Performance Measurement for Impact Employment

A Catalog of Impact Employment Metrics
Background and Rationale

The world’s disadvantaged and vulnerable people often lack access to jobs that can help them earn income in order to support their well-being and the well-being of their families. Increasingly, companies and organizations that operate in regions with a high concentration of disadvantaged and vulnerable groups are able to provide employment solutions for this target population. Such organizations are increasingly interested in creating a positive impact through employment.

As these enterprises look to quantify and communicate the positive impact of such employment, they require credible metrics that can help them compare and report performance.

The Global Impact Investing Network (GIIN)\(^1\) supported by the Rockefeller Foundation\(^2\) convened an expert working group in 2014 to develop a set of metrics with standardized definitions for measuring impact of employing disadvantaged and vulnerable people. This work was supported through the Foundation’s Digital Jobs Africa Initiative which seeks to impact one million lives in Africa through employment of high potential but disadvantaged youth in information and communications technology jobs. These standardized metrics are available for free.

What is Impact Employment?

Impact Employment is a hiring and human resources model that intentionally employs vulnerable or disadvantaged individuals with the goal of creating a positive impact on the employees, their families, and eventually a broader community. Disadvantaged or vulnerable groups can be defined based on their economic or social status (e.g., low-income, minorities, certain health conditions).

What is Impact Sourcing?

Impact Sourcing is an enhanced business process sourcing model that provides quality and costs at parity with traditional Business Process Outsourcing (BPO) services, but with optimized enhancements such as:

- A qualified, rigorously trained talent pool with skillsets aligned to match client needs
- Lower attrition rates and higher corresponding levels of employee engagement
- Opportunities to fulfill corporate social responsibility and diversity objectives
- Ability to tap into identified geographic expansion targets in new global markets

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\(^1\) The Global Impact Investing Network (GIIN) is a not-for-profit organization dedicated to increasing the scale and effectiveness of impact investing. Impact investments are investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return. IRIS is a project of the GIIN’s infrastructure development initiative. [http://www.thegiin.org](http://www.thegiin.org)

\(^2\) The Rockefeller Foundation has been supporting the development of the Impact Sourcing sector. Part of the Rockefeller Foundation’s work in this space is supporting the development of tools that will help organizations to recruit Impact Sourcing workers, including providing metrics. [http://www.rockefellerfoundation.org/our-work/current-work/digital-jobs-africa/impact-sourcing](http://www.rockefellerfoundation.org/our-work/current-work/digital-jobs-africa/impact-sourcing)
Impact Sourcing employs high potential but disadvantaged people and thus has the potential to transform the lives of disadvantaged people around the world, as well as their families and communities, while providing an advantage to the corporations and governments that benefit from their high quality work.

What is the impact?

Impact Employment and Sourcing is taking place across the globe, with the following impacts on employees:

- It provides measurable increases in income levels. Data suggests that employees hired through the Impact Employment/Sourcing model benefit from income increases between 40% and 200%.
- It provides an opportunity for employees to learn transferable skills that serve as a springboard for future job opportunities.
- In addition to the benefits of formal, stable employment, the research suggests that Impact Employment also increases family investment in health care and education.

Corporations and Organizations that engage in Impact Employment and Sourcing can benefit from:

- **Low costs**: Significant cost savings (70%+) over source locations in U.S./UK; Costs comparable or lower than traditional BPOs
- **Proven, reliable service delivery**: Performance comparable to traditional BPOs; Track record of meeting client SLAs/KPIs and expectations
- **Large and untapped talent pool**: Alternative to supplement traditional talent pool; Vernacular language capabilities
- **Stable and engaged workforce**: Lower attrition than traditional BPO employees; Motivated workforce
- **Social Impact**: Direct impact (individuals, families); Indirect impact (communities, support services, local economy)

What do the metrics measure?

The Impact Employment metrics can be used to track any type of Impact Employment, including Impact Sourcing. The catalogue consists of a set of metrics that focus on the following subsets of data:

- **Targeted Groups and Hiring Practices**
  
  This subset of metrics focuses on the groups targeted by the Impact Employment to provide context for the remaining metrics. It covers areas such as the demographics of how vulnerable/disadvantaged groups are defined by the organization, how many employees are hired and employed, average tenure, and specifics around the hiring processes.

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3 Job Creation through Building the Field of Impact Sourcing, Monitor Deloitte with support from the Rockefeller Foundation, http://www.rockefellerfoundation.org/blog/job-creation-through-building-field
• Employment Practices
  Employment practices metrics subset focuses on characteristics of employment such as average number of hours worked, work-related opportunities, and certain flexibility components of the job, and how all the factors ultimately translate into the job satisfaction.

• Remuneration and Benefits
  This metrics subset covers the specifics of the remuneration in the context of overall employment. It also attempts to track the economic sustainability of the employees beyond their employment by providing metrics that reflect post-employment opportunities and careers.

• Training and Development
  Training and development metrics focus on the types of training and development opportunities offered to employees as well as specific metrics on the number of employees trained.

• Family & Community Development
  These metrics target Impact Employment’s broader impact on communities by gathering information on charitable giving, volunteering and what the organizations do to promote such practices.

Who should use Impact Employment metrics
Impact Employment metrics can be used by all organizations that hire disadvantaged/vulnerable groups regardless of the type of disadvantaged group that is targeted. While Impact Employment metrics can be a great tool for communicating the organization’s positive impact on its employees and local community to the outside stakeholders, its importance as an internal management tool should not be overlooked. Measuring the key metrics such as the employee turnover, job satisfaction rates, and associated wages, can provide valuable information for decision making around hiring and workforce composition and support the case for Impact Employment as not only a practice that benefits the local community, but also the employer.

How to use the Impact Employment metrics
The Impact Employment metrics can be used by both buyer and provider organizations. For example, for Impact Sourcing, buyers may ask their service providers to report the metrics to them as part of an agreement to do Impact Sourcing. In other cases, providers themselves may choose to track and report on the metrics independent of the buyers.

The metrics are designed to enable organizations to track and report on a certain group of individuals they are hiring - be it low-income status, minorities, certain health conditions, or other. The metrics reflect the targeted group only. For example, if an organization defines their disadvantaged/vulnerable group to be all employees located in a certain region of India, all further metrics are related to this group of employees.

The working group offers the following suggestions for the organizations and their relevant stakeholders interested in adopting standardized reporting metrics on Impact Employment.

1. Choose from within this catalog of metrics.
   There is no single combination of metrics that is right for every organization; this set is designed as a catalog that organizations and their stakeholders can use to select the most appropriate metrics. This catalogue should be used by organizations in alignment with their stakeholders to uniformly report on their impact.

   Provide sufficient context for the reported metrics by utilizing footnotes to explain what the data means for your organization. As many different operating models can target different outcomes for the same metric, providing comprehensive footnotes gives organizations an opportunity to explain their data in proper context.
2. **Adapt metrics to specific organizations and provide additional detail when necessary.**

While the metrics are meant to be generally applicable to organizations implementing Impact Employment practices, they should be tailored to reflect an organization’s area of focus. For example, organizations can choose from a list of categories of disadvantaged employment they are targeting in their hiring practices. In addition to selecting from a list of options within the metrics, organizations may wish to provide further details (i.e. on the flexible work arrangements provided to disadvantaged employees, or quantitative data around job satisfaction).

Judgment needs to be applied when deciding on how to properly disaggregate information. Oftentimes, it makes sense to break down the reported metrics by regions where an organization operates, or by different targeted groups. Disaggregation may vary by metric, but it should provide more insight than one aggregated figure might. Decisions on what metrics should be disaggregated need to be made by the reporting organization prior to reporting.

3. **Use metrics to help identify performance.**

Comparable indicators for organizational outputs can help organizations demonstrate impact and compare their performance with similar organizations (when appropriate). Standardized metrics can also help increase employment opportunities that effectively address economic challenges for disadvantaged and vulnerable groups.

4. **Comply with all applicable regulations.**

In some cases and depending on the regulatory environment, organizations may determine that certain metrics ask for confidential information. If certain information is not gathered by the company because of legal restrictions, organizations may reference the specific legal prohibitions as a reason for not reporting on a metric. If possible, it is suggested to report aggregated, company-level information to mitigate the confidentiality concern as the data is summarized and cannot be traced to individuals.

5. **Find the right reporting medium**

Organizations should consider incorporating the Impact Employment metrics into a sustainability report if the organization publishes one. Impact Employment metrics are mapped to relevant GRI G4 Indicators and can help build a GRI report while reporting on the impacts that are applicable.

**What’s next?**

Applicable Impact Employment metrics will be considered for incorporation into the larger IRIS metrics taxonomy, which also includes sets of metrics specific to agriculture, financial services, water and sanitation, and other sectors. Building on this foundation of common metrics, The Rockefeller Foundation, through their Digital Jobs Africa Initiative, will promote the use of these metrics for any organization or company doing Impact Sourcing (i.e. Impact Employment through outsourcing, captives and shared service).

**View all IRIS metrics at:** [http://iris.thegiin.org](http://iris.thegiin.org)


For more information, contact: [impactsourcing@rockfound.org](mailto:impactsourcing@rockfound.org)

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4. **Impact Reporting and Investment Standards (IRIS)** is the catalog of generally accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry. IRIS is used by hundreds of investors and thousands of companies to track and communicate performance. It is a free resource available at [http://www.iris.thegiin.org](http://www.iris.thegiin.org).

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