

Rapid IT Skilling for Remote Work Opportunities

HIGHLIGHTS

- The growing digitization of business processes and the virtualization of the workplace help expand the range of remote service. At the same time, new IT-solutions are emerging that continually improve and expand the modes of delivering services.
- Companies use the profits generated from their BPO activities to cross-finance pre- and in-service vocational training, education scholarships, or student loans
- They leverage their ICT-based models to increase education and employment opportunities in rural areas and provide low-cost access to education.



Development Challenge

Youth unemployment has increasingly become a global concern. In 2013, the global youth unemployment rate reached 13 percent—almost three times as high as the overall unemployment rate. About 90 percent of the global youth population lives in low-income regions. Of those in employment, many work in the informal sector, under unstable and poorly paid conditions. They often lack access to training and job opportunities that could help them transition into better-paid, formal employment.

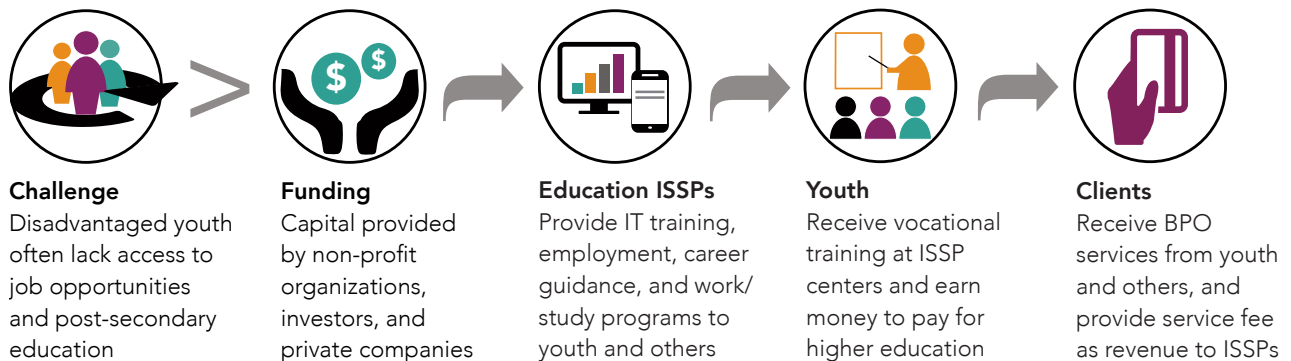
Business Model

Impact Sourcing Service Providers (ISSPs) run companies that provide business process outsourcing (BPO) services with the objective of creating social impact. Similar to traditional BPO service providers, they base their model on taking responsibility for specific business processes or operations from other companies. Services range from simple tasks such as transcriptions or data entry to more complex tasks such as programming. In Kenya, for example, Daproim Africa offers software development and e-learning services. They offer the same value proposition as traditional BPO providers by enabling operational savings and efficient expansion strategies.

Unlike traditional providers, they add further social value to their propositions. They specifically recruit low-income youth and some favor disadvantaged women (iMerit) or persons with disabilities (Digital Divide Data). They provide them with employment in the formal sector, above average wages, and often social security or health benefits.

These companies design their business models to expand access to post-secondary education for their target group. They provide comprehensive vocational training before and on the job, either in-house, through a sister company or partner organizations. Some provide additional opportunities to pursue higher education. Daproim, Digital Divide Data and Invincible Outsourcing have developed work/study programs by which employees can study at university while working part-time.

Features of Education ISSPs Business Model



Implementation: Delivering Value to the Poor

Awareness

Companies typically reach out to their target groups through their partner organizations. Digital Divide Data partners with NGOs to market its program and identify eligible candidates while iMerit and V Village BPO go through their sister organizations. Daproim has advertised its work/study program directly through universities and student organizations, and currently focuses on word-of-mouth and social media marketing.

Acceptance

Companies design their employees' work schedule to match their study schedule. Some offer their employees part-time employment. Daproim further adjusts employees' work schedules to be compatible with their university exam periods. Some companies, such as Digital Divide Data, provide career guidance and interview skills training to support their employees to find employment outside the ISSP after graduation.

Accessibility

Companies establish their BPO centers in rural areas to make their programs available even in remote areas. V Village BPO, for example, uses a hub and spoke model where a BPO center in an urban area passes tasks on to a cluster of rural BPO centers. Daproim makes its program available to remote youths by deploying a virtual work model through which they can work from their personal computers or university computer labs. Daproim and Invincible Outsourcing use a virtual model to provide training and higher education to their employees.

Affordability

Vocational training is affordable at low or no cost by cross-financing it through the revenues they generate from BPO services. Some companies in India create subsidiary training centers to benefit from government subsidies. Employees are further enabled to finance university studies through the salaries they earn in the work/study programs. At Digital Divide Data, employees are given partial scholarships to cover university fees. In Kenya, Digital Divide Data employees also receive student loans from the government.

These are typically for-profit companies, generating revenues from BPO service fees charged to clients (private companies, public institutions, or non-profit organizations). Some are based on a hybrid financial model. Digital Divide Data receives additional financing and in-kind donations. Rural Shores receives subsidies from the Indian government.

Operating costs tend to be lower for rural areas than for urban. Rural Shores estimates that it is 25 percent more cost-effective than urban BPOs. While rural areas may have additional costs related to last-mile connectivity, they also save on other costs, such as rent and labor. In India, rent for a rural office can be less than a third in an urban area.

Results and Effectiveness

Most companies are about five to ten years old and constitute a relatively new sector. For the time being, they operate at low scale, running between one (e.g., V Village BPO) and five BPO centers (e.g., iMerit). However, older examples underline the sector's potential for growth, reaching significant scale and operating in more than one country. Rural Shores has established 18 BPO centers in India since its inception in 2008 and currently employs about 2,600 youth. Digital Divide Data established its first three BPO centers within the first three years of operation and now runs four centers in four countries.

They partner with external organizations to conduct impact assessments, but the majority rely on internally collected, quantitative data to measure performance. Results suggest that youth are more likely to complete higher education, are more successful in finding employment in the formal sector, and find themselves less forced to leave their communities.

Of Digital Divide Data's employees, about 90 percent graduate with a post-secondary degree. Rural Shores reports that 21 percent of its employees have taken up higher education through distance learning. The Maharishi Institute's attrition levels dropped 23 percent to a 10 percent rate within three months when Invincible Outsourcing started to provide students with employment and salaries. After completing the Digital Divide Data program, 97 percent of its alumni are employed full-time. At the Rural Shores Skill Academy, over 78 percent of the 7,000 trained youth have been placed in formal sector companies.

Data indicates positive impacts on the employees' income during and after their training and employment. At Rural Shores, the annual household income has increased by 50 percent for about 75 percent of its employees. After completing the Digital Divide Data program, alumni earn an average of USD 368 per month, typically three to four times the regional average.