jordan scores low in this category. It ranks at #22 on the A.T. Kearney’s GSLI. It has limited IS presence – yes – 0 but increasing levels of BPO activity. IS activity is nonexistent. It scores in the middle range “Technological readiness” –3.8/7 for “technological readiness.”

Summary: Jordan scores on the lower range with a score of 46. Despite an open economy with a well-established business environment, Jordan has a small BoP population (compared to the other 19 countries) and its BPO industry is not well-established. It does score in the mid-range in terms of education and labor force characteristics.

BPO/IS Overview⁸¹

A profile of the BPO industry and Impact Sourcing activity in Jordan is detailed below.

| Category | Details |
|---------------|---|
| History | BPO – Early 2000s King Abdullah’s vision to develop a strong ICT sector led to establishment of the int@j, which is the ICT and ICTES industry association of Jordan. Business parks have been established in Amman and Irbid to foster the growth of ICT and BPO. These parks provide access to high-quality infrastructure, proximity to a highly-skilled labor force, tax incentives, and streamlined regulatory environment. IS – None |
| Industry size | BPO – N/A IS – None |
| Strengths | Competitive cost structure Well-educated ICT-trained labor force Favorable time zones Investor-friendly business environment Arabic and English Language skills |
| Challenges | Political unrest in the Middle East |
| Key players | Key captives/BPOs – Extensya, CrysTellCall, Aspire Services, eStarta Key ISSPs – None |

Summary: Jordan shows a strong commitment toward developing the BPO sector. However, its ranking on A.T. Kearney’s GSLI fell from #9 in 2009 to #22 in 2012. There are many challenges for the industry to overcome before Jordan can attract more investments and companies.

Prioritization

Jordan is classified as a Priority 4 country due to several factors. Most importantly, Impact Sourcing is nonexistent and the BPO industry is facing several challenges such as the volatile political environment in the Middle East. Once there is regional stability and the industry has an adequately-skilled workforce available, the BPO industry will be poised to grow significantly.

Kenya

Overview

Kenya is the largest economy in East Africa and a regional hub for trade and finance. The recent global downturn affected the Kenyan economy and the GDP growth rate was 4.5% for 2011. Services constitute the largest component of the gross domestic product at 64.6%. Kenya’s Human Development Index score (0.509) is above the regional average (0.463) for sub-Saharan Africa. Under President Mwai Kibaki, an ambitious development program was launched in 2008 to transform Kenya into a middle-income country with the aim of providing a high quality life to all its citizens by the year 2030. The program, “Kenya Vision 2030,” aims to accelerate sustainable growth, reduce inequality, and manage resource scarcity.⁸²

| COUNTRY SNAPSHOT ^{xxxvi} | |
|---|--------------|
| Region | East Africa |
| Classification (World Bank) | Low-income |
| Population (2011) | 41.6 million |
| GDP (2011) | 33.6 billion |
| GDP growth (2011) | 4.5% |
| GDP per capita (current international \$) | \$1,718 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 19% |
| Industry | 16.4% |
| Services | 64.6% |
| Human Development Index score (2011) | 0.509 |
| Human Development Index rank (2011) | 143/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | | |
|---|--|------------|--|
| Business Environment | | Rank 12/20 | |
| Index of economic freedom – 57.5 | Corruption and lack of investment in infrastructure are two of the critical issues that the country is facing and has not been able to completely manage. Kenya is classified as a “mostly unfree” country in the index of economic freedom and “partially free” in regard to the civil liberties and political rights that the citizens enjoy. In the ease of doing business rankings, Kenya moved down three places from its 2011 ranking. | | |
| Ease of doing business rank – 109/183 | | | |
| Civil liberties – 3/7 | | | |
| Political rights – 4/7 | | | |
| Quality of electricity supply – 3.4/7 | | | |
| BoP Characteristics | | Rank 12/20 | |
| Gini Index – 47.68% | Higher score indicates high levels of poverty and inequality in the country. | | |
| % of poor at \$5/day – 93.53% | | | |
| Poverty gap at \$5/day – 63.68% | | | |
| Multidimensional Poverty Index – 23% | | | |
| Education | | Rank 4/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – 33.10 | Kenya does well on the education front. Overall, it is in the top end of country scoring. Most citizens are literate and it scores average in regard to the “higher education and training” indicator that measures the quality of educational system. The inequality in average years of schooling (Gini coefficient) is also low. | | |
| “Higher education & training” – 3.7/7 | | | |
| Adult literacy rates (15+ years) – 87.38% | | | |
| Inequality adjusted education index – 51% | | | |
| Labor Force | | Rank 2/20 | |
| Vulnerable employment – 63% | Kenya possesses high vulnerable employment, which provides an opportunity for Impact Sourcing activities to have impact by creating employment opportunities. | | |
| Youth unemployment rate – n/a | | | |
| Employment-to-population ratio – 60.10 | | | |
| “Labor market efficiency” – 4.7/7 | | | |

xxxvi GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 2/20



“People skills & availability” – n/a
 IS presence – yes – 1
 “Technological readiness” – 3.3/7

Kenya was not listed on the A.T. Kearney’s Global Location Services Index (GSLI) rankings. The BPO industry is relatively new in Kenya. Kenya hosts many ISSPs and is developing policies and programs to foster both the BPO industry and Impact Sourcing. Kenya scores high in this category largely because of IS activity. It is in the medium range in the “technological readiness” category.

Summary: Overall, Kenya ranks second with a total score of 62.25, and first among African countries. This is largely due to the presence of a burgeoning IS space, despite the fact that the BPO industry is fairly nascent. An above-average educational system and high scores on the labor force and BoP front also increase its potential from an Impact Sourcing perspective.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Kenya is detailed below.

| Category | Details |
|-----------------------------|--|
| History | BPO – Relatively new BPO industry. Identified as one of the leading industries to be developed to achieve the plans laid out in “Kenya Vision 2030” Kenya ICT Board was established in 2007 to market the country as a global outsourcing destination. Kenya BPO and Contact Society (KBPOCCS) is the private sector association representing needs of the contact center and BPO industry in Kenya. IS – started around 2009. |
| Industry size ⁸³ | BPO – From 500 people in 2006 ⁸⁴ , the industry has grown to 7,000 with estimated revenue of \$33.6 million. ⁸⁵ IS – About 40 percent work in the Impact Sourcing field (2,800 people per Avasant). The domestic market is largely untapped and the industry is expected to grow at large rates. |
| Strengths ⁸⁶ | Leader in ICT-based industries with a growing service sector English language skills Favorable time zones with Europe Construction of BPO park as part of “Kenya Vision 2030” MNC presence – untapped sources of BPO activity |
| Challenges | High levels of corruption and perception of possessing a risky business environment Infrastructure issues, in particular power outages, can seriously impede the growth of the BPO industry. Specific challenges that face the BPO industry relate to capacity (volume and scalability), capability (knowledge and skills), and connectivity (infrastructure). ⁸⁷ |
| Key players | Key captives/BPOs – Citi, Ecobank, KCB, Standard Chartered, Airtel, Spanco BPO, KenCall, Virtual City Key ISSPs – Digital Divide Data, Daproim, Samasource |

Summary: The Kenyan government is committed to making Kenya a premier outsourcing destination. It is also committed to Impact Sourcing as a means to create employment opportunities for the people from the BoP by helping to develop the capabilities of ISSPs. Government activities are well complemented by donor agencies and foundations like the Rockefeller Foundation. There are a fair number of ISSPs that hire people from the urban slums in Nairobi and BoP student workforce in areas like Kisumu.

Prioritization

Kenya is classified as a Priority 1 country due to several factors, including its interest in developing an Impact Sourcing industry and its high levels of vulnerable employment. The ambitious development program “Kenya Vision 2030” has identified the BPO industry as one of the leading industries to be developed in order for the government to achieve its socio-economic goals. To that end, the ICT board has been developed and is also involved in fostering Impact Sourcing activity. There is a fair share of IS activity within Kenya with ISSPs like DDD and Samasource setting up offices there. Even local BPO service providers are setting up ISSPs to hire people directly from low-income communities.

Malaysia




Overview ⁸⁸

Malaysia has transformed itself from being a producer of raw materials, like tin and rubber, in the 1970s to a multi-sector economy that grew on average 7.3 percent from 1985-1995. Malaysia aspires to become a high-income status country by 2020 and move up the value chain by attracting investments in Islamic finance, biotechnology, high technology industries, and services. It is largely dependent upon exports to drive revenue and efforts are aimed toward boosting domestic demand. Malaysia exports oil and gas and derives 40 percent of its revenue from these exports. It remains vulnerable to a fall in commodity prices or a slowdown in global economic activity due to its dependence upon exports. Services and industry contribute almost equally to the GDP. Despite being an upper middle income country, Malaysia is still plagued by challenges related to poverty and income inequality. Its HDI score of 0.761 is higher than the regional average of 0.671.

| COUNTRY SNAPSHOT ^{xxxvii} | |
|---|---------------------|
| Region | East Asia & Pacific |
| Classification (World Bank) | Upper middle income |
| Population (2011) | 28.86 million |
| GDP (2011) | \$278.7 billion |
| GDP growth (2011) | 5.1% |
| GDP per capita (current international \$) | \$15,589 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 11.9% |
| Industry | 40.5% |
| Services | 47.5% |
| Human Development Index score (2011) | 0.761 |
| Human Development Index rank (2011) | 61/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|---|--|---|
| Business Environment | Rank 1/20 |  |
| Index of economic freedom – 66.4 | Malaysia offers a very positive business environment and holds the top rank. It ranks high, at #18, in the ease of doing business and maintains a high score in the quality of electricity supply. In terms of the index of economic freedom, the country is labeled as “moderately free” and its citizens are “partially free” in terms of enjoying civil liberties and political rights. | |
| Ease of doing business rank – 18/183 | | |
| Civil liberties – 4/7 | | |
| Political rights – 4/7 | | |
| Quality of electricity supply – 5.9/7 | | |
| BoP Characteristics | Rank 15/20 |  |
| Gini Index – 46.21% | Malaysia ranks low in this category. This has largely to do with its status as an upper middle income country. The BoP population is less than 26 percent and the poverty gap is also low. | |
| % of poor at \$5/day – 25.33% | | |
| Poverty gap at \$5/day – 8.46% | | |
| Multidimensional Poverty Index – n/a | | |
| Education | Rank 4/20 |  |
| Gini coefficient of avg. years of schooling (15+ years) – n/a | Malaysia ranks in the mid-range of this category. Most countries scored in the range of 13-14, where Malaysia falls. Adult literacy rates are high at 93 percent. | |
| “Higher education & training” – 4.8/7 | | |
| Adult literacy rates (15+ years) – 93.12% | | |
| Inequality adjusted education index – 76% | | |

^{xxxvii} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

Labor Force

Rank 16/20



Vulnerable employment – 21.50%
 Youth unemployment rate – 10.90%
 Employment-to-population ratio – 58.50
 “Labor market efficiency” – 4.9/7

Malaysia ranks low in this category. The vulnerable employment and youth unemployment rates are relatively low. And the score on “labor market efficiency” is toward the higher end.

BPO Industry

Rank 7/20



“People skills & availability” – 1.38/3
 IS presence – yes - 0
 “Technological readiness” – 4.3/7

Malaysia ranks third in A.T. Kearney’s GSLI. It scores in the mid-range in terms of “people skills & availability” and “technological readiness.” There is no Impact Sourcing activity.

Summary: Malaysia ranks tenth with an overall score of 50.75. Despite an excellent business environment and high levels of education in the country, it ranks in the bottom half due to its unattractiveness from a BoP and labor market perspective.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Malaysia is detailed below.

| Category | Details |
|---------------|--|
| History | BPO – Early 2000s Largely ITO-focused with growing BPO services in verticals like finance & banking and oil & gas Outsourcing Malaysia is the industry association involved in enhancing the visibility of Malaysia as a key offshore destination. ^{xxxviii} IS – None |
| Industry size | BPO – Malaysia IT-ITES industry is predicted to be \$1.9 billion by 2013. ⁸⁹ IS – None |
| Strengths | Excellent business environment Excellent infrastructure Availability of high-skilled labor Language proficiency |
| Challenges | Competition from well-established Asian countries like India, China and Philippines |
| Key players | Key captives/BPOs – IBM, Fujitsu, EDS, CSC, ACS Key ISSPs – None |

Summary: Malaysia is a top offshore outsourcing destination. It is largely focused on IT services although the share of BPO services in the overall industry is growing. It can leverage its industry experience in oil and gas and finance and banking to offer BPO services in these verticals.

Prioritization

Malaysia is classified as a Priority 4 country due to several factors. It is an upper middle income country and does not possess the BoP population and labor market challenges necessary for developing an Impact Sourcing industry.

xxxviii Outsourcing Malaysia is an initiative of the Shared Services & Outsourcing (SSO) industry and a chapter of PIKOM, the National ICT Association.

Mexico

Overview⁹⁰

Mexico is the second-largest economy in Latin America. It is a free market economy with free trade agreements with over fifty countries. It has benefited largely from these trade agreements. It has a well-developed business infrastructure and a growing and more influential private sector. It is vulnerable to global economic conditions, in particular to fluctuations in the US economy. GDP growth has slowed to about 3.9% recently. Despite economic progress, benefits are not widespread or inclusive. In 2010, about 52 million or 46.2% of Mexicans lived below the poverty line.⁹¹ Per capita income is about one-third of the US and income distribution is highly unequal. Mexico's HDI at 0.770 is higher than the regional average of 0.731.

| COUNTRY SNAPSHOT ^{xxxix} | |
|---|---------------------|
| Region | Latin America |
| Classification (World Bank) | Upper middle-income |
| Population (2011) | 114.8 million |
| GDP (2011) | \$1.155 trillion |
| GDP growth (2011) | 3.9% |
| GDP per capita (current international \$) | \$15,270 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 3.8% |
| Industry | 34.5% |
| Services | 61.7% |
| Human Development Index score (2011) | 0.770 |
| Human Development Index rank (2011) | 57/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|--|---|
| <p>Business Environment</p> <p>Index of economic freedom – 65.3 Ease of doing business rank – 53/183 Civil liberties – 3/7 Political rights – 3/7 Quality of electricity supply – 4.3/7</p> | <p>Rank 3/20</p> <p>Mexico offers an excellent business environment. In terms of the index of economic freedom, the country is labeled as “moderately free” and its citizens are “partially free” when it comes to enjoying civil liberties and political rights. Mexico ranks at 53 in the ease of doing business, up one from the 2011. Its score in quality of electricity supply is in the mid-range.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 48.28% % of poor at \$5/day – 35.07% Poverty gap at \$5/day – 12.45% Multidimensional Poverty Index – 2%</p> | <p>Rank 15/20</p> <p>Mexico scores low in this category. The poverty gap is at 12.45% and the % of poor at less than \$5 a day at 35.07%. It is thus less attractive from a BoP characteristics perspective.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – n/a “Higher education & training” – 4.1/7 Adult literacy rates (15+ years) – 93.07% Inequality adjusted education index – 77%</p> | <p>Rank 12/20</p> <p>Mexico scores in the mid-range of this category. Most countries fall in this mid-range. The adult literacy rate is high at 93.07%. The score on quality of educational institutions and access is in the mid-range, as evidenced by the score on “higher education & training.”</p> |
| <p>Labor Force</p> <p>Vulnerable employment – 29.5% Youth unemployment rate – 9.5% Employment-to-population ratio – 58.40 “Labor market efficiency” – 3.9/7</p> | <p>Rank 16/20</p> <p>Mexico scores low in this category. The youth unemployment rate is at 9.5% and the vulnerable employment rate is less than 30%.</p> |

xxxix GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 11/20



“People skills & availability” – 1.6/3
 IS presence – yes – 0
 “Technological readiness” – 3.7/7

Mexico ranks sixth in the A.T. Kearney’s GSII, which is the highest rank for the region. It has high levels of IT-BPO activities but no Impact Sourcing. It scores in the mid-range in the “technological readiness” category.

Summary: Mexico ranks fourteenth with a score of 47. Despite it being an attractive offshore destination and offering an excellent business environment, the low scores on BoP characteristics and labor market front lead to a low overall score.

BPO/IS Overview⁹²

A profile of the BPO industry and Impact Sourcing activity in Mexico is detailed below.

| Category | Details |
|-----------------------------|---|
| History | BPO – n/a IS – None |
| Industry size ⁹³ | BPO – Mexico’s domestic BPO market was \$3.21 billion and BPO exports were \$1.67 billion in 2008. Second largest call center industry in the region Organizations like MexicoFIRST are involved in developing IT-BPO-related human capital and supporting the positioning of Mexico as a premier offshore destination. Several technology parks already exist that provide the infrastructure and other facilities. IS – None |
| Strengths | Most developed BPO industry in the region Language capabilities – English and Spanish Favorable time zone and physical proximity to the US Cultural affinity to the US Availability of low-cost and skilled labor |
| Challenges | High violent crime in recent times Negative perception about safety and security |
| Key players | Key captives/BPOs – Genpact, ACS, TCS, Teletext, Softtek, Neoris Key ISSPs – None |

Summary: Mexico offers the most attractive offshore destination in the Latin American region. It offers a range of IT, BPO, and KPO services. Government and industry commitment to developing Mexico as a premier global destination has led to several initiatives to develop the talent pool. Mexico suffers from a negative perception largely related to the violent drug cartel-related crimes.

Prioritization

Mexico is classified as a Priority 4 country due to several factors. Despite a well-developed BPO industry, the country is less attractive from a target BoP population perspective and due to the lack of IS activities. The country is focused on developing itself as a key player in the global offshore market by developing suitable policies and programs to attract investments and clients.

Morocco

Overview⁹⁴

Morocco’s location in North Africa is ideal due to its close proximity to Europe. Its location advantage along with low labor costs have helped Morocco build an open, market-oriented, and diverse economy. Since 1999, the economy has been stable due to steady growth, low inflation, and declining government debt. Key sectors of the economy include agriculture, tourism, phosphates, textiles, apparel, and subcomponents. Morocco is the only African country to have a free trade agreement with the United States. Despite economic progress, there is high unemployment and widespread poverty. Key challenges include corruption, high government spending, the education system and judiciary, socioeconomic disparities, and a lack of diverse, higher value-added industries. Morocco has an HDI score of (0.582), which is lower than the regional average for Arab states (0.641).

| COUNTRY SNAPSHOT ^{xl} | |
|---|---------------------|
| Region | North Africa |
| Classification (World Bank) | Lower-middle income |
| Population (2011) | 32.27 million |
| GDP (2011) | \$100.2 billion |
| GDP growth (2011) | 4.5% |
| GDP per capita (current international \$) | \$4,986 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 16.6% |
| Industry | 32.2% |
| Services | 51.2% |
| Human Development Index score (2011) | 0.582 |
| Human Development Index rank (2011) | 130/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|--|--|--|
| Business Environment | Rank 5/20 | |
| Index of economic freedom – 60.2 Ease of doing business rank – 94/183 Civil liberties – 4/7 Political rights – 5/7 Quality of electricity supply – 4.9/7 | Morocco offers a relatively stable business environment, as it rates third highest among African countries. In terms of the index of economic freedom, the country is labeled as “moderately free” and its citizens are identified as “partially free” in terms of enjoying civil liberties and political rights. The ease of doing business rank (#94) shows significant improvement from the 2011 rank (#115). | |
| BoP Characteristics | Rank 14/20 | |
| Gini Index – 40.88% % of poor at \$5/day – 65.88% Poverty gap at \$5/day – 26.88% Multidimensional Poverty Index – 5% | Morocco suffers from widespread poverty and socio-economic disparities. The percentage of population below \$5 a day is high at 65.88%. It remains a key challenge for the country. | |
| Education | Rank 4/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – 64.97 “Higher education & training” – 3.6/7 Adult literacy rates (15+ years) – 56.08% Inequality adjusted education index – 58% | Most countries in the sample, including Morocco, scored in the 13-14 range. The education attainment, literacy rates, and quality of the education system are average at best. | |
| Labor Force | Rank 9/20 | |
| Vulnerable employment – 50.50% Youth unemployment rate – 21.90% Employment-to-population ratio – 45 “Labor market efficiency” – 3.5/7 | Morocco suffers from high vulnerable employment rates (50.50%). The unemployment challenge is high, partially due to rigid labor market regulations. | |

^{xl} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 17/20



“People skills & availability” – 0.87/3
 IS presence – yes – 0
 “Technological readiness” – 3.7 /7

Morocco ranks #37 in the A.T. Kearney’s GSLI. In terms of people skills and availability, the country scores low (0.87). There is no IS presence and it scores in the medium range for technological readiness.

Summary: Morocco ranks twelfth with a score of 50. Despite a stable business environment, the country suffers from unemployment issues and challenges also remain in its education system.

BPO/IS Overview⁹⁵

A profile of the BPO industry and Impact Sourcing activity in Morocco is detailed below.

| Category | Details |
|---------------|---|
| History | BPO – Early 2000 The industry is mainly voice BPO serving French and Spanish customers. Caisse de Depot et de Gestion (CDG) is the industry organization to develop the BPO sector strategy. IS – None |
| Industry size | About 200 call centers, including 30 of significant size Over 18,000 people employed Strong government commitment Development of Casashore that has 300,000 square meters of world class infrastructure, office space, and facilities like telecom (Casablanca Nearshore Park) |
| Strengths | French language skills Spanish language skills Low-cost workforce Proximity to Europe (favorable time zones) |
| Challenges | Infrastructure BPO-specific skilled labor pool |
| Key players | Key BPOs/clients – Dell, Atenta (subsidiary of Spanish telecommunications company Telecom Telefonica), Alcatel, AXA, BNP Paribas, Sitel, Atos Origin, Accenture Key ISSPs – none |

Summary: Morocco is quickly emerging as a top offshore destination mainly for French and Spanish call center work. The government has shown strong commitment through development of a favorable business environment and incentives, and through building of parks like Casashore. It does not show any presence of IS activity.

Prioritization

Morocco is classified as a Priority 3 country due to several factors. The national BPO industry is mainly focused on voice for French and Spanish customers. Call center activity is widespread and the government is taking strong actions to develop BPO-specific skills and infrastructure. The optimal time for Impact Sourcing support and development may come in the next two to three years.

Nigeria

Overview⁹⁶

With a population of 162.5 million, Nigeria is the largest country in Africa. It is also an oil-rich country facing challenges related to corruption, political instability, inadequate infrastructure, and poor macroeconomic management. The country is pursuing economic reforms under the current president to deal with these obstacles. The GDP continues to grow as the country benefits from robust crude oil prices and growth in non-oil sectors. The lack of adequate infrastructure and slow implementation of the reforms agenda are key barriers to achieving growth. Agriculture, industry, and the service sector all contribute almost equally to the GDP. Nigeria’s Human Development Index score (0.459) is lower than the regional average (0.463). Despite strong economic growth, poverty is widespread.

| COUNTRY SNAPSHOT ^{xli} | |
|---|---------------------|
| Region | West Africa |
| Classification (World Bank) | Lower middle-income |
| Population (2011) | 162.5 million |
| GDP (2011) | \$235.9 billion |
| GDP growth (2011) | 6.6% |
| GDP per capita (current international \$) | \$2,532 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 35.4% |
| Industry | 33.6% |
| Services | 31% |
| Human Development Index score (2011) | 0.459 |
| Human Development Index rank (2011) | 156/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|--|--|--|
| Business Environment | Rank 19/20 | |
| Index of economic freedom – 56.3 | Nigeria scores near the bottom in this category. Per the index of economic freedom, it is labeled as a “mostly unfree” country and is “partially free” in terms of offering its citizens full political rights and civil liberties. Nigeria’s rank on ease of doing business is also low and has shown no improvement from 2011 rankings. Overall, the business environment is not very adept. | |
| Ease of doing business rank – 133/183 | | |
| Civil liberties – 4/7 | | |
| Political rights – 4/7 | | |
| Quality of electricity supply – 1.5/7 | | |
| BoP Characteristics | Rank 1/20 | |
| Gini Index – 48.83% | Nigeria scored highest in this category, which indicates a significant amount and depth of country-level poverty. Nigeria has a large BoP population. | |
| % of poor at \$5/day – 94.87% | | |
| Poverty gap at \$5/day – 76.11% | | |
| Multidimensional Poverty Index (MPI) – 31% | | |
| Education | Rank 4/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – 50 | Nigeria is considered slightly above average in regard to education. | |
| “Higher education & training” – 3.2/7 | | |
| Adult literacy rates (15+ years) – 61.34% | | |
| Inequality adjusted education index – 46% | | |
| Labor Force | Rank 2/20 | |
| Vulnerable employment – n/a | Nigeria, like many African countries, faces challenges in regard to employment creation. There are a large percentage of people in vulnerable employment and youth unemployment is also high. The country has a good labor market system as evidenced from the relatively high score on the “labor market efficiency” indicator. | |
| Youth unemployment rate – n/a | | |
| Employment-to-population ratio – 51.40 | | |
| “Labor market efficiency” – 4.4/7 | | |

xli GDP composition is from the CIA World Fact book, HDI from UNDP, and rest from World Bank.

BPO Industry

Rank 7/20



“People skills & availability” – n/a
 IS presence – yes - 1
 “Technological readiness” - 3.1/7

Nigeria has limited IS activity through work from ISSPs like Samasource. The country has a decent technology-related infrastructure.

Summary: Nigeria ranks fourth with a score of 56.75. Despite a strong economy and large revenues from oil, it suffers from widespread poverty and challenges related to job creation. Limited activities in Impact Sourcing are present and provide an opportunity to potentially be scaled up in order to address the challenges surrounding job creation.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Nigeria is detailed below.

| Category | Details |
|---------------|--|
| History | BPO – Nigeria’s BPO industry is nascent. Policies and programs are still being implemented to develop the foundation for a strong BPO industry. The National Information Technology Development Agency (NITDA) is responsible for execution of the national outsourcing strategy. Other industry level initiatives started in 2008-2009 such as launch of Outsourcing Development Initiative of Nigeria (ODIN) and Association of Outsourcing Practitioners of Nigeria (AOPN). IS – Limited presence through companies over past several years |
| Industry size | BPO – The actual BPO size is n/a. IS – n/a. Global Sourcing Council (GSC) outsources work to a Nigerian company, La Vida Enterprise. ⁹⁷ |
| Strengths | English language skills Low cost labor and large workforce |
| Challenges | Set up key infrastructure to attract investments Skills development and training |
| Key players | Key BPOs – Tech Mahindra and Spanco BPO Key ISSPs – Samasource |

Summary: Nigeria has a nascent BPO industry and, like many other African countries, is realizing the potential of BPO/IS to mitigate unemployment issues and alleviate poverty. It has already attracted big companies like Tech Mahindra and Spanco and has limited IS activity. Once the policies and programs are in place to develop capabilities all across, the industry is poised to grow.

Prioritization

Nigeria is classified as a Priority 2 country due to several factors. Nigerian government and industry associations are showing serious commitment to develop the BPO sector to alleviate the employment-related challenges that the country faces. Nigeria has limited Impact Sourcing activity and additional field-building activities will need to take place within the country for the domain to grow and prosper.

Philippines

Overview⁹⁸

The economy of the Philippines is showing sustained economic growth over the past 10 years with an average growth rate of 5%. In 2010, the economy grew at 7.6%, the highest in 30 years. The macroeconomic environment is relatively stable and the economy has proved resilient to external shocks such as the global economic downturn, typhoons, rising food prices, and fuel hikes. The country enjoys a high savings rate and its human resources are in high demand around the world. Key challenges surrounding poverty and inclusive growth still remain. Services constitute about 56% to the GDP, followed by industry at 31% and agriculture at 13%. The Philippines HDI score of 0.644 is lower than the regional average of 0.671.

| COUNTRY SNAPSHOT ^{xlii} | |
|---|---------------------|
| Region | East Asia & Pacific |
| Classification (World Bank) | Lower middle income |
| Population (2011) | 94.85 million |
| GDP (2011) | \$224.8 billion |
| GDP growth (2011) | 3.7% |
| GDP per capita (current international \$) | \$4,140 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 12.8% |
| Industry | 31.4% |
| Services | 55.8% |
| Human Development Index score (2011) | 0.644 |
| Human Development Index rank (2011) | 112/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | | |
|---|---|------------|--|
| Business Environment | | Rank 12/20 | |
| Index of economic freedom – 57.1 | The Philippines ranks in the bottom half of this category. In terms of the index of economic freedom, the country is labeled as “mostly unfree” and its citizens are “partially free” when it comes to enjoying civil liberties and political rights. It moved two places down in the ease of doing business rankings and its score on the quality of electricity supply is toward the lower end. | | |
| Ease of doing business rank – 136/183 | | | |
| Civil liberties – 3/7 | | | |
| Political rights – 3/7 | | | |
| Quality of electricity supply – 3.4/7 | | | |
| BoP Characteristics | | Rank 7/20 | |
| Gini Index – 42.98% | It ranks in the top half largely due to the presence of a sizable BoP population and a poverty gap of 46%. | | |
| % of poor at \$5/day – 82.82% | | | |
| Poverty gap at \$5/day – 45.82% | | | |
| Multidimensional Poverty Index – 6% | | | |
| Education | | Rank 12/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – 24.94 | The Philippines scores in the mid-range of this category like most other countries. The literacy rates are high at 95% and most Filipinos have access to basic education. The score on quality of educational institutions and access is toward mid-range. | | |
| “Higher education & training” – 4.1/7 | | | |
| Adult literacy rates (15+ years) – 95.42% | | | |
| Inequality adjusted education index – 64% | | | |
| Labor Force | | Rank 16/20 | |
| Vulnerable employment – 43.50% | The country ranks in the bottom half of this category due to relatively low vulnerable employment rates and youth unemployment rates. The score on labor market efficiency is toward the mid-range. | | |
| Youth unemployment rate – 17.40% | | | |
| Employment-to-population ratio – 59.60 | | | |
| “Labor market efficiency” – 3.9/7 | | | |

xlii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 11/20



“People skills & availability” – 1.31/3
 IS presence – yes – 1
 “Technological readiness” – 3.5/7

The Philippines is a mature offshore destination and ranks ninth in A.T. Kearney’s GSLLI. It is a global leader in the call center industry. MSK Global runs an IS operation in the country. Its score on “technological readiness” is toward mid-end.

Summary: The Philippines ranks thirteenth with a score of 48. Despite being a global leader in voice BPO and an established offshore destination, its low category rankings in all except BoP characteristics have led to a lower overall ranking.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in the Philippines is detailed below.

| Category | Details |
|--|--|
| History | BPO – Started in the 1990s The Business Process Association of the Philippines (BPAP) is the industry association promoting growth of the BPO industry. IS – n/a |
| Industry size ⁹⁹ | BPO – The BPO industry employs about 500,000 people and the size of the BPO industry was \$9.40 billion in 2010. Call centers make up majority of BPO operations Efforts to offer other BPO services in verticals like healthcare and pharmaceuticals IS – MSK Global has an IS operation. |
| Strengths | Large English speaking workforce Cultural affinity with the west Competitive labor rates High literacy Stable telecommunications infrastructure |
| Challenges | Increasing competition from other low-cost countries Lack of suitable manpower to meet the growing demands by BPO industry High attrition rates |
| Key players | Key captives/BPOs – Convergys, E-Telecare, SVI, ICT Group, West Services, Epixtar, Telus International Philippines, Sitel, Sykes Asia Key ISSPs – IS operation of MSK Global |
| Summary: The Philippines is a mature and attractive BPO destination. The industry and government are strongly committed to maintaining the country’s premier position, and for higher growth the country is diversifying into offering non-voice BPO and IT services. | |

Prioritization

The country is classified as a Priority 4 country due to several factors, the prime reason being that the country is more focused on maintaining its premier position in the global offshore outsourcing industry.

Senegal

Overview¹⁰⁰

Senegal is a Sahelian country located in the most western part of Africa. Its economy is dominated by a few sectors like fisheries, groundnuts, and services. Senegal relies heavily on donor assistance. The economy is just starting to recover from the slowdown of the past few years and is expected to grow at 2.6%. Services contribute the most to the GDP. Poverty is widespread in Senegal and a lack of opportunities in rural areas related to basic services, infrastructure, and employment have fueled migration to urban areas. The country’s informal sector accounts for 60% of the GDP. Senegal ranks poorly on the HDI with a score (0.459) that is lower than the regional average (0.463).

| COUNTRY SNAPSHOT ^{xliii} | |
|---|---------------------|
| Region | West Africa |
| Classification (World Bank) | Lower middle-income |
| Population (2011) | 12.77 million |
| GDP (2011) | \$14.29 billion |
| GDP growth (2011) | 2.6% |
| GDP per capita (current international \$) | \$1,981 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 15% |
| Industry | 22.8% |
| Services | 62.2% |
| Human Development Index score (2011) | 0.459 |
| Human Development Index rank (2011) | 159/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | | |
|--|--|--|
| Business Environment | Rank 20/20 | |
| Index of economic freedom – 55.4 Ease of doing business rank – 154/183 Civil liberties – 3/7 Political rights – 3/7 Quality of electricity supply – 1.7/7 | Senegal does not offer a competitive business environment. The ease of doing business rankings is low, although there is a slight improvement from the 2011 ranking of 157. Per the index of economic freedom, the country is labeled as “partially free.” | |
| BoP Characteristics | Rank 2/20 | |
| Gini Index – 39.19% % of poor at \$5/day – 93.54% Poverty gap at \$5/day – 59.61% Multidimensional Poverty Index – 38% | Senegal scores high in this category due to its large poverty-related challenges. The country has a sizeable BoP population and the poverty gap is also high. The scarcity is not just on the income front but also related to health, education, and inadequate living standards as indicated by a Multidimensional Poverty Index of 38%. | |
| Education | Rank 1/20 | |
| Gini coefficient of avg. years of schooling (15+ years) – 76.80 “Higher education & training” – 3.3/7 Adult literacy rates (15+ years) – 49.70% Inequality adjusted education index – 46% | Senegal scores high in this category largely due to inequality in years of schooling, low adult literacy rates, and a low inequality adjusted education index. The quality of higher education and training scores are in the medium range. | |
| Labor Force | Rank 7/20 | |
| Vulnerable employment – 77.70% Youth unemployment rate – 14.80% Employment-to-population ratio – 69.20 “Labor market efficiency” – 4/7 | The vulnerable employment rate in Senegal is among the highest in the sample of twenty countries. The country has job creation-related challenges. The labor market system is fairly good as it scores in the medium range. | |

xliii GDP composition is from the CIA World Fact book, HDI from UNDP, and rest from World Bank.

BPO Industry

Rank 7/20



“People skills & availability” – 0.78
 IS presence – yes – 0
 “Technological readiness” – 3.4/7

Senegal ranks low on the people skills front although being part of the GSLI rankings indicate an attractive BPO industry. It scores in the medium range in “technological readiness.”

Summary: Senegal ranks sixth (ties with Uganda) with a score of 55. It scores high in overall rankings largely due to existing poverty, education of its population, and employment-related challenges.

BPO/IS Overview¹⁰¹¹⁰²

A profile of the BPO industry and Impact Sourcing activity in Senegal is detailed below.

| Category | Details |
|---------------|--|
| History | BPO – Early 2000s IS – None |
| Industry size | BPO – 1200 seats and 2200 staff employed (2008 estimate) Mainly call center work Limited BPO (non-voice) work IS – None |
| Strengths | Favorable time zone Low-cost workforce French language proficiency Financial attractiveness ^{xliv} (top countries per A.T. Kearney’s GSLI rankings) Telecommunications infrastructure |
| Challenges | Low people skills and availability Lack of competent business environment |
| Key players | Key BPOs (voice) – Premium Contact Center International (PCCI), Call Me, Access Value, Center Value, and Africatel Key BPOs (non-voice) – TRG, Global Outsourcing, SESI, Jouve Sénégal, Senescan, and Sinti Senegal Key ISSPs – None |

Summary: Senegal’s BPO activity is mainly focused on voice work for French-speaking countries. The levels of back-office BPO work are limited but the interest to develop this BPO sub-sector is increasing. While there are no ISSPs or IS-related activities, Senegal, like most African countries, is focused on developing the BPO industry to meet job creation challenges. In time, it will develop suitable policies and programs specifically aimed at fostering the IS sector.

Prioritization

Senegal is classified as a Priority 3 country due to several factors. While there are varying levels of BPO activities in voice and non-voice work, the government is focused on developing the skills of its young workforce before any type of BPO or IS activities can be started and scaled. The optimal time for intervention may come in the next two to five years.

^{xliv} Financial attractiveness includes compensation costs, tax and regulatory costs, and infrastructure costs.

South Africa

Overview¹⁰³

South Africa is generally considered to possess the most advanced economy on the African continent. It contains a well-developed financial and industrial infrastructure. Prudent economic policies after 1994 helped the economy grow at higher rates. Mining is one the largest contributors to the economy. However, the socio-economic challenges from the apartheid era still remain and the country faces high unemployment issues, poverty, and crime. An uncertain global economic outlook has slowed the pace of growth to 3.1%. The Human Development Index for South Africa is higher than the regional average.

| COUNTRY SNAPSHOT ^{xiv} | |
|---|---------------------|
| Region | Southern Africa |
| Classification (World Bank) | Upper middle-income |
| Population (2011) | 50.58 million |
| GDP (2011) | \$408.2 billion |
| GDP growth (2011) | 3.1% |
| GDP per capita (current international \$) | \$11,035 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 2.5% |
| Industry | 31.6% |
| Services | 65.9% |
| Human Development Index score (2011) | 0.619 |
| Human Development Index rank (2011) | 123/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

Business Environment

Rank 2/20



Index of economic freedom – 62.7/100
 Ease of doing business rank – 35/183
 Civil liberties – 2
 Political rights – 2
 Quality of electricity supply – 3.7/7

In the “ease of doing business” 2012 rankings, South Africa moved up one place. The country enjoys a “free” status as its citizens enjoy civil liberties and political rights. In regard to the index of economic freedom, the country is labeled “moderately free.” It scores in the medium range in quality of electricity supply, but overall South Africa offers a positive and thriving business environment.

BoP Characteristics

Rank 7/20



Gini Index – 63.14%
 % of poor at \$5/day – 61.66%
 Poverty gap at \$5/day – 33.92 %
 Multidimensional Poverty Index – 6%

Despite being labeled as an upper middle-income country, it faces similar challenges relating to socio-economic issues similar to low-income countries. This is largely shaped by the legacy of the apartheid regime that resulted in extreme levels of poverty and inequality. Indicators such as the Gini Index support this point, as South Africa scores high (63%) in this regard. The country also has a large BoP population both in terms of percentage and numbers.

Education

Rank 12/20



Gini coefficient of avg. years of schooling (15+ years) – 31.4%
 “Higher education & training” – 4/7
 Adult literacy rates (15+ years) – 88.72%
 Inequality adjusted education index – 62%

South Africa scores in the medium range in this category. The levels of educational inequality, attainment, and educational system are comparable to other countries in the sample.

^{xiv} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

Labor Force Rank 2/20 

| | |
|---|--|
| <p>Vulnerable employment – 10.10% Youth unemployment rate – 48.20% Employment-to-population ratio – 39.10% “Labor market efficiency” – 4.1/7</p> | <p>South Africa has the highest youth unemployment rates in comparison to other selected countries. Along with a lower employment to population ratio and high unemployment in general, creating jobs is one of the key challenges that South Africa faces. There are also some regulatory challenges such as hiring/firing practices, rigidity in wage determination, and labor-employer relations that might impede private sector activity.</p> |
|---|--|

BPO Industry Rank 2/20 

| | |
|--|--|
| <p>“People skills & availability” – 0.93/3 IS presence – yes - 6/8 “Technological readiness” – 3.6/7</p> | <p>South Africa has a mature domestic BPO market and the government already identifies Impact Sourcing as a means to creating employment opportunities. There is a fair amount of Impact Sourcing activity and government programs for skills development. The country receives an average score in regard to “technological readiness.”</p> |
|--|--|

Summary: Overall, South Africa ranks third from a scoring analysis perspective with a total score of 62. A thriving business environment and the presence of BPO/IS activities contribute to this higher score.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in South Africa is detailed below.

| Category | Details |
|------------------------------|--|
| History | BPO – Began in late 1990s with the voice BPO Established domestic BPO industry with focus on finance, insurance, and telecom verticals Business Process enabling South Africa (BPeSA) is the national association for companies operating in the BPO industry. IS – Commitment by government and industry organizations to develop skills of people and capabilities of organizations to bolster the BPO/IS field |
| Industry size ¹⁰⁴ | BPO – Headcount estimated at 180,000 Total estimated revenue is \$3,150 million IS – Headcount estimated at 126,000 |
| Strengths ¹⁰⁵ | Mature call center industry and domestic market Large number of finance & accounting graduates (CPAs, CFAs and actuaries) providing services to finance and telecom Presence of many MNCs English language skills, strong cultural fit with Western Europe. Favorable time zones Financial hub for the region |
| Challenges | High telecom costs compared to other offshore locations, although these costs are falling rapidly Infrastructure concerns related to power outages General social unrest, poverty and crime rates Medium-cost offshore destination |
| Key players | Key clients – Old Mutual, ABSA, Nedcor, Standard Bank, Citi, Investec, Sasol, Shell, Avis, Lufthansa Key BPOs – Mahindra Satyam BPO, Direct Channel Holding, Aegis, Genpact Key ISSPs – Invincible Outsourcing |

Summary: South Africa explicitly aims to develop the BPO industry with the intent of fostering Impact Sourcing. The government has invested in several initiatives related to skill building. It has several programs in place like the Monyetla program, which trains high school graduates and provides employment opportunities. ¹⁰⁶

Prioritization

South Africa is classified as a Priority 1 country due to several factors, including its interest in developing an Impact Sourcing industry. It offers an excellent business environment and has high levels of youth unemployment rates, which provide an opportunity for interventions related to job creation. Recognizing the potential of Impact Sourcing to alleviate these problems, government initiatives already have begun to develop suitable programs and policies.

Sri Lanka

Overview¹⁰⁷

Sri Lanka has continued to experience rapid economic growth that is driven by large-scale reconstruction and development projects following the end of a twenty-six-year conflict. It posted the fastest growth in the region in 2011 and was expected to do the same in 2012, largely due to private sector demand. With economic growth, poverty rates have fallen and the country has improved its performance on social indicators like health and education. Services constitute the largest component of the GDP at 58 percent. Sri Lanka’s score on the HDI of 0.691 is higher than the regional average of 0.548.

| COUNTRY SNAPSHOT ^{xlvi} | |
|---|---------------------|
| Region | South Asia |
| Classification (World Bank) | Lower middle income |
| Population (2011) | 20.87 million |
| GDP (2011) | \$59.17 billion |
| GDP growth (2011) | 8.2% |
| GDP per capita (current international \$) | \$5,620 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 12.1% |
| Industry | 29.9% |
| Services | 58% |
| Human Development Index score (2011) | 0.691 |
| Human Development Index rank (2011) | 97/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

| | |
|--|--|
| <p>Business Environment</p> <p>Index of economic freedom – 58.3 Ease of doing business rank – 89/183 Civil liberties – 4/7 Political rights – 5/7 Quality of electricity supply – 5/7</p> | <p>Rank 8/20</p> <p>Sri Lanka ranks in the top half in this category. It made significant progress in the ease of doing business rankings by moving up nine places compared to 2011. Its score in the quality of electricity supply is also toward higher-end. In terms of the index of economic freedom, the country is labeled as “mostly unfree” and its citizens are “partially free” in terms of enjoying civil liberties and political rights.</p> |
| <p>BoP Characteristics</p> <p>Gini Index – 40.26% % of poor at \$5/day – 79.47% Poverty gap at \$5/day – 39.12% Multidimensional Poverty Index – 2%</p> | <p>Rank 11/20</p> <p>Sri Lanka has a relatively large BoP population at 80 percent. The Gini index and poverty gap range around 40 percent and are relatively lower.</p> |
| <p>Education</p> <p>Gini coefficient of avg. years of schooling (15+ years) – n/a “Higher education & training” – 4.2/7 Adult literacy rates (15+ years) – 91.18% Inequality adjusted education index – 69%</p> | <p>Rank 1/20</p> <p>Sri Lanka shares the top rank with two other countries. The levels of education are high and literacy stands at 91 percent. Its score on the quality of “higher education & training” is in the mid-range.</p> |
| <p>Labor Force</p> <p>Vulnerable employment – 39.80% Youth unemployment rate – 21.30% Employment-to-population ratio – 52.20 “Labor market efficiency” – 3.9/7</p> | <p>Rank 14/20</p> <p>Sri Lanka ranks low in this category. This is largely due to the relatively lower vulnerable and youth unemployment rates and a lower score on the “labor market efficiency” indicator.</p> |

^{xlvi} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 17/20



“People skills & availability” – 0.95/3
 IS presence – yes – 0
 “Technological readiness” – 3.5/7

Sri Lanka ranked 21st in the A.T. Kearney’s GSLI. It has a growing BPO industry but no Impact Sourcing presence. Its score on the “technological readiness” is toward lower-end.

Summary: Sri Lanka ranks eleventh with a score of 50.25, largely due to its low score and rankings in the BoP category, BPO, and labor market.

BPO/IS Overview¹⁰⁸

A profile of the BPO industry and Impact Sourcing activity in Sri Lanka is detailed below.

| Category | Details |
|---------------|---|
| History | BPO – In the 2000s Strength in finance & accounting (F&A) outsourcing due to presence of a large number of qualified personnel SLASSCOM – Sri Lanka Association of Software and Service Companies – is the industry level organization IS – None |
| Industry size | BPO – Most of the IT-BPO industry is focused in Colombo. In 2008, about 50,000 people were employed in the IT-BPO sector with a year-over- year growth rate of 20%. IT-BPO exports in 2006 were estimated at \$275 million with a target to reach \$1 billion in export revenue by 2012. IS - None |
| Strengths | Availability of a high-skilled workforce Competitive costs English language skills A stable economic and political environment Strong government and industry commitment |
| Challenges | The lack of an available workforce Competition from well-established neighbors in South Asia like India and Bangladesh |
| Key players | Key captives/BPOs – HSBC, WNS Global Services, Aviva, Amba Research, Quattro Key ISSPs – None |

Summary: Sri Lanka has a growing BPO industry and is aggressively positioning itself as a top contender in the global outsourcing industry. It is already recognized as a center of excellence for F&A outsourcing work.

Prioritization

Sri Lanka is classified as a Priority 3 country due to several factors. It is a growing BPO offshore destination with well-developed physical and human capital. It does not have any Impact Sourcing activities, as the industry is largely focused on developing the mainstream industry. If the government and industry do choose to develop the Impact Sourcing space, the ideal time engagement and intervention may come in three to five years.

Uganda

Overview¹⁰⁹

Reforms in Uganda over the past two decades have stabilized the economy, and continued investments in infrastructure and incentives to boost production and exports have led to solid economic growth. Uganda also possesses substantial natural resources such as oil, copper, gold, and other minerals. Services constitute more than half of the GDP composition, with agriculture and industry each contributing around 22–26%. The global downturn impacted Uganda’s exports and the economy grew at 6.6% in 2011. Despite a strong economy, Uganda has a poor HDI index score (0.446), which is lower than the regional sub-Saharan Africa average (0.463). Uganda is a destination for refugees from Sudan.

| COUNTRY SNAPSHOT ^{xxvii} | |
|---|-----------------|
| Region | East Africa |
| Classification (World Bank) | Low income |
| Population (2011) | 34.51 million |
| GDP (2011) | \$16.81 billion |
| GDP growth (2011) | 6.6% |
| GDP per capita (current international \$) | \$1,354 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 22% |
| Industry | 25.4% |
| Services | 52.6% |
| Human Development Index score (2011) | 0.446 |
| Human Development Index rank (2011) | 161/187 |

xlvii

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

Business Environment

Rank 12/20



Index of economic freedom – 61.9
 Ease of doing business rank – 123/183
 Civil liberties – 4/7
 Political rights – 5/7
 Quality of electricity supply – 2.7/7

Per the index of economic freedom, Uganda is labeled as a “moderately free” country and the citizens are “partially free” in terms of enjoying civil liberties and political rights. Uganda’s 2012 rankings in ease of doing business moved down in comparison to the previous year. The quality of electricity supply score is also on the lower end. These scores and rankings indicate that Uganda does not offer the best business environment.

BoP Characteristics

Rank 2/20



Gini Index – 44.3%
 % of poor at \$5/day – 94.01%
 Poverty gap at \$5/day – 61.96%
 Multidimensional Poverty Index – 37%

Uganda has a large BoP population and severe poverty-related issues as evidenced by the scores and rankings on the Multidimensional Poverty Index and the Human Development Index.

Education

Rank 12/20



Gini coefficient of avg. years of schooling (15+ years) – 46.42%
 “Higher education & training” – 2.9/7
 Adult literacy rates (15+ years) – 73.21%
 Inequality adjusted education index – 45%

Uganda scores on the lower end in regard to education. The quality of higher education in the country and levels of educational attainment scores indicate the need for higher investment in education.

Labor Force

Rank 2/20



Vulnerable employment – 80.60%
 Youth unemployment rate – 5.40%
 Employment-to-population ratio – 74.60
 “Labor market efficiency” – 4.8/7

The vulnerable employment rate in Uganda is one of the highest in the sample of twenty countries analyzed. Job creation is one of the critical challenges that the government faces, which is where Impact Sourcing can play an important role.

xlvii GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

BPO Industry

Rank 11/20



“People skills & availability” – n/a
 IS presence – yes – 1
 “Technological readiness” – 3/7

Uganda is still developing its BPO industry and setting up policies and programs to support its growth. There is limited IS activity through work from ISSPs like Samasource.

Summary: Uganda ranks sixth in the overall country rankings (ties with Senegal) with a score of 55. Large BoP population and vulnerable employment rates indicate critical challenges in the country and the role IS can play to mitigate those.

BPO/IS Overview

A profile of the BPO industry and Impact Sourcing activity in Uganda is detailed below.

| Category | Details |
|---|--|
| History | BPO – The government of Uganda recognized the industry’s potential in 2001 and took steps to set up policies and programs to attract investment. The BPO industry consists mainly in the form of call centers for captive companies. There are government initiatives in place for BPO training and skills development, for a BPO incubation center, and to develop a BPO strategy to address the issue of unemployment in the country. The Uganda BPO association, National Information Technology Authority-Uganda (NITA-u), and Avasant partnered to host the first East African Regional Leadership Conference on Information Technology Enabled Services in September 2012. ¹¹⁰ IS – n/a |
| Industry size ¹¹¹ | BPO – Headcount is estimated around 2,000-2,500 IS – 600-750 headcount |
| Strengths | English language skills Growing young workforce – 27 universities graduate 10,000 students annually ¹¹² |
| Challenges | Skills development and training |
| Key players | n/a |
| Summary: The BPO-related infrastructure is still being set up in Uganda but the government and industry associations are showing full commitment and partnership to achieve BPO-related goals. | |

Prioritization

Uganda is classified as a Priority 2 country due to several factors. The government is taking serious steps to bolster the BPO industry in order to tackle the unemployment issues in the country. With government commitment toward attracting infrastructure, building capacity, and training and skills development, the BPO industry is poised to grow.

Vietnam

Overview ¹¹³

Within a quarter of a century, Vietnam has transformed itself from one of the poorest countries in the world to a lower middle income country. The per capita income has increased from below \$100 in 1986 to \$1,130 in 2010. Economic growth has benefited the masses with significant improvements in social and poverty indicators. Although Vietnam’s economy is dominated by state-owned enterprises, the government is committed to the process of reform. Emphasis is placed on developing more export-driven industries, economic liberalization, and integration with the global economy. Vietnam joined the World Trade Organization in 2007. Expansionary fiscal and monetary policies have led to inflation, which was as high as 23% in August 2011. The focus is now on stabilizing the economy and getting inflation under control. Vietnam’s HDI score of 0.593 is lower than the regional average of 0.671.

^{xlviii}

| COUNTRY SNAPSHOT ^{xxvii} | |
|---|---------------------|
| Region | East Asia & Pacific |
| Classification (World Bank) | Lower middle income |
| Population (2011) | 87.84 million |
| GDP (2011) | \$124 billion |
| GDP growth (2011) | 5.8% |
| GDP per capita (current international \$) | \$3,435 |
| GDP composition by sector (2011 est.) | |
| Agriculture | 22% |
| Industry | 40.3% |
| Services | 37.7% |
| Human Development Index score (2011) | 0.593 |
| Human Development Index rank (2011) | 128/187 |

Analysis of data indicators

The categories and indicators identified in the country analysis are discussed below.

Business Environment

Rank 12/20



Index of economic freedom – 51.3
 Ease of doing business rank – 98/183
 Civil liberties – 5/7
 Political rights – 7/7
 Quality of electricity supply – 3.3/7

Vietnam ranks in the bottom half of this category. In terms of the index of economic freedom, the economy is labeled as “mostly unfree” and its citizens are “not free” when it comes to enjoying basic political rights and civil liberties. It moved back eight places to a rank of 98 in the ease of doing business and its score on quality of electricity supply is toward the low end.

BoP Characteristics

Rank 7/20



Gini Index – 35.57%
 % of poor at \$5/day – 89.87%
 Poverty gap at \$5/day – 49.71%
 Multidimensional Poverty Index – 8%

Vietnam ranks in the top half in this category largely due to the presence of a large BoP population, large poverty gap at \$5/day, and MPI of 8%.

Education

Rank 12/20



Gini coefficient of avg. years of schooling (15+ years) – 33.59
 “Higher education & training” – 3.5/7
 Adult literacy rates (15+ years) – 93.18%
 Inequality adjusted education index – 59%

Vietnam ranks in the mid-range in this category, which is similar to other countries. The adult literacy rates are high at 93%. The score on the quality of educational institutions and access is toward the low end.

^{xlviii} GDP composition is from the CIA World Fact book, HDI from UNDP, and remaining data from World Bank.

Labor Force

Rank 9/20



Vulnerable employment – 73.9% The country ranks in the top half largely due to a high vulnerable employment rate of 74%.
 Youth unemployment rate – 4.6% The country scores in the mid-range in terms of “labor market efficiency.”
 Employment-to-population ratio – 75.20
 “Labor market efficiency” – 4.6/7

BPO Industry

Rank 5/20



“People skills & availability” – 1.19/3 Vietnam is an attractive offshore destination with a ranking of 8 in A.T. Kearney’s GSLI
 IS presence – yes - 1 of top 50 countries. It has no Impact Sourcing activity. The country scores low in the
 “Technological readiness” – 3.5/7 “technological readiness” category.

Summary: Vietnam ranks eighth with a score of 52.5. The country ranked in the top half due to an attractive offshore outsourcing industry, presence of IS activity, and a sizeable BoP population. Vietnam does not offer a very stable business environment in comparison to other countries.

BPO/IS Overview¹¹⁴

A profile of the BPO industry and Impact Sourcing activity in Vietnam is detailed below.

| Category | Details |
|---------------|---|
| History | BPO – Late 1990s/2000 Mainly an ITO destination IS – None |
| Industry size | BPO – n/a IS – n/a |
| Strengths | Availability of a skilled labor force Low cost labor (40% lower than India) Language skills – English and French Economic and political stability |
| Challenges | Small labor force with required technological and language skills Poor IT-related infrastructure |
| Key players | Key clients/BPOs – Spi Global, TMA Solutions, Good Land, Transcend People, FIS, Officience, Bayer, Sony, Nortel Networks, IBM, Intel, Cisco, Anheuser-Busch Key ISSPs – None |

Summary: The BPO industry is in its relative infancy. Vietnam scores high in terms of financial attractiveness per A.T. Kearney’s GSLI. Vietnam is more of an ITO destination than a BPO one per se. Non-voice BPO work is growing as the industry continues to expand its offerings.

Prioritization

Vietnam is classified as a Priority 2 country due to several factors. Given the sizeable BoP population and its rapid rise in the global BPO industry, the Impact Sourcing field has the potential to be developed and thrive.

References

Books

- Kennedy, Robert E. with Sharma, Ajay. (2009). *The Services Shift – Seizing the Ultimate Offshore Opportunity*. Reports/Articles
- Accenture. (2012). *Achieving High Performance in BPO*.
- Accenture. (2012). *Exploring the Value Proposition For Impact Sourcing*.
- Accenture. (2011). *Next-Generation BPO: Are you ready?*
- A.T. Kearney. (2007). *Destination Latin America: A Near-Shore Alternative*.
- A.T. Kearney (2011). *Offshoring Opportunities Amid Economic Turbulence – Global Services Location Index, 2011*.
- Avasant. (2012). *Incentives & Opportunities for Scaling the “Impact Sourcing” Sector*.
- Digital Divide Data (2012). *DDD 10th anniversary book*.
- Drishtee. (2011). *Rural BPO through Telecentres*.
- Dubai Outsource Zone in collaboration with Frost & Sullivan. (2011). *Outsourcing Opportunities in the MENA Region*.
- Elix-IRR (2011). *Africa the Next Frontier in Outsourcing*.
- Faulkner Information Services. (2011). *Outsourcing Market Trends*.
- Gartner. (2012). *Outsourcing Trends, 2011–2012: Evaluate Business Process Outsourcing for Business Advantage*.
- Gereffi, Gary. Fernandez-Stark Karina. (CGGC).(2010). *The Offshore Services Global Value Chain*.
- Gereffi, Gary. Fernandez-Stark Karina. (CGGC).(2010). *The Offshore Services Value Chain – Developing Countries and the Crisis*.
- Government of India, Ministry of Communications & Information Technology (2011). *Information Technology Annual Report 2010–2011*.
- Global Services. (2011). *2011 Global Services Compendium*.
- Global Services – Tholons. (2009). *Top 50 Emerging Global Outsourcing Cities*.
- Horses for Sources. (2012). *Sal’s six stages of sourcing: BPO’s Generations*.
- IDC. (2012). *Worldwide and U.S. Business Process Outsourcing Services 2012–2016 Forecast: BPO Providers Working Hard to Move Up the Value Chain, But More Needs to Be Done*.
- International Labour Organization (2011). *Global Employment Trends 2011: The challenge of a jobs recovery*.
- ISG. (2011). *The TPI Index. Global Sourcing Market Data & Insights. Fourth Quarter and Full Year 2011*.
- Jones Lang LaSalle. (2011). *The Evolving Global Landscape – Understanding Offshoring Risks & Opportunities*.
- Kennedy, Robert E. (2003). *Exporting IT-Enabled Services from Developing Countries*.
- London, T. 2009. *Making better investments at the base of the pyramid*. Harvard Business Review, 87(5): 106-113
- Monitor Inclusive Markets. (2011). *Job Creation Through Building the Field of Impact Sourcing*.
- Morgan, Robert. (2012). *Outsourcing Trends in 2012 (article on Computer Weekly)*.
- NASSCOM-Everest. (2008). *Roadmap 2012 – Capitalizing on the Expanding BPO Landscape*.
- NASSCOM. *The IT-BPO Sector in India. Strategic Review 2012*.
- Neogroup. (2011). *Global Services Trends: 2012*.
- OECD. (2007). *Offshoring and Employment – Trends and Impacts*.
- Outsourcing Institute. (2011). *Brazil – Nearshore to Latin America*.
- Palugod, Nora & Palugod, Paul A. (2011). *Global Trends In Offshoring And Outsourcing*.
- Rockefeller Foundation. (2011). *Report on Impact Sourcing Conference 2011. Impact Sourcing: An Emerging Path to Sustainable Job Creation*.
- Tholons. (2012). *Top Trends 2012*.
- Tholons. (2012). *2012 Top 100 Outsourcing Destinations*.
- Tholons. (2011). *IT-BPO Industry’s Direct & Indirect Economic Impact – The Outsourcing Multiplier applied to the Philippines and Indian Economies*.
- UNCTAD. (2005). *Business Process Offshore Outsourcing – Untapped Opportunities for SMEs*.
- Willcocks, Leslie. Griffiths, Catherine. Kotlarsky, Dr. Julia. (2009). *Beyond BRIC: Offshoring in non-BRIC countries:*

Egypt – a new growth market.

Wipro Consulting Services (2011). A New World Option For Offshoring – Latin American Countries Can Offer European Businesses Competitive Benefits.

Websites

- “6 Types of Outsourcing BPO Services.” Hubpages.com. HubPages, n.d. Web. 01 May 2013. <http://data-entry.hubpages.com/hub/Outsourcing-BPO-Services>
- “ACS Announces Creation of New Technology Center in Ghana to Support Expanding Local Workforce.” Human Resource Outsourcing Today, n.d. Web. 02 May 2013. <http://www.hrotoday.com/news/2481/acs-announces-creation-new-technology-center-ghana-support-expanding-local-workforce>
- “Argentina Factbook.” Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html>
- “Attractive Sectors.” ApexBrasil, n.d. Web. 01 May 2013. <http://www2.apexbrasil.com.br/en/invest-in-brazil/attractive-sectors/>
- Berthiaume, Dan. “Chile Has Most Competitive IT Industry in Latin America.” IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/chile-competitive-it/>
- Bornstein, David. “Workers of the World, Employed.” New York Times, n.d. Web. 01 May 2013. <http://opinionator.blogs.nytimes.com/2011/11/03/workers-of-the-world-employed/>
- BPO Demystified.” BPOWatch India. BPOWatch India, n.d. Web. 01 May 2013. <http://www.bpowatchindia.com/BPODemystified.html>
- “BPO Industry.” Services.indiabizclub.com. Services.indiabizclub.com, n.d. Web. 01 May 2013. http://services.indiabizclub.com/info/types_of_service/bpo_industry
- “BPO Outsourcing in Argentina.” Sitagita.com. N.p., n.d. Web. 01 May 2013. <http://sitagita.com/bpo/different-countries/argentina.html>
- “Brazil Factbook.” Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>
- “Brazil Overview.” The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/brazil/overview>
- “Cambodia Factbook.” Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html>
- “Cambodia Overview.” The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/cambodia/overview>
- “China BPO Sector Tripled in Size Between 2007 and 2010.” Everest, n.d. Web. 02 May 2013. <http://www.teletech.com/news/enterprise-management/everest-china-bpo-sector-tripled-in-size-between-2007-and-2010-800658204>
- “China Overview.” The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/china/overview>
- “Costa Rica Factbook.” Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/cs.html>
- D’Monte, Leslie. “IT-BPO Firms Beat Wage Inflation Blues.” Businessstandard.com. Business Standard, n.d. Web. 01 May 2013. http://www.business-standard.com/article/companies/it-bpo-firms-beat-wage-inflation-blues-107052401090_1.html
- Dialani, Mukesh. “Worldwide and U.S. Business Process Outsourcing Services 2012–2016 Forecast: BPO Providers Working Hard to Move Up the Value Chain, But More Needs to Be Done.” Worldwide Services Research (2012). <http://www.idc.com/getdoc.jsp?containerId=234538>
- Doval, Pankaj. “TCS, Infosys, Wipro Vie for E-governance Overhaul Pie.” Timesofindia.indiatimes.com. The Times Of India, n.d. Web. 01 May 2013. http://articles.timesofindia.indiatimes.com/2012-06-04/software-services/32030412_1_regular-corporate-filings-mca21-e-governance
- “Egypt Sees Potential to Double Size Its Global ITO and Engineering Services Market and Triple Its Global BPO Market.” AMEinfo.com. AME, n.d. Web. 02 May 2013. <http://www.ameinfo.com/223769.html>
- “Egypt Outsourcing.” Thomas White International, n.d. Web. 02 May 2012. <http://www.thomaswhite.com/explore-the-world/postcard/2010/egypt-outsourcing.aspx>

- "Egypt Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/egypt/overview>
- "Expanding to Tier 2 and Tier 3 Cities." Value Notes Sourcing Practice, n.d. Web. 01 May 2013. <http://www.sourcingnotes.com/content/view/508/74/>
- "Finance & Accounting Outsourcing: Value and Maturity." The Accounting Minute. N.p., n.d. Web. 01 May 2013. <http://clarity.sutherlandglobal.com/blog/accounting-minute/finance-accounting-outsourcing-value-and-maturity/>
- George, Tarun. "Charges of Laziness and a Shallow Labor Pool Have People Asking: What's the Problem with Panama?" IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/latin-america-outsourcing-bpo-insider-whats-the-problem-with-panama/>
- "Ghana Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/gh.html>
- "Global Business Process Outsourcing (BPO) Market to Reach US\$280.7 Billion by 2017, According to a New Report by Global Industry Analysts, Inc." SFGate. PRWeb, n.d. Web. 01 May 2013. <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/10/12/prweb8857236.DTL>
- "Global Sourcing." NASSCOM.com. NASSCOM, n.d. Web. 01 May 2013. <http://www.nasscom.org/global-sourcing>
- "ICT Sector Classifications and Statistics 2011-2012." Int@j, n.d. Web. 02 May 2013. <http://www.intaj.net/outourcing>
- "India Domestic BPO Market to Be worth \$1.4 Billion in 2011." Business Today. PTI, n.d. Web. 01 May 2013. [http://businesstoday.intoday.in/story/india-domestic-bpo-market-to-be-worth-\\$1.4-billion-in-2011/1/14703.html](http://businesstoday.intoday.in/story/india-domestic-bpo-market-to-be-worth-$1.4-billion-in-2011/1/14703.html)
- "India Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/india/overview>
- "Indian BPO Industry: A Transforming Landscape." NASSCOM.com. NASSCOM, n.d. Web. 01 May 2013. <http://www.nasscom.org/indian-bpo-industry-transforming-landscape>
- "It's About Smaller Deals and Newer Locations." Globalservicesmedia.com. Global Services, n.d. Web. 01 May 2013. www.globalservicesmedia.com/Print-Article/10454
- Janah, Leila Chirayath. "Making the Case for Impact Sourcing." The Huffington Post. TheHuffingtonPost.com, 06 Oct. 2012. Web. 01 May 2013. http://www.huffingtonpost.com/leila-chirayath-janah/making-the-case-for-impac_b_1944191.html
- "Jordan Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/jordan/overview>
- "Kenya Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html>
- "Kenya ICT Board." Kenya ICT Board, n.d. Web. 02 May 2013. <http://www.ict.go.ke/>
- "Kenya Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/kenya>
- "Knowledge Services Outsourcing: India in the Driving Seat." NASSCOM.com. NASSCOM, n.d. Web. 01 May 2013. <http://www.nasscom.org/knowledge-services-outsourcing-india-driving-seat>
- Laughlin, Kirk. "Jamaica: So Close, But Yet So Out of Touch." IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/jamaica-bpo-investment/>
- "Malaysia Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/my.html>
- "Malaysian Outsourcing Industry: Facts & Figures." Outsourcing Malaysia, n.d. Web. 02 May 2013. <http://www.outsourcingmalaysia.org.my/facts-figures/71-malaysian-outsourcing-industry.php>
- Malinowski, Matthew. "BPO Market Expands 25% in 2008." BNamericas, n.d. Web. 02 May 2013. http://www.bnamericas.com/news/technology/BPO_market_expands_25*_in_2008
- "Mexico Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html>
- "Mexico Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/mexico/overview>
- Nair, Keerthi. "Outsourcing to Senegal." Global Services, n.d. Web. 02 May 2013. <http://archive.globalservicesmedia.com/Destinations/Africa-and-Middle-East/Outsourcing-to-Senegal/25/23/0/general200809185098>
- "Outsourcing Industry Shifts from Robust to Slow Pace." Globalservicesmedia.com. Global Services, n.d. Web. 01 May 2013. <http://archive.globalservicesmedia.com/Print-Article/10700>

- "Philippines Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/philippines/overview>
- "Platform BPO: The Growth Trajectory for the BPO Industry." Value Notes Sourcing Practice, n.d. Web. 01 May 2013. <http://www.sourcingnotes.com/content/view/746/73/>
- Pritchard, Gareth. "Trends in the BPO Industry for 2012." Itnewsafrika.com. IT News Africa, n.d. Web. 01 May 2013. <http://www.itnewsafrika.com/2012/01/trends-in-the-bpo-industry-for-2012/>
- Rai, Saritha. "Security Breaches Worry Outsourcing Industry." The New York Times. The New York Times, 05 Oct. 2006. Web. 30 Apr. 2013. <http://www.nytimes.com/2006/10/05/business/worldbusiness/05call.html>
- "Rockefeller Foundation: Ghana Boasts High-Potential BPO Market." TeleTech, n.d. Web. 02 May 2013. <http://www.teletech.com/news/enterprise-management/rockefeller-foundation-ghana-boasts-high-potential-bpo-market-800534026>
- "Senegal Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/senegal/overview>
- "Snapshot of Malaysia." Outsourcing Malaysia, n.d. Web. 01 May 2013. <http://www.outsourcingmalaysia.org.my/facts-figures/75-snapshot-of-malaysia.php>
- "Sourcepilani: Unique Rural BPO Model." The Economic Times, n.d. Web. 01 May 2013. http://articles.economictimes.indiatimes.com/2008-12-26/news/28444458_1_bpo-local-graduates-urban-counterpart
- "South Africa - An Overview." MBendi.com. N.p., n.d. Web. 02 May 2013. <http://www.mbendi.com/land/af/sa/p0005.htm#BasicInfo>
- "Sri Lanka Advantage." SLASSCOM, n.d. Web. <http://www.slasscom.lk/srilankaadvantage>
- "Sri Lanka Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/srilanka/overview>
- "Tamil Nadu Government Unveils Enhanced Rural BPO Policy." BPMwatch.com. BPM Watch, n.d. Web. 01 May 2013. <http://www.bpoindia.org/news/tamil-nadu-government-unveils-enhanced-rural-bpo-policy>
- "The African Safari Enters the BPO Industry." Articlesbase.com. N.p., n.d. Web. 01 May 2013. <http://www.articlesbase.com/outsourcing-articles/the-african-safari-enters-the-bpo-industry-892716.html>
- "The Increasing Need for a Global Delivery Model." Value Notes Sourcing Practice, n.d. Web. 01 May 2013. <http://www.sourcingnotes.com/content/view/787/76/>
- "Top Outsourcing Trends to Watch." Bpowatchindia.com. BPO Watch India, n.d. Web. 01 May 2013. http://www.bpowatchindia.com/bpo_features/outsourcing_trend/december-26-2011/top_outsourcing_trends_to_watch_for_in_2012.html
- "Types of BPO Services." Tutorial-Reports.com, n.d. Web. 01 May 2013. <http://www.tutorial-reports.com/business/outsourcing/bpo/type-of-services.php>
- "Uganda to Host 1st International BPO/ITES Conference 2012." NITA Uganda, n.d. Web. 02 May 2013. <http://www.nita.go.ug/new/index.php/news/latest-news/172-uganda-to-host-1st-international-bpoites-conference-2012->
- "Unemployment Rises as "Most Talked-About" Problem: Global Poll." GlobeScan -. N.p., n.d. Web. 01 May 2013. <http://www.globescan.com/commentary-and-analysis/press-releases/press-releases-2011/94-press-releases-2011/126-unemployment-rises-as-qmost-talked-aboutq-problem-global-poll.html>
- "Value Chain Analysis." Provenmodels.com. Proven Models, n.d. Web. 01 May 2013. <http://www.provenmodels.com/26/value-chain-analysis/porter,-michael-e>
- "Vietnam- The New "India"?" BPO Voice, n.d. Web. 02 May 2013. <http://www.bpovoice.com/profiles/blogs/vietnam-the-new-india>
- "Vietnam Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>
- "What Constitutes BPO." Tutorial-Reports.com, n.d. Web. 01 May 2013. <http://www.tutorial-reports.com/business/outsourcing/bpo/what-constitutes.php>
- "World Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/index.html>

Photos

Introduction: Flickr.com, ©Amir Jina

Section One: © The William Davidson Institute

Section Two: Flickr.com, ©CTBTO

Section Three: Flickr.com, ©CTBTO

Section Four: Flickr.com, ©United States Army

Endnotes

- ¹ International Labour Organization (2011). Global Employment Trends 2011: The challenge of a jobs recovery.
- ² "Unemployment Rises as "Most Talked-About" Problem: Global Poll." GlobeScan -. N.p., n.d. Web. 01 May 2013. <http://www.globescan.com/commentary-and-analysis/press-releases/press-releases-2011/94-press-releases-2011/126-unemployment-rises-as-qmost-talked-aboutq-problem-global-poll.html>
- ³ Bornstein, David. "Workers of the World, Employed." New York Times, n.d. Web. 01 May 2013. <http://opinionator.blogs.nytimes.com/2011/11/03/workers-of-the-world-employed/>
- ⁴ Janah, Leila Chirayath. "Making the Case for Impact Sourcing." The Huffington Post. TheHuffingtonPost.com, 06 Oct. 2012. Web. 01 May 2013. http://www.huffingtonpost.com/leila-chirayath-janah/making-the-case-for-impac_b_1944191.html
- ⁵ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ⁶ Bornstein, David. "Workers of the World, Employed." New York Times, n.d. Web. 01 May 2013. <http://opinionator.blogs.nytimes.com/2011/11/03/workers-of-the-world-employed/>
- ⁷ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁸ Kennedy, Robert E. (2003). Exporting IT-Enabled Services from Developing Countries.
- ⁹ Rockefeller Foundation. (2011). Report on Impact Sourcing Conference 2011. Impact Sourcing: An Emerging Path to Sustainable Job Creation.
- ¹⁰ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ¹¹ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ¹² "Value Chain Analysis." Provenmodels.com. Proven Models, n.d. Web. 01 May 2013. <http://www.provenmodels.com/26/value-chain-analysis/porter,-michael-e>
- ¹³ Kennedy, Robert E. with Sharma, Ajay. (2009). The Services Shift – Seizing the Ultimate Offshore Opportunity.
- ¹⁴ A.T. Kearney. (2011). Offshoring Opportunities Amid Economic Turbulence.
- ¹⁵ Horses for Sources. (2012). Sal's six stages of sourcing: BPO Generations.
- ¹⁶ Government of India, Ministry of Communications & Information Technology (2011). Information Technology Annual Report 2010-2011.
- ¹⁷ UNCTAD. (2005). Business Process Offshore Outsourcing – Untapped Opportunities for SMEs.
- ¹⁸ Rai, Saritha. "Security Breaches Worry Outsourcing Industry." The New York Times. The New York Times, 05 Oct. 2006. Web. 30 Apr. 2013. <http://www.nytimes.com/2006/10/05/business/worldbusiness/05call.html>
- ¹⁹ BPO Demystified." BPOWatch India. BPOWatch India, n.d. Web. 01 May 2013. <http://www.bpowatchindia.com/BPODemystified.html>
- ²⁰ Gereffi, Gary. Fernandez-Stark Karina. (CGGC). (2010). The Offshore Services Global Value Chain.
- ²¹ Gereffi, Gary. Fernandez-Stark Karina. (CGGC). (2010). The Offshore Services Value Chain – Developing Countries and the Crisis.
- ²² Kennedy, Robert E. (2003). Exporting IT-Enabled Services from Developing Countries.
- ²³ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing
- ²⁴ Dialani, Mukesh. "Worldwide and U.S. Business Process Outsourcing Services 2012–2016 Forecast: BPO Providers Working Hard to Move Up the Value Chain, But More Needs to Be Done." Worldwide Services Research (2012). <http://www.idc.com/getdoc.jsp?containerId=234538>.
- ²⁵ "Global Business Process Outsourcing (BPO) Market to Reach US\$280.7 Billion by 2017, According to a New Report by Global Industry Analysts, Inc." SFGate. PRWeb, n.d. Web. 01 May 2013. <http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/10/12/prweb8857236.DTL>
- ²⁶ Outsourcing Institute. (2011). Brazil – Nearshore to Latin America.
- ²⁷ D'Monte, Leslie. "IT-BPO Firms Beat Wage Inflation Blues." Businessstandard.com. Business Standard, n.d. Web. 01 May 2013. http://www.business-standard.com/article/companies/it-bpo-firms-beat-wage-inflation-blues-107052401090_1.html

- ²⁸ NASSCOM-Everest. (2008). Roadmap 2012 – Capitalizing on the Expanding BPO Landscape.
- ²⁹ Palugod, Nora & Palugod, Paul A. (2011). Global Trends in Offshoring And Outsourcing.
- ³⁰ "Tamil Nadu Government Unveils Enhanced Rural BPO Policy." BPMwatch.com. BPM Watch, n.d. Web. 01 May 2013. <http://www.bpoindia.org/news/tamil-nadu-government-unveils-enhanced-rural-bpo-policy>
- ³¹ Rockefeller Foundation. (2011). Report on Impact Sourcing Conference 2011. Impact Sourcing: An Emerging Path to Sustainable Job Creation.
- ³² Rockefeller Foundation. (2011). Report on Impact Sourcing Conference 2011. Impact Sourcing: An Emerging Path to Sustainable Job Creation.
- ³³ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ³⁴ The World Bank Group. Give For-Profit Rural Business Centers a Chance to Diversify Into Service-Led Employment and Village BPOs, itidjournal.org/itid/article/download/362/163.
- ³⁵ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ³⁶ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ³⁷ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ³⁸ Monitor Inclusive Markets. (2011). Job Creation Through Building the Field of Impact Sourcing.
- ³⁹ "Sourcepilani: Unique Rural BPO Model." The Economic Times, n.d. Web. 01 May 2013. http://articles.economictimes.indiatimes.com/2008-12-26/news/28444458_1_bpo-local-graduates-urban-counterpart
- ⁴⁰ Digital Divide Data (2012). DDD 10th anniversary book. <http://www.digitaldividedata.org/impact/staff/>
- ⁴¹ "Finance & Accounting Outsourcing: Value and Maturity." The Accounting Minute. N.p., n.d. Web. 01 May 2013. <http://clarity.sutherlandglobal.com/blog/accounting-minute/finance-accounting-outsourcing-value-and-maturity/>
- ⁴² A.T. Kearney (2011). Offshoring Opportunities Amid Economic Turbulence – Global Services Location Index, 2011.
- ⁴³ Berthiaume, Dan. "Chile Has Most Competitive IT Industry in Latin America." IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/chile-competitive-it/>
- ⁴⁴ Global Services. (2011). Destinations Compendium.
- ⁴⁵ Laughlin, Kirk. "Jamaica: So Close, But Yet So Out of Touch." IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/jamaica-bpo-investment/>
- ⁴⁶ George, Tarun. "Charges of Laziness and a Shallow Labor Pool Have People Asking: What's the Problem with Panama?" IT Outsourcing News, n.d. Web. 01 May 2013. <http://www.nearshoreamericas.com/latin-america-outsourcing-bpo-insider-whats-the-problem-with-panama/>
- ⁴⁷ A.T. Kearney. (2007). Destination Latin America.
- ⁴⁸ "The African Safari Enters the BPO Industry." Articlesbase.com. N.p., n.d. Web. 01 May 2013. <http://www.articlesbase.com/outsourcing-articles/the-african-safari-enters-the-bpo-industry-892716.html>
- ⁴⁹ Global Services. (2011). Destinations Compendium 2011.
- ⁵⁰ "Snapshot of Malaysia." Outsourcing Malaysia, n.d. Web. 01 May 2013. <http://www.outsourcingmalaysia.org.my/facts-figures/75-snapshot-of-malaysia.php>
- ⁵¹ London, T. 2009. Making better investments at the base of the pyramid. *Harvard Business Review*, 87(5): 106-113.
- ⁵² "Argentina Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/ar.html>
- ⁵³ Wipro Consulting Services (2011). A New World Option For Offshoring – Latin American Countries Can Offer European Businesses Competitive Benefits.
- ⁵⁴ A.T. Kearney. (2007). Destination Latin America: A Near-Shore Alternative.
- ⁵⁵ "BPO Outsourcing in Argentina." Sitagita.com. N.p., n.d. Web. 01 May 2013. <http://sitagita.com/bpo/different-countries/argentina.html>
- ⁵⁶ "Brazil Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/brazil/overview>

- ⁵⁷ "Brazil Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/br.html>
- ⁵⁸ "Attractive Sectors." ApexBrasil, n.d. Web. 01 May 2013. <http://www2.apexbrasil.com.br/en/invest-in-brazil/attractive-sectors/>
- ⁵⁹ BRASSCOM, "Brazil IT-BPO Book 2010–2011".
- ⁶⁰ "Cambodia Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/cambodia/overview>
- ⁶¹ Cambodia Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/cb.html>
- ⁶² "China Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/china/overview>
- ⁶³ "China BPO Sector Tripled in Size Between 2007 and 2010." Everest, n.d. Web. 02 May 2013. <http://www.teletech.com/news/enterprise-management/everest-china-bpo-sector-tripled-in-size-between-2007-and-2010-800658204>
- ⁶⁴ "Costa Rica Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/cs.html>
- ⁶⁵ A.T. Kearney. (2007). Destination Latin America: A Near-Shore Alternative.
- ⁶⁶ Gereffi, Gary. Castillo Mario. Fernandez-Stark Karina. (IDB).(2009). The Offshore Services Industry – A New Opportunity for Latin America. Page 27.
- ⁶⁷ "Egypt Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/egypt/overview>
- ⁶⁸ Willcocks Leslie., Griffiths Catherine and Dr. Kotlarsky Julia. (2009). "Beyond BRIC – Offshoring in non-BRIC countries: Egypt – a new growth market".
- ⁶⁹ "Egypt Outsourcing." Thomas White International, n.d. Web. 02 May 2012. <http://www.thomaswhite.com/explore-the-world/postcard/2010/egypt-outsourcing.aspx>
- ⁷⁰ Global Services. 2011. "Destinations Compendium 2011".
- ⁷¹ "Egypt Sees Potential to Double Size Its Global ITO and Engineering Services Market and Triple Its Global BPO Market." AMEinfo.com. AME, n.d. Web. 02 May 2013. <http://www.ameinfo.com/223769.html>
- ⁷² "Ghana Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/gh.html>
- ⁷³ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁷⁴ "ACS Announces Creation of New Technology Center in Ghana to Support Expanding Local Workforce." Human Resource Outsourcing Today, n.d. Web. 02 May 2013. <http://www.hrotoday.com/news/2481/acs-announces-creation-new-technology-center-ghana-support-expanding-local-workforce>
- ⁷⁵ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁷⁶ Elix-IRR (2011). Africa the Next Frontier in Outsourcing.
- ⁷⁷ "Rockefeller Foundation: Ghana Boasts High-Potential BPO Market." TeleTech, n.d. Web. 02 May 2013. <http://www.teletech.com/news/enterprise-management/rockefeller-foundation-ghana-boasts-high-potential-bpo-market-800534026>
- ⁷⁸ "India Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/india/overview>
- ⁷⁹ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁸⁰ "Jordan Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/jordan/overview>
- ⁸¹ "ICT Sector Classifications and Statistics 2011–2012." Int@j, n.d. Web. 02 May 2013. <http://www.intaj.net/outsourcing>
- ⁸² "Kenya Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/kenya>
- ⁸³ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁸⁴ "Kenya ICT Board." Kenya ICT Board, n.d. Web. 02 May 2013. <http://www.ict.go.ke/>
- ⁸⁵ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ⁸⁶ Elix-IRR (2011). Africa the Next Frontier in Outsourcing.
- ⁸⁷ The Rockefeller Foundation. Report on Impact Sourcing Conference 2011, "Impact Sourcing: An Emerging Path to Sustainable Job Creation", December 5, 2011.

- ⁸⁸ "Malaysia Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/my.html>
- ⁸⁹ "Malaysian Outsourcing Industry: Facts & Figures." Outsourcing Malaysia, n.d. Web. 02 May 2013. <http://www.outsourcingmalaysia.org.my/facts-figures/71-malaysian-outsourcing-industry.php>
- ⁹⁰ "Mexico Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html>
- ⁹¹ "Mexico Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/mexico/overview>
- ⁹² Wipro Consulting Services (2011). A New World Option For Offshoring – Latin American Countries Can Offer European Businesses Competitive Benefits.
- ⁹³ Malinowski, Matthew. "BPO Market Expands 25% in 2008." BNamericas, n.d. Web. 02 May 2013. http://www.bnamericas.com/news/technology/BPO_market_expands_25*_in_2008
- ⁹⁴ "Kenya Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html>
- ⁹⁵ MEDZ. (2011). Morocco Offshoring Strategy.
- ⁹⁶ "World Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/index.html>
- ⁹⁷ Global Services Media. 2011. Destinations Compendium – 2011 Annual Issue. Page 109.
- ⁹⁸ "Philippines Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/philippines/overview>
- ⁹⁹ The Monitor Group. (2011). Job Creation Through Building The Field Of Impact Sourcing.
- ¹⁰⁰ "Senegal Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/senegal/overview>
- ¹⁰¹ Centre pour le Développement de l'Entreprise. Nov 2009. "A Strategy to Foster Business Process Offshoring between European and African SMEs."
- ¹⁰² Nair, Keerthi. "Outsourcing to Senegal." Global Services, n.d. Web. 02 May 2013. <http://archive.globalservicesmedia.com/Destinations/Africa-and-Middle-East/Outsourcing-to-Senegal/25/23/0/general200809185098>
- ¹⁰³ "South Africa - An Overview." MBendi.com. N.p., n.d. Web. 02 May 2013. <http://www.mbendi.com/land/af/sa/p0005.htm#BasicInfo>
- ¹⁰⁴ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ¹⁰⁵ Elix-IRR (2011). Africa the Next Frontier in Outsourcing.
- ¹⁰⁶ The Rockefeller Foundation. Report on Impact Sourcing Conference 2011, "Impact Sourcing: An Emerging Path to Sustainable Job Creation", December 5, 2011.
- ¹⁰⁷ "Sri Lanka Overview." The World Bank, n.d. Web. 01 May 2013. <http://www.worldbank.org/en/country/srilanka/overview>
- ¹⁰⁸ "Sri Lanka Advantage." SLASSCOM, n.d. Web. <http://www.slasscom.lk/srilankaadvantage>
- ¹⁰⁹ "Uganda Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/ug.html>
- ¹¹⁰ "Uganda to Host 1st International BPO/ITES Conference 2012." NITA Uganda, n.d. Web. 02 May 2013. <http://www.nita.go.ug/new/index.php/news/latest-news/172-uganda-to-host-1st-international-bpoites-conference-2012->
- ¹¹¹ Avasant. (2012). Incentives & Opportunities for Scaling the "Impact Sourcing" Sector.
- ¹¹² The Ministry of ICT and BPO- Think Tank Team (TTT) June 2008. "BPO Strategy and Model for Uganda 2008-2011".
- ¹¹³ "Vietnam Factbook." Central Intelligence Agency, n.d. Web. 01 May 2013. <https://www.cia.gov/library/publications/the-world-factbook/geos/vm.html>
- ¹¹⁴ "Vietnam- The New "India"?" BPO Voice, n.d. Web. 02 May 2013. <http://www.bpovoice.com/profiles/blogs/vietnam-the-new-india>

