Social Outsourcing of IT Services

Say what? That's "social outsourcing of IT services" or, if you prefer, "developmental outsourcing" or, with a global perspective, "IT fair trade".

It means IT outsourcing with a human face; with a social conscience and a development agenda. The point is this: there's an ever-growing market for IT outsourcing. Why not use that for development purposes? The main model would be outsourcing IT services to sub-contractor enterprises based in poor communities; or which specifically hire from marginalised groups. But it might mean adding other social outcomes to an outsourcing relationship, like creation of a communal facility such as a telecentre.

What would be the incentives for the client organisations? Here are some:
- You have a response to some of the political criticisms of outsourcing if you show your approach has broader social benefits.
- Such an approach tends to build-in factors known to underpin successful outsourcing: trust, long-term relations and close interaction of client and sub-contractor.
- Much more contentiously, if you outsource to poor producers with a very low cost base, you may see greater financial savings.

For government clients, social outsourcing meets both the neo-liberal agenda of "small government" and traditional public sector goals of equity and development. Hence, the growing interest in outsourcing government services to "social enterprise". And not all business people are stone-faced profit-maximisers. Many could be attracted by a business idea with social benefits. This could even apply internationally, developing a "fair trade" in IT services to sit alongside the fair trade in chocolate, coffee, and so forth.

Of course, there may be downsides. By seeking to go "beyond the market", social IT outsourcing runs the risk of creating something that flies in the face of sound economics; something which is unsustainable and dependent on the client's whims. But these potential risks must be set against not just the client benefits but, more importantly, the benefits to the sub-contractors.

Is this just a pipe dream? No: it's already a reality. India's Kerala State government has led the way as part of its "Kudumbashree" initiative.[i] This has facilitated the creation of IT sector enterprises that are owned cooperatively by groups of previously-unemployed women from below-poverty-line families. By late 2005, there were 151 enterprises undertaking outsourced IT training work, mainly for public schools; 80 units undertaking outsourced data entry work, such as digitisation of government records; and 3 enterprises assembling and maintaining PCs for use in government offices.

Analysis shows what has been delivered by this social outsourcing of IT work[ii]:

- *Jobs*: more than 4,000 jobs have been created; all for women from poor communities.
- *Incomes*: the women earn fairly steady incomes of around US$33 per month, taking them and their families above the poverty threshold.
- *Investments*: most have not only paid off their initial loans but also invested in the additional security of land or housing or gold. Others have been able to undertake social investments: in education, healthcare or marriage of family members. Alongside this, they now own the physical IT infrastructure their loans paid for.
- *Skills*: there has been a fairly obvious gain of IT-related skills, but the women have picked up managerial and entrepreneurial skills as well because of their collective involvement in the enterprises they have created.
- *Empowerment*: beyond the bare facts, what strikes most is the growth in self-confidence that social IT outsourcing has brought to the women sub-contractors. All were able to give examples of improvements in their status and identity that empower them to a broader range of actions at work, in their households, and in their communities.

This social outsourcing project has partly answered sustainability concerns: outsourcing has been going on for more than five years and many women's IT enterprises have diversified to find clients outside the public sector. In addition, data entry units are diversifying into call centre and data analysis work in preparation for any slackening of need for digitisation activity (though there is still a mountain of work to be done).

Kerala has historical and educational features that make it particularly suitable for social outsourcing of IT work. But this should not be an excuse for inaction elsewhere. Take a slightly longer-term, slightly broader perspective and IT outsourcing can be turned from something arduous and contentious into something personally rewarding and developmentally beneficial.

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[i] See http://www.kudumbashree.org
[ii] Arun, S., Heeks, R.B. & Morgan, S. (forthcoming) 'Improved Livelihoods and Empowerment for Poor Women Through IT Sector Intervention', in: *Cinderella or Cyberella?*, N. Hafkin (ed.), Kumarian Press, Westport, CT. See also http://www.womenictenterprise.org