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7

IMPACT SOURCING (SOCIALLY RESPONSIBLE OUTSOURCING)

Ron Babin and Brian Nicholson

7.1 Introduction

The world of global outsourcing is driven by organizations' need for lower cost, greater reliability and the need to constantly innovate. As the last three decades have shown, work that can be done electronically, using digital technology, can be done anywhere. Hence, the practice of Global IT Outsourcing (GITO) relies on moving work to low-cost locations, where skilled labour is plentiful and cheap. From the perspective of North America and Europe, this is often called off-shoring, which has contributed to a robust outsourcing industry in regions such as India, Africa, China and south-east Asia. These regions also contain some of the highest populations of poverty, sometimes referred to as the bottom of the pyramid.

We discuss research on this topic from the last decade in three sections. Section 7.2 describes our initial 2008–2009 research of the background for Corporate Social Responsibility (CSR) in outsourcing, with an identification of the need for industry standards. Section 7.3 describes the Rockefeller Foundation's uptake of CSR in outsourcing starting in 2011 and provides an assessment of Socially Responsible Outsourcing (SRO) today. Section 7.4 describes 2018 plans for the global industry standards for SRO, now referred to as Impact Sourcing. These standards are being defined by an industry consortium called the Global Impact Sourcing Coalition (GISC).

First a short definition from the GISC [1]:

Impact Sourcing is business practice where companies prioritize suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment. Impact sourcing has been shown to provide many business benefits, including access to new sources of talent, higher levels of employee engagement, and lower attrition rates, while offering employees their first step into a career ladder that leads to economic self-sufficiency through income growth, skills development and professional advancement.

7.2 2008–2011 corporate social responsibility in global outsourcing

We began our research on social responsibility in outsourcing in 2008. At that time, we described the concept as Corporate Social Responsibility (CSR) in Global IT Outsourcing

(GITO). Initial descriptions of the concept and implications for the industry are outlined in a 2009 paper “Corporate Social and Environmental Responsibility in Global IT Outsourcing” [2]. A more detailed description is provided in our 2012 book *Sustainable Global Outsourcing* [3].

Global IT outsourcing (GITO) generally refers to third-party management of IT assets and services, including people and knowledge content, which are delivered on a coordinated fashion across multiple national locations [4]. GITO is an accepted practice in many business organizations and even regarded by some as a fundamental business capability.

In contrast to GITO, corporate social responsibility is less clearly defined. Crane, Matten and Spence [5] point out that “definitions of CSR abound, and there are as many definitions of CSR as there are disagreements over the appropriate role of the corporation in society.” Matten and Moon [6] provide a more current and comprehensive definition of CSR, including environmental issues: “CSR is a cluster concept which overlaps with such concepts as business ethics, corporate philosophy, corporate citizenship, sustainability and environmental responsibility.” CSR is recognized by some as a business strategy to define and defend an organization’s position in the marketplace. For example, Michael Porter and Mark Kramer propose the concept of Shared Value [7] as a framework to blend CSR with corporate strategy. As many organizations and their stakeholders increase their expectations regarding social and environmental issues, we posit that CSR expectations will be applied to outsourcing vendor. Similarly, buyers will expect their IT outsource vendors to deliver the same level of CSR performance which they provide to their own customers.

A CSR lens on global outsourcing reveals how outsourcing affects a broader set of stakeholders than just shareholders. The costs of outsourcing to both local and global society, and to the environment are weighed against the benefits to the corporations and their shareholders.

The research question guiding this inquiry is this: how do social responsibilities affect current and future business knowledge and capabilities in global sourcing of IT and business services that rely on IT? We begin to answer this question first by examining the challenges identified in the literature and through empirical investigation.

Since January 2008 we have focused on understanding the nature and impact of CSR on the outsourcing market, examining the perspectives of outsourcing buyers, vendors and advisors. In the following sections, we describe two challenges we identified of implementing CSR for both buyers and vendors as indicated in the relevant literature. Following this we present the results of our empirical work followed by the implications for business knowledge and capabilities of outsourcing buyer, provider and advisor organizations

7.2.1 Social responsibility issues

The topic of corporate social responsibility and global IT outsourcing has attracted considerable academic interest. The range of research and opinion is wide; pessimists posit that outsourcing is an example of unfettered, irresponsible corporate profit maximization. Conversely, optimists argue that outsourcing is an attractive economic mechanism for sharing wealth globally. Table 7.1 summarizes the range of views on CSR in GITO.

Table 7.1 Views on CSR issues in Global IT Outsourcing

	<i>CSR outsourcing issue</i>	<i>Authors</i>
Pessimists	<ul style="list-style-type: none"> Global outsourcing represents profit maximization for the rich and offers limited benefits for other groups, extending growing gap between rich and poor in developing countries. The rich simply get richer as a result of global IT outsourcing, “deepening income inequalities in the developing world and deepening income inequalities in the developed world after the onset of the so-called information economy.” 	Payaril [8]
	<ul style="list-style-type: none"> Transnational corporations (TNCs) are “designed, constructed and maintained to make money for the interests of those that own them.” 	Blinder [9] Jones [10]
	<ul style="list-style-type: none"> Global IT outsourcing in the context of stateless, placeless and heartless TNCs is dangerous for society, and requires an expanded vision to “generate socially positive outcomes.” 	
	<ul style="list-style-type: none"> Software houses with “precarious employment contracts, Taylorized work processes in software factories without support of union organization and poor attention to health and safety do not offset the improved income and economic status of global software work (GSW) performed primarily in India.” 	Sahay, Nicholson and Krishna [11]
Optimists	<ol style="list-style-type: none"> Outsourcing can be seen as a mechanism for sharing wealth on a global basis. CSR and ethical trading, especially for global consumer branded products and services, as well as collective action toward an International Labour Organization fair-work agenda, can improve labour conditions in developing country global value chain participants. 	Knorringa and Pegler [12] De George [13]
	<ol style="list-style-type: none"> “Outsourcing promotes efficiency; helps developing countries by providing jobs where unemployment is very high, involves transfer of information technology and knowledge and encourages the educational process in less developed countries so that people are trained for new types of work provided by information technology and helps cut the costs of goods and services.” 	

7.2.2 Social responsibility standards

Crane et al. [5] refer to the recent “rise in prominence of CSR” as well as “a burgeoning number of CSR standards, watchdogs, auditors and certifiers aiming at institutionalizing and harmonizing CSR practices globally.” Several industries such as apparel manufacturers, mining and forestry have created CSR standards and codes of conduct for their industries. Often these standards were developed in response to pressures from unions, non-governmental organizations (NGOs) and multi-stakeholder organizations. Back in 2009 the GITO industry had not defined any CSR standards. However, at least four potentially relevant CSR standards were appropriate to the global IT outsourcing industry. The first is the Global Reporting Initiative (GRI) which provides a consistent standard for reporting CSR activities [14]. The second is the SA8000 standard from Social Accountability International (SAI) which defines global standards for working conditions. Third ISO 26000 defines a set of standard practices across all industries for CSR activities. The fourth standard is the United Nations

Table 7.2 International CSR standards

Global Reporting Initiative (GRI)	GRI provides a “trusted and credible framework for sustainability reporting that can be used by organizations of any size, sector or location.” GRI was developed over the last 20 years and is now broadly recognized by many organizations as a standard for corporate responsibility and sustainability reporting. GRI provides a public record of organizations which have voluntarily provided their sustainability reports. By 2018, over 12,000 organizations had registered with GRI and approximately 30,000 GRI reports were available online.
SAI’s SA8000	This standard has been adopted by almost 3,800 facilities in 61 countries around the world. Much of the rationale for SAI came from the 1990s realization that “sweat-shop labour” and child labour were frequently used to produce global branded products that were both fashionable and expensive. SAI certification provides assurance to end consumers that products and services are delivered from facilities with fair working conditions for employees.
ISO 26000	This standard provides a guide for organizations to voluntarily adopt CSR practices. With participation from about 80 countries and many stakeholder groups, ISO 26000 is recognized as a universal standard, across most industries. The ISO 26000 standard addresses core CSR subjects including governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development.
UN Global Compact	The fourth standard, the UN Global Compact, is a set of ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The Compact is focused on businesses, requiring CEO endorsement and annual reporting. The Compact’s overarching mission is to help build a more sustainable and inclusive global economy. To date, over 9,600 companies in 161 countries and over 4,000 non-businesses have signed the Global Compact.

(UN) Global Compact, which defines ten universal CSR principles. Table 7.2 summarizes the standards.

In summary, looking back to our analysis in 2009, the topic of CSR in global IT outsourcing had gained attention from researchers presenting challenges to outsourcing vendors and buyers who we argued must have the business knowledge and capabilities to understand and address social issues related to outsourcing. Second, government and non-government organizations began to define and monitor standards for corporate social activities, which are applicable in varying degrees to global IT outsource vendors. We argued that vendors and clients must have knowledge and capability to understand and comply with appropriate CSR standards.

To understand more about the CSR knowledge and capability challenges, back in 2009 we interviewed senior executives who are actively involved as outsourcing buyers, vendors or advisors. Interviews included representatives from two major North American banks, two consumer product companies, two global outsource vendors and three legal and accounting advisory firms.

We conducted a focus group with a panel of four subject experts and an audience of 50 participants from industry and academia.

In the interviews, the survey and the focus group we discussed the following topics. The phrasing of each question was altered slightly for buyers, suppliers and advisors.

- When making outsourcing decisions do you consider CSR capabilities in your evaluation criteria?
- What components of CSR are most important (such as employee support, environmental stewardship, working environment, community involvement)?
- How do buyers give preference to CSR factors in outsourcing decisions?
- Do you expect CSR considerations will become more important in future outsourcing contracts?

From these data we identified three key directions related to the CSR business knowledge and capability.

Direction #1: CSR in outsourcing is relevant.

Several interviewees suggested that the CSR factor in outsourcing decisions was new, they had not seen any of these issues previously and they expected CSR to be an important issue in the near future. One advisor commented on a recent client request for explicit CSR capabilities in a request for proposal (RFP) for outsourcing services. A recurring theme across all interviews was that environmental concerns, such as carbon emissions, will be an important social issue “in the very near future.” One advisor mentioned that “carbon credits [as an environmental issue] have received more attention than CSR.” For some outsource vendors, attention to environmental sustainability presents both an economic advantage and potentially a reputation advantage, as mentioned by executives from two large global outsourcing firms.

So our findings in 2009 were that knowledge and capability requirements are becoming clear: CSR capabilities within the outsourcing industry will become mandatory for ongoing success. As we describe later in this chapter, this CSR capability in outsourcing was further defined as Impact Sourcing.

Direction #2: CSR will be driven by consumer and employee stakeholder concerns.

A recurrent theme from interviewees and at the focus group was a responsiveness to consumer pressures regarding CSR issues. Consumer product organizations have established CSR frameworks to manage products that may be tainted by CSR issues such as child labour or worker safety. Many interviewees expressed the importance of the perception of their employees. It was felt that young employees have higher expectations of their employer’s CSR, especially as young workers replace the retiring baby boom generation. The implication is that employers, especially in global IT outsourcing firms which rely heavily on “bright young talent,” need a strong positive CSR profile to attract and retain employees (Bhattacharya et al.) [15]. A corollary of this is that organizations will need to develop a capability to communicate with key stakeholder groups such as employees and customers. The communication must include the ability to understand stakeholder CSR expectations and the ability to effectively describe how well the outsourcing buyers and vendors are living up to those expectations.

Direction #3: Due diligence is a required component in CSR; beware of CSR cynicism.

Several advisors suggested that a thorough walk-through of CSR capability, in the due diligence phase of contracting, is the best way to ensure that the provider “can live up to the CSR requirements of the buyer.” However, most buyers rarely or never validate an outsource vendors’ CSR claims. Although several global CSR standards are defined, no one in the interviews or focus group was able to quickly

identify CSR outsourcing standards or norms other than the buyer's own expectations for CSR. Several interviewees cautioned that CSR may become a marketing message, lacking substance, for some organizations. Organizations may quickly respond to consumer concerns with slick marketing messages rather than substantive CSR programmes. One interviewee expressed caution against "green-washing" on environmental issues. At the focus group, panel members cautioned against CSR hypocrisy "being good at home, but bad abroad." However, as one panel member commented, with corporate transparency enabled through global access to information on the Internet, "organizations can no longer say one thing and do another." However, panel members did argue that large global organizations with strong brands will be less likely to substitute image in place of facts.

Outsource buyers will need to develop knowledge and capabilities that are able to verify outsource provider CSR claims, through audit or other mechanisms. The role of third-party advisors may fill this skill gap, where the advisor has specialist knowledge in CSR regulations and standards. As Section 7.3 suggests, certification is a likely outcome from the development of the Impact Sourcing Standard. Although initially proposed in 2009, certification could only begin in 2018 or later.

7.2.3 CSR knowledge and capability

From our 2009 research and the literature review, we argued for the need for CSR knowledge and capabilities in buyer and provider global IT outsourcing organizations. We proposed five knowledge and capability areas – each area has different implications for domestic outsourcing clients and for global vendors. The five knowledge and capability areas are as follows:

- 1 Understand relevant CSR regulatory requirements. Global IT outsourcing requires both buyers and vendors to be aware of government and NGO standards and regulations. Knowledge will be required of relevant regulations and now they should be applied to the outsourcing environment.
- 2 Anticipate stakeholder CSR expectations. Direction #2 above describes how employees and customers will influence CSR requirements, implying that organizations must anticipate their expectations. A capability will be needed that allows an organization to monitor and manage stakeholder expectations.
- 3 Operationalize CSR capabilities. Our research shows that CSR is not a short-term or transitory issue. The challenges of social issues, environmental issues and developing standards will require organizations to embed CSR capabilities into ongoing operations. This will require knowledge and capabilities of overall CSR functions and how they are deployed within the organization.
- 4 Respond to CSR inquiries. Honest and forthright communications will be needed to confront potential stakeholder cynicism described in Direction #3. The key capability needed will be effective communication skills related to CSR.
- 5 Develop a CSR culture through hiring and education. CSR will be a long-term issue to which organizations must adapt. Organizations will need an ongoing programme of hiring and education that builds a culture of social and environmental responsibility. A positive CSR profile will be helpful in attracting and retaining promising young talent. The knowledge and capability required here will be focused on assessing and reinforcing CSR concepts in the organization and its participants.

From the 2009 perspective, there was much work and further research ahead on this important global topic, which is now described in sections 7.2 and 7.3.

7.3 2011–2016: an assessment of Socially Responsible Outsourcing (aka Impact Sourcing)

In 2011 the Rockefeller Foundation identified the need to work with impoverished populations, using the concept of global outsourcing to provide skills and income at the bottom of the pyramid. Notably, this initiative developed from the Rockefeller's focus on digital jobs in Africa. Building on the success of the Impact Finance model, the new term of Impact Sourcing was coined. Working with the Monitor Group consultancy, the Rockefeller Foundation supported the development and testing of Impact Sourcing business models, with research on key interventions needed to advance the concept of Impact Sourcing. The 2011 working paper produced by the Monitor Group (now part of Deloitte) provided the first detailed global analysis of the Impact Sourcing opportunity [16].

The Rockefeller Foundation engaged the Everest Group in 2014 to conduct an in-depth assessment on how the growth of Impact Sourcing could be accelerated by creating a data-driven Impact Sourcing model. The 2014 study "The Case for Impact Sourcing" examines the benefits of the Impact Sourcing model for business process service delivery [17]. However, for a variety of reasons the take-up of Impact Sourcing did not accelerate as many had hoped, which was cause for some introspection. In part, the 2008–2009 global recession and the slow economic recovery of the following years may have impeded the uptake of CSR issues in many organizations, particularly in the outsourcing industry.

A 2016 discussion panel at the International Conference on Information Systems (ICIS) examined the positive and negative impacts of Impact Sourcing, examining the core IT management issues with broader societal issues. The panel provided a balanced discussion, concluding that although the Impact Sourcing market is growing it is not a guaranteed success. Many challenges still need to be addressed, such as the rise of the gig-economy with online outsourcing – firms such as Upwork [18] provide a global sourcing network for individual tasks, which may create a form of Impact Sourcing for marginalized groups such as youth and women. This phenomenon is explored by Malik, Nicholson and Heeks [19] who conclude that although many individuals failed to launch and struggled to earn minor amounts, a "significant number were able to earn a reasonable living from online outsourcing," again a mixed but encouraging message for Impact Sourcing.

7.4 2017 onwards – the future of Impact Sourcing: the GISC

In 2017, Business for Social Responsibility (BSR) with sponsorship from the Rockefeller Foundation created the GISC, which is a collaborative initiative of influential global buyers and vendors of business services who are committed to Impact Sourcing. The initial focus of GISC is to create an Impact Sourcing Standard. From the GISC website [1]:

Global Impact Sourcing Coalition is a forum of the world's leading companies committed to incorporate and scale impact sourcing as a business strategy. Members of the coalition are united behind a shared commitment to advocate for this inclusive employment practice and demonstrate how impact sourcing leads to business growth and employee diversity and engagement. Member companies share a commitment to provide skills training and career advancement opportunities for individuals around

the world who previously had limited employment prospects. The Global Impact Sourcing Coalition will create a globally accepted standard and approach for impact sourcing. This will help global buyers scale up their commitment and employ a consistent approach across markets, while empowering service vendors to communicate their impact sourcing capabilities and impact through a common methodology that meets their clients' needs.

Current (2018) members consist of 25 Regular Members including Bloomberg, Facebook, Google, Microsoft, Nielsen and Tech-Mahindra, and 18 Associate Members including Avasant Foundation, Everest Group, the Global Sourcing Council, IAOP and the University of Manchester. The current list of all members can be found at GISC.BSR.org/members.

GISC is actively working with members and interested organizations to define the Impact Sourcing Standard. The Standard will allow “companies to be flexible and to adapt their Impact Sourcing initiatives to the unique demographics and priorities of the regions that they are operating in.” Notably, the Impact Sourcing Standard relies on SA8000 and ISO 26000 standards described in Table 7.2 as well as International Labour Organization (ILO) standards.

Development of a global, consistent standard will be beneficial to many organizations. Without a standard, anyone can claim that their services are Impact Sourcing compliant. The GISC standard will allow organizations to become certified themselves or to require that their suppliers are certified as meeting Impact Sourcing Standard requirements. Further, benchmarks and best practices can be developed that will allow new entrants to quickly become Impact Sourcing compliant by learning from others.

The Standard consists of five sections, each with a set of specific requirements. Table 7.3 summarizes the requirements. The full set and current description of the Impact Sourcing Standard can be found at the GISC website, at GISC.BSR.org.

In 2017–2018 the International Association of Outsourcing Professionals (IAOP) conducted an assessment of global Impact Sourcing by inviting organizations to submit a profile of their Impact Sourcing activities, for the first annual Impact Sourcing Award. Twenty-four organizations responded in late 2017 and Awards were presented at the IAOP Outsourcing World Summit in February 2018. Judges relied on the GISC standards in Table 7.3 to evaluate the submissions. Subsequent to the award ceremony a research team at Ryerson University began a thematic analysis of the 24 profiles and conducted a content analysis of the organizations' websites, to understand the current trends and realities for Impact Sourcing. The research team grouped findings into five categories, which are (1) Benefits, (2) Partnerships, (3) Strategy, (4) Challenges and (5) Promotion. A summary of the each category is provided below [20].

- 1 Benefits of Impact Sourcing. Applicants cited many commercial benefits such as cost efficiency and workforce benefits such as ability to attract low-cost labour and reduced attrition. Impact sourcing was often seen as a mechanism for entry to new markets and was perceived to improve the brand value of the company. In addition to commercial benefits, of course social benefits were highly cited, such as helping marginalized individuals and their families and overall help to the community. Most companies clearly targeted a specific group, such as persons with disabilities, refugees, military veterans and women and girls. Most organizations had established specific goals and metrics such as number of new jobs created, number of persons helped, improvement in literacy and education levels.

Table 7.3 GISC Impact Sourcing Standards

<i>Standard section</i>	<i>Requirements</i>
1 Commitment to Impact Sourcing	1.1 Organizational commitment to employ, advance in employment and offer equal opportunities in all employment practices to people who were previously long-term unemployed, first-time employed or informally employed 1.2 Publish a statement of commitment to Impact Sourcing 1.3 Appoint a top executive to be responsible for Impact Sourcing compliance
2 Recruitment and Hiring	2.1 Periodic review of recruiting and hiring processes and policies to ensure that they comply with intent of Impact Sourcing 2.2 Train hiring managers and recruiters to identify and offer job opportunities to Impact workers 2.3 Ensure that no employment fees or costs are borne by Impact Workers 2.4 Adopt non-discrimination and equal opportunity policies 2.5 Offer reasonable adjustments for all applicants and employees with disabilities 2.6 For purposes of quantification, count only Impact Workers who have been employed at full wages for six months or more
3 Remuneration and Benefits	3.1 Pay Impact Workers at least the minimum wage, including allowances and benefits, required by local law 3.2 Compensate Impact Workers equally and with the same benefits as non-Impact Workers doing the same job
4 Training and Career Development	4.1 Provide onboarding, training and development opportunities for Impact Workers, at the same level as offered to all other employees 4.2 Establish clear performance and promotion criteria for Impact Workers
5 Management Systems	5.1 Create systems that measure and evaluate the success of Impact Workers within the organization 5.2 Maintain documented information to demonstrate conformity with the Impact Sourcing Standard 5.3 Regularly review and continually improve Impact Sourcing policies and procedures

- 2 Impact Sourcing Partnerships. All applicants identified the criticality of partnerships in creating a successful Impact Sourcing operation; no Impact Sourcing venture can succeed without a network of supportive partnerships. First, government support can be helpful, in terms of funding and resources, and legitimization (certification, license, etc.). Second, NGOs and charities such as the Rockefeller Foundation can be helpful. Third, an important link with educational institutions, from schools, technical training centres, to colleges and universities, provides education and future career potential for workers. Finally, business partnerships are important, as clients and supporters of the Impact Sourcing venture.
- 3 Impact Sourcing Strategy. A variety of strategies were defined, but each strategic model had a very clear structure, purpose and expected value. Of interest are some strategies that have begun to embrace machine learning and artificial intelligence to augment impact source workers.
- 4 Challenges for Impact Sourcing. Like any start-up venture, Impact Sourcing firms must surmount initial sales, marketing and operational challenges. Just because an

organization or business unit is designed for Impact Sourcing does not guarantee success or that customers will automatically buy those services. Again, the importance of partnerships was cited as a key factor on overcoming start-up challenges. A second challenge for Impact Sourcing firms is the nature of their location, serving needy communities often in regions with poor and unreliable infrastructure services such as electricity, transportation and Internet access.

- 5 Promotion of Impact Sourcing. Because Impact Sourcing is a relatively new concept, it must be promoted by members of the industry, including associations such as IAOP and GISC. This can be complex given the dual goals of business and social improvement. In addition to industry promotion, internal efforts are required to explain the benefits of Impact Sourcing to individual business units.

7.5 Conclusion

With increasing interest in global sourcing and Impact Sourcing, the Impact Sourcing Standard would be welcomed by global outsourcing industry participants (as suggested in Section 7.2) so that specific goals can be defined and measured, by committed Impact Sourcing participants. Carmel et al. suggest that “impact sourcing [should] focus on the dimensions that make up the impact... and therefore it is critical that our research focus on its measurement” [21]. For example, GISC defines three social impact goals which are aligned with the UN 2030 Agenda for Sustainable Development; the goals are: (1) income growth for people from disadvantaged or vulnerable backgrounds, (2) career opportunities for employees to learn transferable skills for future job opportunities, long-term career advancement and increased remuneration, and (3) poverty reduction through formal employment with the ability to support families, invest in improved housing, education and healthcare [22]. The expectation for the future of Impact Sourcing is that defined standards, measurements and outcomes will be established and potentially vendors and buyers of global business services will be able to certify compliance with the Impact Sourcing Standard. As we see from the GISC website and from the applicants to the IAOP Impact Sourcing awards, both large and small, local and global organizations are adopting Impact Sourcing, in the developed nations of North America and Europe as well as in the developing nations of Asia, Latin America and Africa. Impact Sourcing is relevant to all.

Global outsourcing is a well-accepted practice in most large organizations. The concept of CSR in outsourcing, socially responsible sourcing or Impact Sourcing is still relatively new. Although many have great expectations for Impact Sourcing, a set of global standards that can be measured and monitored is needed, and is being developed by GISC, to provide evidence of the societal impact. Many case examples suggest that Impact Sourcing can fundamentally create positive change for impoverished populations. Academic researchers increasingly examine, theorize and explain Impact Sourcing, with recent contributions by Sandeep and Ravishankar [23] exploring detailed Impact Sourcing examples in India and Khan et al. [24] describing the need to balance commercial and social logics to understand the challenges of Impact Sourcing.

7.5.1 Expectations for Impact Sourcing

It is safe to say that the take-up of Impact Sourcing, since its introduction in 2011 and the definition of GISC standards in 2017, has been lackluster. Indeed, the Ryerson research team found that Google keyword search for Impact Sourcing returned only 166 results in 2017,

suggesting Impact Sourcing has a very low profile “for a practice with such a promise.” Additionally, the research team found very few industry reports, the last being published in 2012, and “business magazines such as HBR and the Economist did not show a single article with Impact Sourcing in the title.” As well, Impact Sourcing failures are now being examined in the literature, one case being Indigena Solutions, a Canadian Aboriginal Impact Sourcing firm that ceased business operations in 2017 [25] after a six-year struggle for profitability.

So, what are the expectations for Impact Sourcing? First, a long-term sponsor such as Business for Social Responsibility and the GISC organization are needed to continually promote the concept. Perhaps this is a role for the UN or another similar global organization. Second, ongoing education of outsourcing buyers and providers is required, at industry events such as the IAOP Outsourcing World Summit or the GSA Global Sourcing Summit.

Business education programmes globally should include Impact Sourcing in the curriculum so that Impact Sourcing is as well understood as Impact Investing, Socially Responsible Investments and other CSR business practices. When graduating students understand Impact Sourcing, they will be equipped to apply these concepts throughout their careers. Third, the public’s attention is required, so that Impact Sourcing becomes a mainstream concept. This could be accomplished through global awareness campaigns by the larger members of GISC. From the analysis of the 2018 IAOP Impact Awards, it appears that there is no lack of Impact Sourcing providers, but what is lacking is demand from large traditional outsource buyers. Focusing public attention on large financial institutions, consumer packaged goods, manufacturers, etc. will create more opportunity for existing and new Impact Sourcing providers. The growth of Impact Sourcing in developing nations of Asia, Latin America and Africa will be driven by the buyers of Europe and North America. Fourth, successful Impact Sourcing firms will need to expand, to scale up. A few large Impact Sourcing providers have been able to replicate their success in different geographies but many Impact Sourcing firms are still very small, helping hundreds but not yet thousands. To grow, the Impact Sourcing model must be adaptable; lessons learned from one model location can be re-used to start many more locations. As an example, Teleperformance, one of the 2018 IAOP Global Impact Sourcing Award winners, has hired 25,000 Impact Sourcing workers since 2014 and has developed a global model for continuing this growth.

Lastly, a comment on a potential growing threat to Impact Sourcing. The concept of labour arbitrage, where low-cost workers perform tasks in off-shore locations, has been a fundamental enabler in global outsourcing. Impact Sourcing is a further adaptation of labour arbitrage, with lower skilled and low-cost workers. The rise of artificial intelligence (AI), machine learning and other advanced technologies threatens to displace low-cost labour, and may threaten Impact Sourcing. If an AI robot such as Apple’s Siri, Amazon’s Alexa, IBM’s Watson or IPSoft’s Amelia can replace call centre operators or back-office workers, and provide many additional benefits of never getting tired or sick, never taking time off, never asking for a raise, etc., then perhaps demand for human-based outsourcing will decline, including Impact Sourcing. These are early days for AI, but developments in this field and practical commercial deployments are proceeding rapidly.

Despite these threats, significant change and growth for Impact Sourcing should come through the GISC and an accepted global Impact Sourcing Standard that will encourage large multinational corporations to participate in Impact Sourcing. As suggested in our early research, there is still much more development to come on this topic. A decade after our research began, the IAOP Global Impact Sourcing Awards (GISA) demonstrate strong interest, participation and progress from industry. We look forward to the next decade of Impact Sourcing.

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