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Defining Impact Sourcing and Its Conceptual Underpinnings

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Abstract

Impact Sourcing has been generally defined as a practice in Information Technology outsourcing (ITO) and business process outsourcing (BPO) that employs disadvantaged individuals to provide outsourcing services. There is an emerging interest in impact sourcing as evidenced by the growing number of studies in the field. However, as it is still at its nascent stage, no standard definition of impact sourcing has been established. This paper attempts to fill this gap. A total of 21 papers (professional and academic) on Impact Sourcing were reviewed to, among others, identify the various concepts that underpin Impact Sourcing and characteristics that make up the practice. Considering characteristics such as the primary activities, location and task types, a comprehensive definition of Impact Sourcing is offered.

Keywords: impact sourcing, information technology, business process, outsourcing,

1. INTRODUCTION

Impact Sourcing is an outsourcing practice that employs disadvantaged individuals to provide outsourcing services such as data entry and transcription, which are mainly digitally-enabled tasks. These disadvantaged individuals, including the poor and the disabled, usually do not have many opportunities for formal employment due to their conditions. Unlike conventional outsourcing, which is mainly focussed on cost saving, Impact Sourcing stresses on the socio-economic impacts it brings to these individuals and the community in which it operates. Impact Sourcing can be seen as a response to a myriad of issues. For outsourcing providers, Impact Sourcing can be seen as a way to respond to the challenge of raising operating costs that may affect their cost attractiveness (Accenture, 2012a; Avasant, 2012). For outsourcing buyers, Impact Sourcing could serve as a CSR-based strategy to respond to a growing public questioning on ethicality and morality of outsourcing practice (Accenture, 2012a; Heeks, 2013).

Moreover, for the development community, Impact Sourcing could be seen as a response for a more active role of business enterprises in poverty alleviation programmes (Pralhad & Hart, 2002; Smith & Pezeshkan, 2013). A study by Kennedy, Sheth, London, Jhaveri, and Kilibarda (2013) identifies 20 countries that have desirable characteristics for Impact Sourcing regarding the business environment, BoP (Base of Pyramid) characteristics, education, labour force and BPO industry characteristics. Eight of these countries (i.e. India, Kenya, South Africa, Ghana, Uganda, Nigeria, Cambodia, & Vietnam) have already had established Impact Sourcing presence. The other 12 countries (i.e. Brazil, Sri Lanka, Senegal, Morocco, Malaysia, China, Egypt, Philippines, Mexico, Costa Rica, Jordan and Argentina) in which Impact Sourcing is still mainly at the formative stage are seen as having the best potential for expansion of Impact Sourcing in the future. Currently, Impact Sourcing is estimated to be worth US\$4.5 billion and expected to reach US\$55.4 billion in 2020, which accounts for 17% of the global BPO revenue.

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The number of people currently employed in Impact Sourcing stands at 560,850 and is expected to reach 2.9 million people, which is about 23% of the total employment in BPO by 2020 (Avasant, 2012). At the national level, it is claimed that Impact Sourcing has produced benefits including increased employment opportunities for disadvantaged individuals including the youth and happier and healthier people (Accenture, 2012a). Through Impact Sourcing, outsourcing providers could continually deliver the benefits of cost saving and service quality to their clients in addition to socio-economic benefits to the communities from which they draw their employees (Accenture, 2012a). The disadvantaged individuals are said to benefit the most from Impact Sourcing ranging from employment, increased income, better access to education and healthcare, increased knowledge, skills and networking and empowerment (Accenture, 2012a; Heeks & Arun, 2010; Kennedy et al., 2013; Madon & Sharanappa, 2013; Malik, Nicholson, & Morgan, 2013; Monitor Group, 2011).

Despite the promising prospect of Impact Sourcing and growing interest in Impact Sourcing research, no real attempt was made to establish a common definition of Impact Sourcing. Having a common definition is important as this will set the boundary of the field from other related fields. Well-defined concepts assist in developing a more focused research work on the field. Further, in presenting the findings of a study, researchers need to be more precise, because of the inability of a reader or listener to check the meaning directly or he may come from an entirely different background where the same term has another connotation (van Mil & Henman, 2016). Thus, this paper attempts to fill the gap by reviewing relevant literature to identify the various concepts that underpin Impact Sourcing and recommending a common definition of Impact Sourcing.

2. CONCEPTUAL UNDERPINNINGS

Impact Sourcing is a multidisciplinary area of research interconnecting multiple disciplines and domains of practice such as CSR and ICT4D (Malik et al. 2013), and other domains of practice such as general business, fair trade, BPO. The various trends that take place in these various disciplines and domains of practice that constitute the development of Impact Sourcing are summarised in Table 1.

Table 1. Trends Influencing Impact Sourcing.

| Areas | Trends influencing Impact Sourcing development |
|--|---|
| Corporate Governance | CSR ⁶ Creating Shared Value (CSV) ¹¹ |
| International Development | Growing population ^{1,2} Youth unemployment ^{1,2} Underutilised human resources ³ |
| Information Systems | Digital divide ¹² Increased digitalisation ² Improved ICT infrastructures ² |
| ICT4D | Lacklustre project performance IT production vs consumption ⁹ Project Sustainability ⁷ |
| ITO, BPO | Rising operating costs ^{1,2,3,8} Pressure to expand ^{1,2} High employee attrition rates ³ Criticism of labour exploitation ^{1,10} CSR in outsourcing ^{2,5} Deskilling of BPO tasks ³ |
| Inclusive business, fair trade, BoP business | The need to include the poor in business value chain ^{4,13,14} |

¹ Accenture (2012); ² Avasant (2012); ³ Kennedy et al. (2013); ⁴ Prahalad & Hart (2002); ⁵ Babin (2008); ⁶ Porter & Kramer (2006); ⁷ Heeks & Arun (2010); ⁸ Madon & Sharanappa (2013); ⁹ Heeks (2005); ¹⁰ Heeks (2013); ¹¹ Porter & Kramer (2011); ¹² Doong and Ho (2012); ¹³ Karnani (2007); ¹⁴ Smith & Pezeshkan (2013)

2.1 Corporate Governance

The demand for business to consider its impact on society can be traced back to since the 1960s (DeGeorge, 2009). However, the demand has ever been stronger as the public is no longer content with the conventional CSR initiatives by the business community, which are often reactive and peripheral to company's agenda (Porter & Kramer, 2006). Porter and Kramer (2011) argue that the business has been increasingly blamed for causing social, environmental and economic problems, although the number of firms taking up CSR initiatives has increased in volume. To get out from this issue, which they view as an attack on capitalism, they suggest a business to move away from a reactive CSR strategy, which focuses on corporate philanthropy and reactive damage-control measures to social issues to a strategic CSR which focuses on creating shared value between business and community. Central to the concept of Creating Shared Valued (CSV) is the interdependence between both parties underscoring the notion of creating economic value by creating societal value. By associating company success with social progress, social agenda would be a central part of the overall corporate agenda (Porter & Kramer,

2011). The evolving issues of corporate citizenship mark a call for greater involvement of the business community not only in meeting society's needs but also in solving society's issues such as poverty. Most governments and NGOs do not have the experiences, skills, resources, and management capability of the business community, which are valuable in tackling the broader society's issues (Porter & Kramer, 2011). The creation of Impact Sourcing is claimed to be in line with the concept of CSV. Through their roles as intermediaries and buyers of outsourcing services provided by disadvantaged community members, businesses help create jobs in these areas. These two trends of CSR and CSV can be seen as motivations especially for outsourcing buyers to engage in Impact Sourcing.

2.2 International Development

In the area of International Development, concerns over growing population and youth unemployment particularly in developing African countries have pushed governments to find innovative solutions to these issues (Monitor Group, 2011). Many of these governments resort to ICT as a potential remedy to these problems. South Africa for example, in 2008 started training unemployed youth for employment in BPO centres and incentivising BPO providers to set up operation in the country (Monitor Group, 2011). These unemployed youth present a pool of underutilised human resources waiting to be tapped. The majority of the youth have some forms of education and ICT skills which match with the requirements of industries that provide services for less technical tasks such as Impact Sourcing (Avasant, 2012). Growing population and youth unemployment can be considered as motivations for governments to engage in Impact Sourcing while underutilised human resource can be seen as an enabler for greater involvement in Impact Sourcing.

2.3 Information Systems

ICT has been claimed to have a positive relationship with economic development (Doong & Ho, 2012). Thus, the issue of the digital divide, the inequality to access to, use of and knowledge of ICT between countries and people have received tremendous exposure at national and international levels. The concern is the digital divide may create a further source of disadvantage for those who are marginalised. This concern has led many developing countries to invest in building ICT infrastructures for their populations including those in remote locations. Although critics are suggesting that the issues of the digital divide are commercially motivated (e.g. Chaudhuri, 2012), however, some opportunities have arisen due to the spread of ICT infrastructure to BoP populations. These populations may become a new source of workers providing Information Technology and Business Process services. This potential of hiring these populations is magnified by the increasing digitisation of work processes and data by public and private sectors around the world (Accenture, 2012a). Digital divide can be seen as a barrier for disadvantaged individuals to engage in Impact Sourcing. Increased digitalisation and improved ICT infrastructures are enablers of Impact Sourcing engagement for Impact Sourcing providers.

2.4 ICT4D

The interest of the application of ICT in development works gives rise to the formation of Information Communication Technology for Development (ICT4D) field. Numerous programmes were carried out under this label, however, although there are some successes to show for it, the majority of them failed or were unable to sustain (Chaudhuri, 2012). Heeks (2012a) argues ICT4D programmes should focus more on ICT production instead of its consumption. By focusing on production, the utility of the technology become immediate to the recipients, which makes them more willing to continue using the technology (Chaudhuri, 2012). Further, Chaudhuri (2012) argues for a need for commercial involvement in ICT4D programmes to ensure their sustainability. He argues that most of the programmes collapsed when funds ran out. In this regard, Impact Sourcing could arguably be a good option as it is a commercial programme with the visible presence of commercial entities in its structure, as Impact Sourcing buyers or service providers. Further, taking the issue of the digital divide, and sustainability together Impact Sourcing could be considered as a "killing two birds with one stone" strategy as it not only has the potential to reduce the digital gap but also reduce the probability of ICT4D programmes failing.

2.5 Information Systems and Business Process Outsourcing

The pressures confronting traditional outsourcing providers to preserve the cost-saving attractiveness of their service arguably is the single most important reason these providers looking for alternative locations of labour (Avasant, 2012). This issue of rising operating costs associated with the rising labour costs and properties rents adds to already pressures for expansion within the firms. As the demand for outsourcing services continues to grow globally, service providers are forced to find ways to expand their capabilities to meet this demand (Accenture, 2012a). Impact Sourcing is seen as a promising solution to this challenge as it provides new sources of untapped talent pools beyond the reach of traditional outsourcing providers. Although urban ITO and BPO centres benefit from the availability of a highly skilled workforce, they suffer from high employee attrition rates

(Kennedy et al., 2013). Generally, the outsourcing industry has been plagued by high employee attrition as people are always looking for better opportunities (Budhwar, Luthar, & Bhatnagar, 2006).

On the contrary, Impact Sourcing is less likely to suffer from this issue as the areas in which they operate have fewer job options. Impact Sourcing employees tend to be more loyal and willing to learn to improve themselves (Accenture, 2012; Lacity et al., 2010; Avasant, 2012; Kennedy et al., 2013). Further, as BPO centres increasingly focus on high-end tasks, the middle and low-end tasks are subcontracted to other low-cost outsourcing providers such as Impact Sourcing providers, which contributes to the efficiency of the BPO firms (Kennedy et al., 2013). All the trends identified can be considered as motivations for Impact Sourcing providers to engage in Impact Sourcing except for criticism of labour exploitation and CSR in outsourcing which is also motivations for buyers.

Outsourcing is not without its challenges. It has been subject to several controversies including labour exploitation (i.e. digital sweatshops) through the practice of labour arbitrage (Gerald, 2009). Removing jobs from the company's host country to cheaper destinations is even criticised as a traitorous act, the act that is claimed to serve only the interest of the company's owners (Lacity et al., 2011b). These issues, among others, act as a prodding stick to the industry to project a better image to the public. Also, there is growing CSR concerns in outsourcing community (Babin, 2008). A study conducted by Babin and Nicholson (2009) find out there has been an increased expectation from buyers of outsourcing for providers to demonstrate a strong commitment towards CSR and environmental issues. The social aspect of Impact Sourcing; providing employment opportunities to the impoverished community, draws the attention of outsourcing clients and service providers who seek to integrate social missions in their business or as a part of their overall CSR strategy (Gino & Staats, 2012).

2.6 Inclusive Business, Fair Trade and BoP Business

The growing interests in using business as a tool for social transformation, in part can also be looked at from the effort in poverty alleviation. Traditionally the effort to eradicate poverty has been championed by aid agencies, government, NGOs and other non-profit organisations through development interventions such as public policy, financial aids. Many of such programmes are successful in reducing poverty in their target population. The Conditional Cash Transfer, for example, is said to be successful in reducing dropout rates in Mexican secondary schools, which would have long-term effects on poverty alleviation (Fiszbein, Schady, & Ferreira, 2009). Development aids by a foreign government have also been pivotal in reducing poverty rates in some countries. However despite these instances of success, some argue that the effects of such programmes are slower than expected or insignificant at best and in some cases results in adverse effects (Drabek, 1987; Yontcheva & Masud, 2005). It has also been criticised for inefficiency and creating aid dependency (Kalirajan & Singh, 2009). Therefore, some have suggested a more significant role for the business sector in poverty alleviation. Prahalad and Hart (2002) suggest that serving the underserved community, termed as Bottom of Pyramid (BoP) population which stands at four billion makes not only good social sense but also business sense. They argue MNCs could help improve the poor's disposal incomes by designing goods and services that meet their needs at lowered prices and increase their incomes by providing them jobs in distribution and supply chains (Pralhad & Hammond, 2002; Prahalad & Hart, 2002).

However, this approach has been criticised mainly because of its overemphasis on consumption. Critics such as Karnani (2007) and Walsh, Kress, and Beyerchen, (2005) argue that focussing BoP as consumers would never be an effective strategy for poverty alleviation. Instead, strategies to develop BoP as producers should be emphasised with MNCs buying services and products from BoP to be marketed to wealthier markets. In an attempt to soothe the critics, Simanis and Hart (2008) propose the BoP Protocol 2.0, a model that treats BoP as a business partner. Although this model seems a right approach to poverty alleviation, it has been criticised as having the ultimate objective of selling to the poor (Smith & Pezeshkan, 2013). Smith and Pezeshkan (2013) argue that a clear distinction should be made between BoP consumer business and BoP producer business, suggesting focus should be more on the latter. This whole debate on how to include the BoP in business's value chain is what gives rise to the concept of "inclusive business." The poor people could be integrated into the value chain as producers, suppliers, distributors, employees, consumers and even partners (Simanis & Hart, 2008; Ramachandran, Pant, & Pani, 2012; Smith & Pezeshkan 2013). Impact Sourcing is perhaps one of the products of such practice. In Impact Sourcing, the poor are engaged as employees and even producers and supplier of IT-enabled services. To some extent, Impact Sourcing is similar to Fair Trade in that it aims at ensuring fair treatment to the service or goods producers. It seems logical to argue that Impact Sourcing is a form of fair trade for the ICT sector because it stresses that all players in its value chain (the workers as service suppliers, the service providers as intermediaries and Impact Sourcing buyers) equally benefit from the endeavour, which contributes to a win-win situation.

3. DEFINING IMPACT SOURCING

Granting the newness of the field, there is no single definition of impact sourcing agreed upon by impact sourcing researchers. There have been numerous definitions suggested by different authors to capture the essence of this phenomenon from multiple perspectives.

3.1 Outsourcing and Other Related Terms

Outsourcing is a practice of contracting out outsourcing refers to the act of engaging external parties for supplies of a product or service (Lester, Menefee, & Pestonjee, 2010). Like other outsourcing-related terms such as rural sourcing, Impact Sourcing a compound word combining the terms impact investing and outsourcing. Our review of the outsourcing related literature finds out a list of the terms to describe this phenomenon, and they can be classified into five categories as shown in Table 2.

Table 2. Outsourcing Classification

| Categories | Examples |
|----------------------|--|
| Geographic | Onshoring ⁶ , nearshoring ¹² , offshoring ¹³ , rural sourcing ² , global IT outsourcing ⁸ |
| Content of task | Business process outsourcing ⁷ , information technology outsourcing ⁶ , knowledge process outsourcing |
| Task model | Microsourcing ¹⁰ , crowdsourcing ¹⁰ |
| Developmental impact | Impact sourcing ^{5,17,18,19,21} , social outsourcing ^{3,11} , social IT outsourcing ^{1,3,4} , BoP sourcing ¹¹ , ethical sourcing ^{5,11} , Socially responsible sourcing ¹¹ , Sustainable outsourcing ^{8,20} , CSR in outsourcing ⁹ |
| Strategy | Cooperative sourcing ¹⁴ , multisourcing ¹⁵ , strategic sourcing ¹⁶ |

¹Sandeep et al. (2013); ²Lacity et al. (2011a); ³Heeks & Arun, (2010); ⁴Madon & Sharanappa (2013); ⁵Heeks (2012a); ⁶ Lacity, Khan, Yan, & Willcocks, (2010); ⁷Lacity et al. (2011); ⁸Babin & Nicholson (2009); ⁹Babin (2008); ¹⁰Kaganer, Carmel, Hirschheim & Olsen (2013); ¹¹Heeks (2013); ¹²Carmel & Abbott (2007); ¹³Harrison & McMillan (2006); ¹⁴Beimborn, (2008); ¹⁵Cohen & Young (2006); ¹⁶Accenture (2012b); ¹⁷Malik et al. (2013); ¹⁸Sandeep & Ravishankar (2015); ¹⁹Nicholson et al. (2015); ²⁰Malik et al. (2015); ²¹Malik et al. (2016)

Geographical based outsourcing terms emphasise the destination location in which the outsourcing takes place. Offshoring, for example, denotes outsourcing that takes place away from the buyer's home country. In contrast, onshoring refers to outsourcing that takes place in the buyer's home country (Carmel & Abbott, 2007). The terms based on the content of task stress on the types of tasks outsourced. For example, ITO (Information Technology Outsourcing) refers to the outsourcing of IT-related tasks such as programming, digitalisation and data mining. Similarly, the types of tasks performed in BPO (Business Process Outsourcing) are related to back and front office processes including accounting, finance and human resource.

Task model based terms refer to the characteristics of the outsourced task. The tasks performed in micro sourcing are small, less-mission critical and often parts of a more significant task (Kaganer, Carmel, Hirschheim, & Olsen, 2013). Likewise, the tasks in a crowdsourcing activity are characterised by the elements of contribution from a more massive crowd, that is, the public in their completion (Kaganer et al., 2013).

Developmental impact outsourcing such as Impact Sourcing focuses on the socio-economic impacts outsourcing brings to the parties involved. Impact Sourcing and social outsourcing share many similar characteristics, but they differ in two ways. First, the types of tasks performed in social outsourcing are more general compared to the tasks performed in Impact Sourcing, which are more IT-related and digitally-enabled (Carmel, Lacity, & Doty, 2013). Secondly, in social outsourcing, the providers of the service are social enterprises, but in Impact Sourcing, they could be either social or commercial enterprise (Heeks & Arun, 2010; Madon & Sharanappa, 2013; Sandeep & Ravishankar, 2015; Malik et al., 2016). Ethical sourcing also focuses on the impacts of outsourcing on the producers. However, the emphasis is on the buyer's adherence to specific ethical standards as a way to guarantee fair treatment to the producers (Heeks, 2013). Developmental impact outsourcing has an underlying ideology of inclusive development by using business means to improve the livelihoods of its target recipients. Developmental impact outsourcing is also related to the concept of corporate social responsibility (CSR) and sustainability (Babin & Nicholson, 2009). Sustainable outsourcing and CSR in outsourcing, which is usually used interchangeably, refer to an outsourcing decision that considers not only business benefits but also environment and community benefits (Babin & Nicholson, 2009).

The last category; strategy relates to the use of outsourcing as a strategic tool to gain a competitive advantage by optimising the different forms of outsourcing. Cooperative outsourcing, for instance, is a collaboration of different companies that have similar processes to have the processes run in a collaborating partner firm that best perform them (Beimborn, 2008). Multisourcing refers to "the disciplined provisioning and blending of business and IT services from the optimal set of internal and external providers in the pursuit of business goals" (Cohen & Young, 2006).

One common characteristic shared among many of these sourcing terms is that they are typically defined from the perspective of the outsourcing buyer in line with the definition of outsourcing itself. For example, (Accenture, 2012a) defines BPO as “contracting out of specific business processes or operations to a third party.” Similarly, offshoring is defined as “purchasing inputs or services from a foreign subsidiary or through an agreement with another foreign firm” (Harrison & McMillan, 2006). However, this characteristic is not present when the authors define Impact Sourcing (e.g. Avasant, 2012; Carmel et al., 2013; Lacity, Rottman, & Carmel, 2014). Therefore, it is suggested that the definition of Impact Sourcing is made from the perspective of a buyer so that consistency could be established among outsourcing related terms.

3.2 Analysing Different Definitions of Impact Sourcing

To come up with a unified definition of Impact Sourcing, this paper analyses the different definitions of Impact Sourcing and Impact Sourcing related terms (i.e. social outsourcing and social IT outsourcing) suggested by different authors in their Impact Sourcing papers. A definition is a statement that sets out the essential attributes of the thing defined (Copi, Cohen, & McMahon, 2010). Therefore, to accurately define a concept, one needs to identify all relevant and essential attributes or characteristics of the concept. To formulate an overarching definition of impact, the common characteristics of Impact Sourcing are identified; the perspectives from which the definition is formulated, the principal activities, the recipients, location, types of jobs or tasks and the actual terms used. They are as shown in Table 3.

Table 3. Characteristics of Impact Sourcing by Different Authors.

| Author(s) | Terms used | Perspective | Principle activity(ies) | Recipient | Location | Job/task types |
|--|-------------------------|-----------------------------|-------------------------|---------------------------------|-------------------------|---|
| Babin & Nicholson (2009) | Sustainable outsourcing | Buyer's | Contracting out | Employees of enterprises | NA | General outsourcing |
| Heeks & Arun (2010) | Social outsourcing | Buyer's | Contracting out | Low-income families | Rural town | IT services |
| Madon & Sharanappa (2013) | Social IT outsourcing | Buyer's | Contracting out | Employees of Social enterprises | Rural town | IT services |
| Lacity et al. (2011) | Rural sourcing | Service provider's | Hiring and training | Rural people | Low cost Non-urban, USA | i. IT services ii. BP services |
| Lacity et al. (2012) | Impact Sourcing | Service provider's | Hiring and training | Marginalised | NA | i. IT services ii. BP services |
| Monitor Group (2011) | Impact Sourcing | Service provider's | Hiring | BoP | Cities and rural towns | i. BP services ii. Info-based |
| Accenture (2012a, 2012b) | Impact Sourcing | Service provider's | Hiring | Disadvantaged Individuals | Low employment areas | IT services (Application & Infrastructure) BP |
| Avasant (2012) | Impact Sourcing | Service provider's | Hiring | Poor and vulnerable people | Developing countries | BP services, micro BP tasks |
| Gino and Staats (2012) | Impact Sourcing | Service provider's | Hiring & Training | BoP, Marginalised | NA | Micro digital tasks |
| Carmel et al. (2013) Lacity et al. (2014) | Impact Sourcing | IS buyer/Service provider's | Hiring & Training | Marginalised | NA | i. IT services ii. BP services |
| Kennedy et al. (2013) | Impact Sourcing | Service provider's | Hiring | Poor and vulnerable (BoP) | Rural | i. Info-based ii. Digital microwork 13 jobs |
| Malik et al. (2013) | Impact Sourcing | Service Provider's | Hiring | BoP | Rural | BP services |

From Table 3, we could see that the most common term used is “Impact Sourcing.” This is understandable given the currency of the reports and studies, which coincides with the popularisation of the term “Impact Sourcing” by the Rockefeller Foundation in 2011 (Monitor Group, 2011). The most common perspectives from which the definition is formulated are from the service provider's. Moreover, all the studies and reports that assume this perspective use the term “Impact Sourcing.” The term “outsourcing” insinuates an existence of a relationship between a firm (i.e. the buyer) and an external party (i.e. the supplier). Following this logic, it is argued that the definition of Impact Sourcing must include this fundamental criterion. We argue that the definition must be defined from the buyer's perspective and must include another party, which is the service provider who provides

the Impact Sourcing service to the buyer. Additionally, we argue that in defining Impact Sourcing practice it is important to acknowledge the very fact that Impact Sourcing is still an “outsourcing” practice and it is not another type of recruitment or human resource practice. A greater emphasis should be given to the act of outsourcing or contracting out of services, not on the employed, thus the argument to base the definition from the buyer’s perspective.

Carmel et al., (2013), in their attempt to formulate a comprehensive Impact Sourcing definition argue, “the definition should not be confined to outsourcing as organisations may choose to erect “captive centres” or other in-house forms of Impact Sourcing.” This argument is valid if the term is defined from the buyer’s perspective. However, their definition is made from the perspective of a service provider. Furthermore, their argument also contains circularity as they are trying to define Impact Sourcing by using the term itself, which is something should be avoided in formulating a definition (Copi et al., 2010).

The common principle activity(ies) conducted by the service providers under the existing Impact Sourcing definitions is hiring. Only papers written by Lacity and her colleagues (Carmel et al., 2013; Lacity, Solomon, Yan, & Willcocks, 2011b; Lacity, Rottman, & Carmel, 2012; Lacity et al., 2010, 2014), and Gino and Staats (2012) propose training as an addition. Although some service providers conduct training, this is optional as in many cases training is undertaken by totally separate entities such as NGOs, vocational schools, and universities (Accenture, 2012a). Further, some potential employees have already had the needed skills for Impact Sourcing tasks (which often less technical) before employment (Lacity et al., 2012). Therefore we argue that the principal activity conducted by Impact Sourcing providers is hiring. However, this does not mean training is not necessary or less important. Also, we prefer the use of the term “employing” over “hiring” as “employing” sounds more formal.

There are numerous terms used to describe the target groups of Impact Sourcing ranging from BoP (Bottom/Base of Pyramid) individuals, the poor, the disadvantaged, underemployed, rural people, marginalised and the vulnerable. The emphasis on the involvement of poor, vulnerable, disadvantaged and BoP populations as the target of employment in Impact Sourcing which denotes poverty alleviation, has been shared by many other researchers including Heeks and Arun (2010), Accenture (2012), Avasant (2012), Gino and Staats (2012), Heeks (2012), Sandeep & Ravishankar (2015); Malik, et al. (2013) and Madon and Sharanappa (2013) with an exception of Lacity et al. (2012), Carmel et al. (2013) and Lacity et al. (2014). Instead of BoP, Carmel et al. (2013) use the term “marginalised” populations as the target of Impact Sourcing which includes people who are marginalised due to income, location, gender, race, religion, physical disability, illness, sexual orientation or other criteria. They argue that the term “marginalised” captures a broader spectrum of individuals not only the poor.

We, however, prefer the term “disadvantaged”, for two reasons. First, the term “disadvantaged” implies deprivation of necessities such as food, housing, healthcare and education, which these people could potentially fulfil through employment. This deprivation connotes economic impoverishment. People who are marginalised due to other reasons than poverty such as gender or race might not have these issues of unfulfilled necessities. To these disadvantaged people, employment not only provides a stable income but also produces positive effects on other aspects of their lives such as access to education and health (Heeks & Arun, 2010; Madon & Sharanappa; 2013, Malik et al., 2016). We argue the fact that someone is marginalised does not necessarily mean he or she is limited of financial resources. He could be socially marginalised for example due to his religious belief but he could still lead a prosperous life as a result of trading activities that he does within his marginalised community. Secondly, economic rationale is always the primary reason for employment for both sides; the employer and the employees (Handler, 1997). Employers employ expecting to receive services from the employees that could help them achieve the profit maximisation goals, in exchange for a monetary reward to the employees. Likewise, people seek employment to earn an income which they currently lack, in exchange for the services rendered to the companies (Handler, 1997). Similar logic applies to the Impact Sourcing employment arrangement, albeit the goals of Impact Sourcing providers claimed to be a mix of profit and social benefits (Malik et al., 2016). Therefore, we argue that disadvantaged individuals should be the target recipients instead of the general “marginalised” individuals.

Nevertheless, we still hold the importance of marginalisation in the definition. We view marginalisation as the cause of this disadvantagedness. The consequence of this argument is that marginalised individuals, as described by Carmel et al. (2013) (e.g. religious minority, the disabled), could potentially be the target recipients of Impact Sourcing as long as the primary criteria of “disadvantagedness” have been fulfilled.

In addition, in an attempt to deemphasise the notion of poverty in the definition of Impact Sourcing and highlight this as a significant difference between Impact Sourcing and the BoP sourcing, Carmel et al. (2013) cite (Avasant, 2012)’s definition of Impact Sourcing as being a specific subsector of the BPO industry. However, in formulating their definition of Impact Sourcing, they ignored this supposedly important feature when they include not only BPO-related tasks but also ITO and other digitally-enabled tasks as the tasks performed in Impact Sourcing.

Regarding the location of the Impact Sourcing, a mix of locations is used suggesting that the locations do not matter as long as the target population (the disadvantaged people) is there. For example, the study by Accenture (2012a) focuses on low employment areas, regardless of whether they are in the cities or rural areas. Avasant (2012) uses developing countries as the target areas for Impact Sourcing which are somewhat broader. We tend to agree with Carmel et al. (2013) and his colleague's other Impact Sourcing papers, which are silent about location because the presence of the target population takes precedence over location.

The types of tasks included in the definitions ranging from general tasks to BPO, ITO and micro digital tasks. Most authors' definitions include only digitally enabled tasks and exclude physical goods/productions. To avoid confusion, some authors use the term Information Technology Impact Sourcing (e.g. Heeks, 2013) emphasising the IT element of the outsourcing jobs. We choose to use the term Impact Sourcing to be consistent with other authors in this field. Further, digitally-enabled tasks can be easily transferred between business partners (suppliers, intermediaries and buyers) without incurring high cost compared to transporting physical goods. This medium transcends temporal and spatial limitations, which allows buyers and Impact Sourcing providers to reach service suppliers (disadvantaged people) in remote locations in any part of the world. Carmel et al. (2013) include "Information technology, business process and other digitally-enabled tasks" as the tasks performed in Impact Sourcing. IT and BPO services are all digital-enabled jobs as they involve the use of digital communication in the delivery of the jobs. Thus we argue the mention of "information technology, the business process" is superfluous as they are already covered by the term "digitally-enabled services." Therefore, we prefer to use a collective label of the tasks; digitally enabled tasks.

In summary, we argue for a definition of Impact Sourcing from a buyer's perspective, which stresses a relationship between a buyer and a supplier, tasks that include a variety of digitally enabled services, disadvantaged individuals as the target recipients and employing as the primary activity of service providers about the recipients. Thus, our proposed definition of Impact Sourcing is as follows:

"Contracting out of digitally enabled services to service providers that employ disadvantaged individuals who normally have limited employment opportunities due to social marginalisation."

4. CONCLUSION

Despite an emerging interest in Impact Sourcing, no common definition of Impact sourcing has been established. This paper attempts to fill this gap by reviewing 21 papers (professional and academic) on Impact Sourcing to identify the various concepts that underpin Impact Sourcing and characteristics that make up the practice. A comprehensive definition of Impact Sourcing is offered after taking into account the main characteristics of Impact Sourcing related practices including their primary activities, location and task types.

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