Impact sourcing webinar Q&A

1. **Is impact sourcing (IS) driven by type of location (low-income countries such as Kenya, Nigeria, India) or the type of provider (e.g., tier-3 provider) or both or something else?**

   Impact sourcing is about the person delivering the work (e.g., economically disadvantaged, socially disadvantaged). It is not about the location of service delivery or the type of provider, although they are correlated. For example, not all workers in a tier-3 city or with a tier-3 provider would be impact workers. A representative (but not exhaustive) list of the types of people that qualify as Impact Sourcing are:

   - Socially disadvantaged groups: Cultural, ethnic, and religious minorities, gender groups and indigeneous population groups
   - Economically disadvantaged: Persons living in low income areas and/or with limited opportunity/access to jobs
   - Persons with disadvantageous life circumstances: Disabled, health limits
   - Persons in recognized refugee status

   Is infrastructure availability a risk in impact sourcing? How do companies overcome lack of infrastructure (both physical & electronic) in areas where there may be disadvantaged populations?

   Infrastructure availability is one of the perceived risks in using impact sourcing, especially if the service is being delivered from less developed locations such as rural areas. Companies delivering impact sourcing services from these locations have recognized this and have proactively implemented various measures to counter that perception. For example,
   - A leading BPO in India uses the same infrastructure (e.g., bandwidth) in its rural center as the urban centers.
   - ISSPs are using multiple ways to improve infrastructure availability (e.g., ISSPs such as RuralShores and Piramal Udgam invest in generator sets and dedicated bandwidth availability; Daproim in Kenya encourages workers to use university infrastructure for delivery)

   Our case study on RuralShores explains this in greater detail. The case study can be downloaded from [here](#).

   It is important to note that impact sourcing is not only done from areas that might have infratsructure challenges. It can also be done in urban areas like Johannesburg and Cape Town, where the impact sourcing model is integrated with mainstream service delivery. Please refer to case studies from [Teleperformance](#) and [Deloitte.](#)

2. **Is there any variance in the customer satisfaction while delivering BPO services through IS workers?**

   There are metric-based comparisons which show customer satisfaction for services delivered through IS to be comparable to traditional BPO. This is reflected in multiple examples gathered during our research. Some of them are highlighted in case studies and testimonials from [Teleperformance](#), [SureHire](#), and [Accenture](#). Even in situations where metric-based comparisons are not available, companies have experienced IS performance to be comparable to traditional BPOs and are planning to expand their use of impact sourcing workers.

3. **What drives lower attrition rates among impact workers than traditional workers?**

There are multiple factors driving lower attrition for impact workers as compared to traditional workers:

- *Emotional bond/affinity with employers* that helped educate, train and provide employment to the disadvantaged worker.
- *Strong fit with personal/family aspirations* for workers from rural areas (especially India and Philippines) with IS offering job opportunities within local communities without migrating to a larger city. Also an attractive opportunity for women (e.g., single mothers) given constraints on their availability.
- *BPO as a preferred career option over alternatives* for educated but unemployed individuals compared to alternatives (e.g. agricultural work, industrial labor work), driven by higher salaries and better work environment. BPO is also a better fit with skill sets and experience of impact workers compared to other services sectors (e.g., banking, professional services).
- *Opportunity for education along with employment* at some ISSPs motivates impact workers to stay longer at the job.

4. **What is the work ethic of impact sourcing workers compared to traditional workers? Are there any concerns?**

Companies have typically not expressed concerns related to the work ethic of impact workers. Most companies have found impact workers to be more engaged and motivated towards their work than some other employees. A comparison of impact workers' ethic is illustrated in Careerbox case study which compared attendance and adherence (measured as logged in time vs. scheduled time) between traditional and impact workers in South Africa. The study shows comparable performance on both these parameters. In situations where companies have expressed some concerns, an orientation training on corporate culture has improved behavior significantly.

5. **What are the drivers for lower cost for impact sourcing as compared to traditional BPO? Are the impact workers paid lower?**

The lower cost for impact sourcing is from either operating in locations which are lower cost than the locations where third-parties normally operate and/or the lower attrition levels (less training overall). In some cases, impact workers are paid a stipend during the training and probation period resulting in lower people costs during initial months. However, once confirmed after the probation period, impact workers are generally paid about the same as traditional workers in similar locations.

6. **How are companies balancing the cost-benefit of tapping into impact workers and additional training needs?**

Companies typically consider upfront and ongoing people costs over the anticipated length of the engagement to analyse cost-benefit of tapping into impact workers. This cost-benefit analysis, sometimes referred to as Total Cost of Ownership (TCO), takes into consideration costs across the entire talent lifecycle (i.e., sourcing, training and onboarding, and ongoing costs). Our research shows that the total people costs for impact workers during the talent lifecycle over a period of three years is typically lower or comparable to traditional workers. Note, the training and onboarding costs take into consideration subsidized training in locations where applicable (e.g., Monyetla incentives in South Africa)

7. **What is the typical scalability achieved by impact sourcing?**

The typical scale achieved by impact sourcing service providers (ISSPs) is 150-200 FTEs per contract. However, different ISSPs are at different maturity levels and some have achieved higher scale. Traditional BPOs can achieve higher scale for impact sourcing with or without ISSPs because they typically integrate impact sourcing into their core business models, serving large scale contracts that require many workers.

8. **How is the economic impact to workers of 3.5 - 4.0 x of direct income measured?**

Our assessment of economic impact is based on multiple factors:

- *Annual income of impact worker* which includes average gross annual salary and benefits paid to an impact worker.
- *Impact on ancillary services sectors* due to income generated through services such as house keeping, telecom, real estate, IT infrastructure.
- *Additional money injected into economy* due to increased savings or income generated in other industries (multiplier effect).
- *Tax from income* generated through either direct corporate tax paid by companies or income generated through indirect jobs.

9. **What metrics are used to compare providers using impact sourcing?**

The Rockefeller Foundation has supported the Global Impact Investing Initiative, in partnership with Deloitte, to develop a set of metrics. Experts reviewed different practices in performance measurement used by organizations targeting disadvantaged groups, pulling from sources such as the International Labor Organization and reporting frameworks such as the Global Reporting Initiative G4 Guidelines and the Impact Reporting and Investments Standards (IRIS).The metrics are focused on five different performance categories: targeted groups and hiring pactices, employment practices, remuneration and benefots, training and development and family and community development. When used together, the metrics selected can provide a full picture of the performance of an organization around impact sourcing outsourcing, online work, captives or shared services.

The metrics will soon be released with a call for reporting from companies already doing impact sourcing as well as from companies that want to get involed. Stay tuned!

10. **What should be the approach to convince customers for adopting impact sourcing?**

Companies can run a pilot and monitor the performance of ISSPs against SLAs to compare with traditional BPOs. Developing and documenting use cases can facilitate companies identifying areas where impact sourcing can be an effective solution and may convince buyers. We hope the business case, case studies and testimonials on our site here can help you as you influence your company to adopt impact sourcing. Please click here to access these reports.

11. **Is the webinar presentation available for sharing?**

The webinar presentation and recording are now available. Please note that in order to download the complimentary webinar presentation, you will need to register on Everest Group's research site or log in using an existing account. This registration is separate from the webinar registration. If you have any comments or questions, please contact Venus Wills at venus.wills@everestgrp.com.

In addition, the research documents (investor report, eight case studies, six testimonials) are available for download.