The Global Impact Sourcing Coalition

Lessons Learned from a Market-Based Approach to Inclusive Employment
About This Report

This report was written by Sara Enright, with inputs and insights provided by Jessica Custer, Laura Marie Uhlmann, and corporate participants and stakeholders of the Global Impact Sourcing Coalition (GISC). BSR developed this report with the support of The Rockefeller Foundation to capture lessons learned from BSR’s launch, implementation, and sunset of the GISC, covering the years 2015-2020. We aim through this report to help current and future collaborative initiatives to benefit from our learnings, progress, and missed opportunities. We also seek to inform philanthropic foundations and other donors of the opportunity to support high impact, private sector-led partnerships for sustainable development.

The report provides an overview of the Impact Sourcing movement and the GISC, followed by an analysis of the GISC partnership against five key success factors for high impact collaborations—as established in the 2018 report Private Sector Collaboration for Sustainable Development—highlighting both successes and missed opportunities. It concludes with recommendations for the Impact Sourcing movement, future collaborations, and donors and other contributors to collaborative initiatives for sustainable development.

BSR works with business and stakeholders to design, implement, and scale collaborative initiatives that create shared solutions to global challenges. Our collaborations bring together more than 400 companies, spanning multiple sectors and geographies, to strengthen company performance, improve markets and industries, and contribute to systemic change for a more just and sustainable world.

Acknowledgments

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Introduction
The Global Impact Sourcing Coalition (GISC) was a global network of businesses that aimed to create jobs for those most in need through the power of procurement and global supply chains. GISC began with 20 members, and by the end of 2020, had the support of over 75 companies and stakeholder organizations hailing from 32 countries. In our brief time together, the GISC made great advancements against the initiative’s goals and mission that will live on beyond the GISC’s tenure.

Today, in large part because of the efforts of the GISC and its members’ advocacy for Impact Sourcing, many corporate procurement teams prioritize doing business with suppliers that have established inclusive employment initiatives. Our premise was simple: by selecting these suppliers over others, GISC could send a powerful market signal to all corporate suppliers— which employ a fifth of the global workforce— that would encourage them to compete. Inspired by the supplier diversity movement, we held the ambition for all large companies to pledge a percentage of their procurement spend towards suppliers that intentionally offer good, career advancing jobs to people who formerly lived in poverty.

To our delight, GISC’s market-driven approach began to work: many supplier companies launched or expanded their inclusive employment programs to better distinguish themselves to their clients. They also began to update their policies and practices in accordance with the requirements of the GISC’s Impact Sourcing Standard, and as a result created more inclusive workplaces and good jobs for all employees.

Our most visible success resulted from a multi-year Impact Sourcing Challenge that led GISC suppliers to pledge and then meet their goal to employ over 29,000 impact workers in good jobs from 19 countries around the world. This included people on the autism spectrum in the United States, long-term unemployed youth in South Africa, and people who formerly lived in poverty in India and the Philippines. Furthermore, suppliers reported to the GISC many additional business benefits that companies often report experiencing with more inclusive and diverse cultures, such as decreased turnover and a more highly motivated workforce, further reinforcing their commitment to inclusive employment.

At the same time that we were seeing these advancements, cracks in our business model began to appear, and they only deepened as the GISC grew. Among other important lessons, we should have worked to secure, from an early stage, multiple funding partners who shared GISC’s vision for market-driven poverty alleviation across supply chains and who could provide strategic injections of philanthropic and patient capital to support this long-term vision.

We found that a business model built entirely around membership dues was weighted by the requirement to deliver member benefits, making it more difficult to engage in forward investment and the creation of public goods. To continue our progress, we would have needed to invest in-depth measurement and evaluation, rightsholder engagement and consultation, due diligence, advocacy to reach new audiences, and built up an emergency fund to better react to unexpected circumstances.

And because of these missteps, just as we had the evidence that our theory of change was robust and it was time to hit the accelerator to reach scale, we ran out of the funds necessary to do so.

This report seeks to capture the lessons we learned from GISC’s work to cultivate a market-based approach to social impact across supply chains—both the successes and the missteps—so that other multi-stakeholder collaborations, supply chain collective action efforts, and social impact movements can learn from our experience.

GISC’S ORIGINS
The Rockefeller Foundation engaged BSR in 2015 to evaluate the potential of launching a collaborative effort between the partners it had developed while running the Digital Jobs Africa (DJA) initiative, with the goal of creating a more lasting, sustainable movement. The Foundation made a 10-year commitment to engage governments, the private sector, and civil society organizations to advance inclusive job creation in Africa, with the goal to catalyze new employment opportunities
and skills training for African youth. Corporate partners were involved both domestically, through workforce training providers that specialized in cultivating the talents of low-income youth, and internationally, through partnerships between companies that outsource business services ("buyers" or "client companies") and service providers ("providers" or "suppliers") with offices in Africa, enabling employers in Africa to grow their business and their hiring capacity. Before the DJA initiative was established, The Rockefeller Foundation had supported Impact Sourcing across India and Asia Pacific as well, where visionary social enterprises such as Digital Divide Data, Sama (formerly known as Samasource), Rural Shores, and iMerit had advanced this inclusive business model, harnessing the outsourcing movement to contribute more directly to poverty alleviation and economic development for low-income communities around the world.

The Rockefeller Foundation initially targeted the global business process outsourcing (BPO) industry for engagement, due to its high growth, job creation potential, and connection to the digital economy. The BPO industry offers a variety of services to client companies, such as accounting, website development, call center services, social media management, as well as digital work such as image-tagging and data enrichment for training machine learning and Artificial Intelligence. Leading BPO buyers and providers responded as early champions of Impact Sourcing. They partnered with The Rockefeller Foundation to evaluate and demonstrate the business case for this inclusive hiring practice, as well as to document social impacts. This early effort created an important foundation of relationships and some pilot projects that offered evidence that Impact Sourcing led to both positive business and social impact outcomes.

When BSR was invited to explore the potential for collective action, The Rockefeller Foundation had fostered individual relationships with over 40 organizations and was looking for opportunities to create more momentum and less dependency on the Foundation’s support. During a convening facilitated by BSR between a group of leading buyers and providers of Impact Sourcing services together with The Rockefeller Foundation, the group identified the need to establish an coalition led by companies that were willing to be champions of Impact Sourcing, with the initial goals to raise

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1 The BPO industry includes companies that provide outsourcing services such as customer interaction services, finance and accounting, legal processes, human resources, information technology, knowledge processes, and other back-office services.
awareness, increase ambition levels among global companies, and lead a movement to scale Impact Sourcing around the world.

The resulting coalition was launched at an event in September 2016, in Johannesburg, South Africa by BSR. The Rockefeller Foundation, and 20 other founding organizations. GISC expanded this initial group of pioneers through recruiting some of the largest BPO companies in the industry, and critically, their forward-thinking clients, in an effort to turn Impact Sourcing into a more mainstream procurement practice. By the time of GISC’s sunset in December 2020, GISC had grown to include over 75 member companies and stakeholders from over 30 countries.

WHAT IS IMPACT SOURCING?
Impact Sourcing is a procurement practice where a company prioritizes business suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment.

Impact Sourcing offers an established pathway for procurement teams to contribute to the employment, upskilling, and career development of people who were previously living in poverty or were long-term unemployed (“impact workers”), cultivating a new, diverse, and high potential pipeline of supply chain workers. Through Impact Sourcing, companies can leverage their core business to contribute to the achievement of Sustainable Development Goals 1, 8 and 10, to “end poverty,” “promote inclusive and sustainable economic growth, employment and decent work for all,” and to “reduce inequality within and among countries,” in all countries that they source from.

GISC participants estimated that up to 15% of the jobs in a business service providers' workforce could be filled by impact workers, which translates into a significant opportunity to have an impact on millions of employees, their families, and their communities across global supply chains. Impacts are often communicated in terms of numbers of impact workers hired, but some studies offer insights into the cascading benefits employment in a good job can have on workers' lives. According to one study, impact workers employed by BPO companies in South Africa increased their incomes by over 200% through steady employment, enabling them to support 3-4 family members and to contribute to their communities through increased discretionary spending and reductions in unemployment rates. A randomized control trial conducted by Sama in partnership the Massachusetts Institute of Technology and Innovations for Poverty Action in 2017, found that workers receiving both training and a job referral with Sama achieved almost 40% higher earnings and were 10% less likely to be unemployed after training than the control group.

In turn, by investing in inclusive hiring practices that promote equal opportunity, diversity, skill development, and fair treatment in the workplace, companies can help to ensure that their business continues to thrive.4 GISC providers reported a strong return for investing in inclusive employment, including reduced rates of employee turnover, increased employee motivation, and stronger relationships fostered with local communities.

Impact Sourcing is complementary to supplier diversity and social responsibility programs. Supplier diversity programs encourage the prioritization of minority-owned, women-owned, or veteran-owned firms, among others, and are designed to ensure that economic opportunity is accessible to these historically disadvantaged business owners. Impact Sourcing focuses on the diversity of the suppliers’ employees, ensuring that the supplier’s workforce is also inclusive and representative of the communities in which they operate. It encourages suppliers to take a more holistic approach to

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diversity, equity, and inclusion, and offers buyer companies the opportunity to positively impact entire supply chain workforces and support inclusive economic prosperity through their sourcing relationships.

For example, Intuit launched a sourcing program called Prosperity Hub in 2016 in partnership with select business service providers, with a mission to promote economic prosperity for people and communities in need by creating new jobs, as well as to prepare people for jobs of the future. Intuit is currently operating the program in seven low-income communities across the U.S. and internationally. An Intuit economic development survey found that 2,200 new jobs were created by 2020, a third of which are designed to be permanently virtual to enable opportunities for people in military communities who must often relocate, and people with varying abilities. Additional Intuit research in 2020 found that for every $1.00 the company invested into the Prosperity Hub Program during the course of a year, recipient communities in the United States experienced as much as a $1.83 in positive economic impact.

Other companies engage across their entire BPO supply chain. For instance, Microsoft prioritizes service providers that report on their Impact Sourcing capabilities through criteria integrated into its RFPs and supplier reporting, reaching over 100 providers with an incentive to compete based on their strategies for inclusive employment.

Impact Sourcing is a business practice where a company prioritizes providers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment.

GISC’s Strategy and Performance

The GISC was designed through a series of workshops with participating companies and The Rockefeller Foundation DJA team. Early on, we identified several core hypotheses, the theory of change which informed how we designed the initiative.

- **Creating demand for suppliers that employ vulnerable populations will foster market competition**: We built GISC with scale in mind. Instead of targeting large employers one by one to encourage inclusive employment efforts, GISC focused on engaging a targeted set of client companies with large procurement needs, encouraging them to signal that they would prioritize and reward suppliers that demonstrated their inclusive employment impacts. We hypothesized that with enough client demand, business suppliers—which employ a fifth of the global workforce—would be incentivized to engage. We held the ambition for all large companies to pledge a percentage of their procurement spend towards suppliers that intentionally offer good, career advancing jobs to people who formerly lived

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in poverty. Over time suppliers might come to see their employment practices as a competitive, differentiating criteria in their business relationships, as well as a good business practice on its own. By creating global demand for inclusive suppliers, GISC could scale the Impact Sourcing movement.

✓ **Consistency is critical to credibility:** When GISC was founded, there were no less than 15 definitions for Impact Sourcing, leading to a lack of clarity on our purpose. We determined the need for a common definition, combined with the development of an industry recognized standard for client and stakeholder expectations of organizations that claim to deliver social impact through employment. Ultimately, we sought to enhance the credibility of the Impact Sourcing movement so that client companies would more confidently launch large-scale Impact Sourcing partnerships, and to ensure that suppliers that invested in inclusive employment had a means to differentiate themselves from less-rigorous competitors.

✓ **Impact can be achieved anywhere:** Most initiatives focused on social inclusion aim to elevate the needs of a specific vulnerable group of people: the poor; women; youth; the elderly; national minorities; indigenous peoples; persons with disabilities; refugees; migrant workers; LGBTQ+ people, etc.⁸ GISC’s membership initially attempted to classify all vulnerable groups that should “count” for Impact Sourcing, but quickly found that the economic and social conditions that make a group of people vulnerable in one country or region may not apply in another due to distinct social, environmental, political, and economic contexts. Instead of focusing on individual vulnerable groups, GISC established a focus on people who, prior to employment, were either living in poverty or long-term unemployed, which could be considered universal indicators of vulnerability.⁹ This re-framing resonated with companies and stakeholders alike. While not easily quantified by companies, this solution enabled companies with global footprints to adapt their inclusive hiring initiatives to focus on economic inclusion for the populations of greatest need in the regions they operate in—in developing and developed countries alike. It also fostered an exciting diversity of approach across GISC’s international membership.

✓ **Good jobs contribute to poverty alleviation:** The GISC also determined early on that employment was not a sufficient indicator for impact. We did not wish to incentivize business as usual. Rather, we determined that our impact criteria also must consider whether people from disadvantaged and vulnerable communities were able to achieve improved social and economic well-being, and were able to share their success with their families and communities. GISC’s Impact Sourcing Standard emphasizes the importance of equity and inclusion across the entire employee lifecycle, from recruitment to career advancement, to ensure that all employees enjoy equal opportunities to enter the formal workforce and advance in their careers. We tackled difficult questions such as: how long should a person be employed in a good job before a company could count them as an impact worker? When would they be considered to have “graduated” from this status? What ‘credit’ can companies take for the potential impacts of good employment, beyond an employees’ increased income? While some of these theoretical questions remain open for debate, we made strong progress in engaging participating companies on investing in good jobs that offer workers a steady income, a safe work environment, mentorship opportunities, a clear career path, and a ladder out of poverty.

With this theory of change, GISC developed a multi-year strategy that relied on rapid membership growth in the BPO industry to advance the uptake of Impact Sourcing. We identified five initial interventions that GISC would lead, including driving increased demand for inclusive suppliers amongst large companies; growing a cohort of providers that were keen to pursue Impact Sourcing partnerships; building the capabilities of those providers to deliver on inclusive, good job opportunities; creating common definitions and standards; and researching and validating impacts. Through increasing demand for inclusive providers, GISC aimed to integrate 100,000 impact workers into good jobs in the formal economy by 2020, contributing to sustainable poverty reduction and reduced inequalities in countries around the world.

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⁹ As a result of marginality, vulnerable groups are more likely than the average population to be excluded from formal employment, resulting in lower labor force participation rates, higher rates of unemployment, and increased likelihood of working in the informal economy, without access to social protections or stable incomes. ILO, “World Employment Social Outlook.”
## GISC’s Logic Model

### Vision:
We envision a world in which all people have the opportunity to obtain productive employment and decent work.

<table>
<thead>
<tr>
<th>Description</th>
<th>Indicators</th>
<th>2018</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td><strong>Impacts</strong></td>
<td></td>
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<tr>
<td>- Income growth and employment of vulnerable people</td>
<td>1) # of people living below the poverty line long-term unemployed employed through GISC member company’s engagement with Impact Sourcing, in line with Sustainable Development Goal targets 1.1 and 1.2</td>
<td>25,000 (total 25,000)</td>
<td>75,000 (total 100,000)</td>
</tr>
<tr>
<td>- Poverty reduction</td>
<td></td>
<td></td>
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<tr>
<td>- Reduced rates of long-term unemployment</td>
<td></td>
<td></td>
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<tr>
<td>- Increased retention and employee satisfaction for business providers that engage in Impact Sourcing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcomes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- GISC membership grows:</td>
<td>1) Number of providers and buyers that participate in GISC membership</td>
<td>48/40</td>
<td>60/20</td>
</tr>
<tr>
<td>- Procurement executives understand the business and social impact case for Impact Sourcing:</td>
<td></td>
<td></td>
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<tr>
<td>- Global businesses integrate Impact Sourcing into their procurement requirements to prioritize service providers that make commitments to inclusive employment:</td>
<td>2) # of major brands (Global Fortune 500) commit to adopt Impact Sourcing and implement with providers</td>
<td>&gt;5 (total 5)</td>
<td>&gt;10 (total 15)</td>
</tr>
<tr>
<td>- Provider companies in the GISC, Facility Management, and Third-Party Logistics industries adopt inclusive employment practices:</td>
<td>3) % of GISC providers reporting to clients and the GISC on their inclusive hiring efforts</td>
<td>35%</td>
<td>50%</td>
</tr>
<tr>
<td>- Impact workers, governments, NGOs, and other stakeholders are aware of Impact Sourcing and have the opportunity to contribute to GISC’s collective actions:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Outputs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- GISC Outreach events organized with buyer and provider companies and stakeholders to raise awareness and recruit new participants:</td>
<td>1) # of outreach events held</td>
<td>1/6</td>
<td>1/6</td>
</tr>
<tr>
<td>- GISC provides assurance to members that wish to adopt the Impact Sourcing Standard</td>
<td>2) # of relevant companies reached through outreach and advocacy efforts</td>
<td>2/400 (total 15)</td>
<td>3/30 (total 35)</td>
</tr>
<tr>
<td>- GISC facilitates partnerships, collaborative actions, and advocacy to advance inclusive hiring practices in global supply chains, particularly at a country level:</td>
<td>3) # of service providers that are successfully assured and included in the GISC supplier database</td>
<td>1/2</td>
<td>1/4</td>
</tr>
<tr>
<td>- Research is produced that provides an evidence basis to continuously improve investments in Impact Sourcing and to equip companies to have the greatest impact through inclusive employment:</td>
<td>4) # of articles/reports published in relevant media about Impact Sourcing</td>
<td>5/4, 2 in person</td>
<td>5/4, 2 in person</td>
</tr>
<tr>
<td>- Member meetings, Steering Committee meetings, and Working Group meetings facilitated to set GISC strategy, develop new tools, and build member capabilities to launch, manage, and measure impact sourcing programs:</td>
<td>5) # of member meetings held</td>
<td>5/4, 2 in person</td>
<td>5/4, 2 in person</td>
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### Activities
1. Raise Demand: Build a stronger market for Impact Sourcing by building awareness and capacity of corporate and government procurement/sourcing teams.
2. Grow Supply: Raise the profile of business providers that are committed to inclusive employment, and inspire competition to drive new providers to join the movement.
3. Establish Common Standards: Establish and maintain an Impact Sourcing Standard and evaluation criteria, establishing minimum requirements for providers and enablers buyers to identify and reward high-impact suppliers.
4. Build Capabilities: Build member capabilities to launch, manage and measure Impact Sourcing programs, and to partner with critical stakeholders to advance inclusive employment initiatives.
5. Strengthen Evidences and Impacts: Research the business and social impact case to identify opportunities for further investment in Impact Sourcing from companies, governments, and civil society.

| Over time: | |
| - Strengthen the existing environment: Facilitate partnerships and collaborative actions that influence government policy, regulations and incentives; and cultivate relationships with mission-aligned workforce development agencies and other key stakeholders to advance inclusive hiring practices across supply chains. | |

### GISC’S OUTCOMES AND IMPACTS
GISC’s theory of change and logic model held up well over time. Over the course of our partnership, we made progress across the following indicators:

- **GISC provider and buyer membership grew:** GISC launched with 20 participating companies and associate members and grew to include 78 total organizations participating by the end of 2020. In 2020, eight buyer companies and 41 provider companies paid annual dues to participate in the membership. The membership experienced little turnover, less than 5% in departures from the membership year on year.

- **Eight global brands committed to Impact Sourcing:** The eight buyer companies that participated in the GISC all were highly engaged and actively contributed to GISC’s learning conversations and research products. A majority of the buyer companies piloted Impact Sourcing initiatives within their supply chains, and a few assigned senior leaders in the company to implement the programs more broadly. We fell short of our target for at least one-fourth of the membership to be made up of buyer companies, which we believed would be the level needed to send a strong demand signal to the BPO industry.

- **75% of GISC members actively contributed to the partnership:** In our final round of reporting on the Impact Sourcing Challenge, we received responses from 14 of the 21 provider companies that had made a Challenge pledge. This constitutes a 67% response rate among pledge-takers, and a 34% reporting rate among all GISC’s providers (14/41). In addition, GISC enjoyed a high level of engagement and knowledge sharing among our provider participants: over 75% of the membership actively contributed to GISC’s calls and events with case examples and learnings from their work to advance impact employment initiatives.
• **More than 29,000 people living below the poverty line or long-term unemployed hired by GISC member companies**: GISC tallied a total of 29,715 impact workers hired throughout the Impact Sourcing Challenge period (Sept 2018- Dec 2020). This number surpasses by 6% the total pledges that members made towards the Challenge, suggesting strong and realistic progress. It falls short of the initial goal to reach 100,000 impact workers, which was made with the assumption that the GISC membership would grow faster than it did. It is notable that during the COVID-19 pandemic, when many of these gains could easily have been reversed, companies that engaged in Impact Sourcing took a people-first approach and largely aimed to retain jobs for vulnerable workers through setting up work-from-home arrangements and other adjustments.

Just as important as the numbers, GISC’s efforts resulted in positive outcomes for the Impact Sourcing movement more broadly, including:

• **Standardization increased credibility and uptake by procurement teams**: Through a multi-stakeholder driven effort, GISC developed and adopted an [Impact Sourcing Standard](#) that outlines minimum requirements for providers to qualify as Impact Sourcing service providers. The Standard was widely vetted among companies and relevant stakeholder organizations to ensure rigor and consistency with employment practices that are shown to have positive impacts on the inclusion and integration of vulnerable job applicants and workers. After GISC’s sunset, the Standard remains an industry best practice that additional companies are referencing, embedding into their employment practices, and working towards full adoption due to client demand. We believe the Standard will remain one of GISC’s lasting contributions to the Impact Sourcing movement.

• **Companies updated their policies and practices to align with the Standard**: As of December 2021, 12 GISC provider members have passed the Impact Sourcing Standard Assessment, demonstrating that their business practices and policies were in line with the Standard. Not a single company passed the Assessment in a single review: even the social enterprises that specialize in inclusive employment (of people on the autism spectrum, of low-income youth in developing countries, of women coming out of incarceration) found that the Standard set a high bar, requiring them to update their human resources policies to codify, reinforce, and integrate into policy and practice what was otherwise just a “culture” of equity and inclusion. Importantly, companies that passed the Assessment also included many multinational companies, including for example Teleperformance, a business process outsourcing company with 330,000 employees across 350 contact centers in 80 countries, which in 2020 passed the Assessment covering the company’s full operations.

• **Practical guidance was developed to move companies from awareness to action**: GISC has created a suite of resources for procurement teams and provider companies to build out high-impact inclusive procurement and employment strategies, based on good practices gathered from across the membership. Several critical resources that draw upon the collective knowledge of GISC members include:
  
  o **Buyer’s Impact Sourcing Guidance** for client companies to develop, implement, and manage a successful Impact Sourcing initiative
  
  o **The Reducing Poverty through Employment Toolkit** helps companies develop inclusive hiring practices and begin to unlock their potential to actively employ and empower people in poverty.
  
  o **The Social Impact Framework for Impact Sourcing** offers companies a methodology to evaluate the impacts of their inclusive employment initiatives, communicate their impacts to clients and other stakeholders, and quantify their contributions to the Sustainable Development Goals.
  
  o A suite of **case studies** of the Impact Sourcing programs of prominent buyer companies such as RR Donnelly, Nielsen, and Microsoft; and impact stories featuring the experiences of impact workers employed across GISC’s membership.
We fostered a thriving community of Impact Sourcing champions: GISC built a vibrant community of participants from more than 75 companies and organizations that are invested in advancing Impact Sourcing and inclusive employment efforts, together representing over 30 countries around the world. The GISC offered new participants an opportunity to learn and strengthen their Impact Sourcing initiatives by making new connections, establishing high-impact partnerships, and sharing knowledge through GISC.

The industry took notice and continues to carry the torch: Impact Sourcing is now a widely known industry term and is broadly understood to be a high impact procurement practice. BSR continues to learn of many instances in which client companies—even those not engaged through GISC—have integrated Impact Sourcing evaluation criteria into their RFPs, partnership agreements, and supplier evaluations, indicating that Impact Sourcing is picking up speed. The Impact Sourcing Standard is increasingly referenced as an early guide for companies that seek to create more inclusive workplaces, including references by the World Bank, UN Global Compact, and the Partnership on AI. Further, many industry and government groups are taking Impact Sourcing forward in their own innovative ways, including expanding into new geographies and industry sectors.

HOW DID GISC PERFORM ACROSS FIVE KEY SUCCESS FACTORS?

Through a study of private sector led collaborations for sustainable development, BSR found that high impact collaborations tend to have five factors in common: A compelling, common purpose that brings participants together and enables each to accrue value from the collaboration; the right partners in the right roles that bring the required authority and resources to drive the collaboration forward; good governance that enables efficient, transparent, and fair decision-making; an organizational design that is fit for purpose—with sufficient resources and staffing to operate; and accountability to the objectives the collaboration participants have committed to. In this section, we evaluate GISC against each of these key success factors, highlighting both successes and missed opportunities.

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<tr>
<th>Key Success Factors</th>
<th>GISC’s Successes and Challenges</th>
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<tr>
<td><strong>A compelling, common purpose</strong></td>
<td>✓ Establishing the Impact Sourcing Standard catalyzed market action: GISC’s Standard was the lynchpin for the Coalition, enabling GISC to establish Impact Sourcing as a trusted high-impact procurement practice. Formalizing the minimum requirements of business service providers established a high but achievable bar that requires companies to more intentionally codify and embed their inclusive business practices and policies to align with the Standard. Passing the Impact Sourcing Standard Assessment to demonstrate adherence enables business providers to communicate consistently about their Impact Sourcing capabilities and performance to clients and other stakeholders. The Standard also allows buyers to more consistently evaluate their providers based on their Impact Sourcing capabilities and performance, as well as to communicate meaningfully about their Impact Sourcing efforts to their stakeholders. Finally, it facilitates the adoption of Impact Sourcing across companies operating across all geographies and industries. The Standard remains a critical reference for inclusive employers, that will provide value to companies and stakeholders beyond GISC’s tenure.</td>
</tr>
<tr>
<td>✓ Focusing on the needs of rights holders sharpened our impact goals: GISC sought to ensure that conversations and publications prioritized impact workers’ stories in their own words. Grounding our work in the voice of impact workers helped to center our attention on the people we aimed to serve, and to ground our focus on systems change in real-world examples.</td>
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The slow pace of change obscured how much progress we had made: GISC was founded on the assumption that buyer companies—once offered a solid business and social impact case for Impact Sourcing—would quickly sign up to participate. We found it took on average two years from initial outreach to joining the membership, and a year more before a buyer company had established an Impact Sourcing relationship with a supplier. In that time, we often presented the opportunity to several executive teams per company to move them from awareness, to interest and action. Many stakeholders and potential donors were underwhelmed by GISC’s lack of quick progress, a reasonable reaction considering our focus on employment metrics. However, once companies engaged, they joined with full commitment, and the GISC benefitted from their clear intentions and support, eventually activating their entire supply chain with the opportunity to partner on Impact Sourcing initiatives, creating an engine for change that we believe will last for many years to come.

A lack of urgency (a “burning platform”) to add Impact Sourcing onto crowded procurement agendas slowed adoption: GISC found that companies with large procurement needs create a powerful market demand for their service providers. However, most companies we approached with the Impact Sourcing concept found the opportunity to be intriguing, yet insufficiently urgent or business critical to add to an already overcrowded plate of requirements and evaluations that companies are already deploying with their core providers. This was especially true for industries that are under significant cost pressures, such as consumer products, travel and tourism, and food, beverage and agriculture. We found the most traction among the technology, media and entertainment, and financial services sectors, where supply chains were typically more mature (having moved beyond a laser focus on compliance), and where more bandwidth was available for innovation. With time and sufficient uptake across champion companies and industries, we believe that additional industries will add Impact Sourcing (or similar social impact concepts) to the opportunities they consider to encourage social benefits beyond compliance across their supply chain.

Building trust between participants was critical to building capacity to implement Impact Sourcing commitments: GISC enjoyed a remarkably warm, engaged, and generous community of practitioners, even among companies that were otherwise competitive. While Impact Sourcing is not a core part of most participants’ formal job roles, many became Impact Sourcing advocates because they felt passionately about the potential for all people, regardless of background, to thrive in their workplaces and supply chains. Many of GISC’s champions for Impact Sourcing made a personal connection with workers in their supply chain or workplace, and saw firsthand how employment with a good job can positively impact lives. GISC’s group discussions were designed to emphasize experience sharing, and over time the group conversations became deeper and oriented towards problem solving. The more interaction that took place between our community of practitioners, the more GISC and the Impact Sourcing movement benefitted from a sense of shared goals and trust between participants, enabling us to go further and faster as a coalition than many had initially expected.

GISC created a safe space for companies to champion Impact Sourcing: Outsourcing is a sensitive issue for many companies. GISC found it challenging, initially, to find procurement teams that were comfortable talking about their sourcing relationships and approaches to impact. By the end of GISC’s tenure, we were proud to see many of GISC’s buyer companies championing Impact Sourcing as a high impact procurement practice as well as publicly supporting their Impact Sourcing strategies and relationships. We believe this confidence was strengthened through GISC’s establishment of a Buyer’s Working Group, limited to companies that utilized Impact Sourcing
services; this group helped to develop common talking points and a recommended approach for other companies, enabling buyers to learn from best practices and to share a common message, reducing the risk and investment that any one company might have to make on its own. Over the course of GISC’s tenure many provider companies became more vocal about their impact employment efforts, providing compelling case examples which help to convince buyer companies of the impact opportunity.

✔ **Member-led outreach fueled organic growth**: GISC’s outreach gained momentum once participating member companies began to encourage their peers and business service providers to join. Buyer companies in particular were successful at engaging new participants.

㊙ **Fully deploying associate members and supportive stakeholders may have taken the GISC further**: GISC was unprepared to fully leverage the enthusiasm expressed by the many stakeholder groups that wished to contribute to GISC’s mission. We created an “associate membership” category for such participants—industry groups, workforce development agencies, NGOs representing various vulnerable groups, economic development agencies, academics, and others—but did not have sufficient capacity to fully engage and activate the talents and assets of these supporters of the Impact Sourcing movement. Many associate members volunteered in-kind contributions to support GISC’s growth, legitimacy in the industry, and ultimately, the continuation of the Impact Sourcing movement beyond GISC’s tenure. Associate members have taken the lead in carrying Impact Sourcing forward, continuing to sponsor discussions and events and to rally new companies to the cause.

✗ **Donor organizations found GISC to be an imperfect fit**: We shared GISC’s vision with a number of additional private and corporate foundations beyond The Rockefeller Foundation to solicit support for the GISC but found that our global mission and intersectional approach to poverty alleviation did not meet the geographic and population focus criteria of most donors. When we were invited to apply for grant funding, we determined that a donors’ narrow focus would too often distract GISC from pursuing its mission, or that the funding opportunity was otherwise mismatched in scale to our immediate needs.

✗ **Lack of government engagement**: As a powerful driver for social inclusion and job creation, GISC aimed to eventually attract the attention of local, regional and national government bodies. These institutions might further incentivize businesses to deploy Impact Sourcing strategies when sourcing from their regions, in the same way that government adoption of supplier diversity procurement criteria in the U.S. fueled the supplier diversity movement. When we did manage to engage with government agencies, we found that they wanted to see more initial involvement of government or multilateral organizations in the founding of the GISC, demonstrating a multi-stakeholder approach from the beginning. They also frequently wanted to focus business attention on specific disadvantaged groups in specific locations, rather than overarching poverty alleviation.

✔ **Establishing a representative Steering Committee enabled deeper conversations**: GISC established a steering committee of elected representatives from member companies, with a balanced representation between buyers and providers. We initially launched the Steering Committee with two buyers and two providers, and eventually expanded to include three each to bring more thought partners into GISC’s strategic discussions. The Steering Committee immediately elevated the level of engagement GISC enjoyed from its membership and enabled deeper
conversations between participants. At one point we saw 11 GISC participants vie for 3 open positions on the Steering Committee, demonstrating a high level of engagement.

 ✓ A strong governance model allowed GISC to prepare for and respond effectively to reputational risks: The GISC’s Steering Committee played a key role in upholding the integrity of the group. The Steering Committee implemented a due diligence process to vet new participants (ensuring, for instance, that they were registered companies and did not have a record of misconduct), as well as representing the GISC in crisis moments. In one case, the Steering Committee drafted a group request for an external organization to desist in utilizing GISC’s brand and reputation to promote an unauthorized event.

 × Directly engaging rightsholders: GISC aspired to engage a representative group of impact workers directly in the implementation of the Impact Sourcing Standard and Assessment process. We took every opportunity we could to seek direct input from participating company workers and encouraged companies to design their initiatives in partnership with worker representatives. However, GISC was unable to secure the financial resources needed to engage impact workers consistently and meaningfully in the design of our work, which we believe would be critical to the long-term success of the Impact Sourcing movement.

 ✓ Developing a theory of change helped GISC focus on the key activities needed to achieve the group’s objectives and mission: For six months prior to launching the GISC, we worked with early participants to design the initiative, thinking deeply about our theory of change, strategies and tactics. This careful planning paid off in the long run, focusing GISC’s attention on the most effective activities to implement the theory of change and advance the Impact Sourcing movement. We considered the needs of companies entering into the GISC partnership at different stages in their Impact Sourcing journey: GISC acted as an evangelist to reach new audiences; a community of practice to cultivate the knowledge and skills of practitioners; and a standard setting body that companies could rely on to set a high bar and distinguish impact from business as usual. We planned quarterly outreach and introductory events for companies unfamiliar with the concepts, and launched working groups to engage companies and stakeholders that had already committed and were developing out their strategies. This enabled GISC to encourage and support the use of new tools and resources, and eventually, to measure impacts.

 × Lack of diversified funding led to overdependence on membership fees: A lack of sustainable financial resources was the primary challenge that led to the decision to disband the GISC partnership. GISC would have benefitted from cultivating diversified funding streams and donor relationships from the beginning of our partnership, ensuring the initiative would be more resilient to economic fluctuations over time. Once GISC became entirely dependent on membership dues, we found we only had resources to maintain core membership services, with too little time available to extend the reach of our advocacy, to advance our strategy, or to react to unexpected circumstances. We found that a business model built entirely around membership dues was weighted by the requirement to deliver member benefits; this made it more difficult to engage participants in forward investment and the creation of public goods such as in-depth measurement and evaluation. Just as we were witnessing a strong uptick in companies interested in Impact Sourcing, we were unable to meet the demand with a strong industry presence.
Uneven membership growth challenged GISC’s value proposition: GISC aimed to be inclusive of companies and stakeholders of all sizes, offering membership at affordable rates through a cross-subsidization model, whereby the higher dues levels of larger corporations would enable participation of SMEs, while also enabling the engagement of associate members through in-kind contributions. However, an influx of small provider companies and associate members and slow recruitment of larger firms led to financial challenges for the GISC Secretariat. Regardless of their size/contribution level, all new organizations recruited into the GISC required a similar amount of time and attention to recruit, onboard, and service; this meant that the fees we charged—while competitive with other, larger membership groups that engaged SMEs—did not cover core costs. Further, while GISC maintained a non-solicitation policy, many providers were eager to be introduced to buyer companies to grow their business. With only a handful of buyer companies engaged, it became increasingly necessary to ensure these critical participants were not overwhelmed with provider solicitation as an influx of new providers joined the partnership.

Accountability

Launching the Impact Sourcing Challenge inspired participants to commit to action: Launching the public Impact Sourcing Challenge to employ 100,000 impact workers by the end of 2020 and making a public commitment to the Sustainable Development Goals offered a platform for participating companies to make public commitments and promote the GISC partnership more broadly. The Challenge also enabled GISC to incentivize pledge-takers to engage with the Impact Sourcing Standard to evaluate and report on their progress. GISC asked that all participants in the Challenge take the Impact Sourcing Standard Assessment, which eventually led over 20 companies to take the Assessment and 12 participants to fully pass after updating to their policies and practices—one of our greatest achievements. Finally, the Challenge offered GISC the opportunity to gather and communicate stories of impact from an early stage.

Intentional sunset of the GISC enabled the network to prepare and carry the torch: BSR and the GISC Steering Committee came to the conclusion in early 2020 that disbanding the membership was the most responsible approach. This enabled us to turn our attention during this final membership year to preparing participants for the transition, including making sure that the network maintained in connection with one another, transitioning proprietary resources to be publicly available, and supporting and raising the profile of associate members that sought to launch their own Impact Sourcing chapters and networks.

Unforeseen economic circumstances impacted GISC’s progress, while demonstrating the resilience of the Impact Sourcing movement: 2020 was a difficult year for all organizations due to the impacts of the global COVID-19 pandemic on companies and their workforces. Several GISC members noted disruptions to their Impact Sourcing plans because of changing client demands. On the positive side, many provider members shared their efforts to protect the jobs of impact workers through the crisis, prioritizing maintenance of jobs over other cost-cutting measures. Many providers pivoted to enabling remote work environments, investing heavily to ensure that their workers had access to the technology, as well as the financial, healthcare, and nutrition resources they would need to continue working through the pandemic. In future studies of the Impact Sourcing movement, it is possible that we will find that Impact Sourcing service providers enabled greater community resilience through the COVID-19 crisis.

GISC encountered low participant capability and capacity to measure and evaluate their impact employment efforts: While GISC worked to align our reporting metrics with common
human resources KPIs, the requirement to evaluate the poverty and employment status of new hires proved difficult for most companies to track over time. Only a few companies were able to consistently survey their new hires on impact employment metrics, limiting GISC’s ability to fully capture the reach and influence of pledge-making companies. Reporting companies highlighted that they had advanced hiring across additional vulnerable populations (e.g., persons with disabilities, first-time employed youth, etc.), but GISC only counted those employees that fully met the impact employment criteria in our final tally of 29,715 impact workers hired throughout the Impact Sourcing Challenge period. While GISC’s reporting template offers a good first step for companies aiming to report on their impact employment efforts, more guidance on how to capture these core metrics will be needed to improve consistency and ease in reporting going forward.

WHAT WE LEARNED ABOUT THE EVOLUTION OF A COALITION
When the GISC was first established, it was clear that there was a need for champion companies to come together to align on common definitions and standards before we could invest together in advancing a global Impact Sourcing movement.

Our strategy to move the industry to action was inspired by the organizational change commitment curve, first proposed by Daryl Connor and Robert Patterson in 1982. GISC first focused on raising awareness among influential buyer companies about the opportunity to engage in this high-impact procurement practice. Once a steady group of committed influencers had joined the GISC, we moved into establishing the Impact Sourcing Standard and related guidance that would help companies to learn best practices from one another.

The final stage, one we did not have the chance to reach as a partnership, involved supporting companies operating Impact Sourcing partnerships at scale—working with companies that had institutionalized Impact Sourcing to co-invest in a supportive ecosystem and inclusive employment hubs around the world. At this stage, we envisioned the membership to potentially disband, as market competition would take over to ensure that momentum was maintained.

GISC multi-year vision for scale

**2016-2017**
- **Members**: Early Champions of Impact Sourcing (20 members)
- **Primary Outcomes and Impacts**:
  - Launch a coalition with a strong business and governance model
  - Activation of corporate and associate member Champions
  - Increased industry awareness
  - Standardization
- **GISC Activities/Offerings**:
  - Coalition strategic planning and governance design
  - Industry outreach and stakeholder engagement (inform)
  - Development and vetting of an Impact Sourcing Standard
- **Budget**: $380k 2017

**2018-2019**
- **Members**: Committed industry-influencers (50+ members)
- **Primary Outcomes and Impacts**:
  - Leading buyer companies adopt IS procurement strategies
  - Providers develop inclusive employment strategies to meet client demand
  - Industry acceptance of IS Standard
  - Sustainable membership growth
- **GISC Activities/Offerings**:
  - Governance and Facilitation
  - Member Recruitment
  - Standard & Assurance provision (educate)
  - Connecting buyers to providers
  - Communications & Outreach
  - Research and knowledge management
- **Budget for 2018/19**: $530k

**2020-onward**
- **Members**: Majority of industry leaders (~50-100 members, at least 25% buyers to create market-driven competition amongst providers)
- **Primary Outcomes and Impacts**:
  - IS positioned as high-impact best practice in procurement
  - Demonstrated impacts through measurement and evaluation
  - Frequent partnership/deal development between members
  - Expansion to additional sectors beyond BPO
- **Expanded GISC Offerings**:
  - Measurement and evaluation (commit)
  - Ecosystem Development in select countries (e.g., South Africa, US, Colombia, India)
- **Ideal Budget**: $800-1,000k by 2020
- **Final Budget**: $220k

**HOW WE MADE THE DECISION TO SUNSET**

GISC launched with an understanding that philanthropic seed funding would only be available for the first three years of the partnership, as The Rockefeller Foundation wrapped up its commitments to the Digital Jobs Africa initiative. This funding cliff challenged GISC to become financially independent very quickly. We introduced annual member dues a year into the initiative, introducing three levels of dues depending on the annual revenues of the participating company. When GISC became entirely member dues funded, it was clear that more large companies would have to join the partnership to maintain the cross-subsidization model—a goal we worked towards but did not achieve quickly enough. Moreover, dues only covered membership services, leaving insufficient funding to plan strategically, conduct in-depth measurement and evaluation, update and vet the GISC’s guidance to companies, or to participate in events.

We spent more than a year looking at other options, such as spinning the initiative out of BSR to another host organization, raising participant dues, and pursuing various fundraising opportunities, but these avenues of exploration did not lead to a clear path forward. At the same time, with limited resources, it was increasingly difficult to ensure all members received the attention they needed to progress in their Impact Sourcing strategies, and to maintain the same levels of engagement and quality that we had been able to offer previously. Compounding the issue, we were seeing a wave of new stakeholder enthusiasm: more Impact Sourcing partnerships were arising, the media was paying more attention to Impact Sourcing initiatives, and more small suppliers from around the world approached GISC to participate (out of balance with buy-side demand). Ultimately, in 2020, with the additional challenge of the global COVID-19 pandemic impacting members’ ability to continue their dues payments, GISC made the difficult decision to disband.

In a move that proved critical to the continued advancement of the Impact Sourcing movement, when we made the decision to sunset together with the Steering Committee early in 2020, GISC carefully planned our exit, including by informing participants early and engaging partners that had the potential to carry the movement forward through their own networks. We are proud to note that, beyond GISC’s tenure, many former member companies and stakeholders have stepped up to continue to champion the Impact Sourcing movement, utilizing their influence, communications and
networks to activate new, powerful advocates for this high impact procurement practice, carrying the Impact Sourcing movement forward in innovative new directions. For example:

- Practitioners are continuing to join the Impact Sourcing Champions LinkedIn Group to share success stories, solicit answers to common challenges, and to connect with a community of practice that can help them advance their inclusive employment efforts.

- The IAOP industry association has taken a leading role in championing Impact Sourcing, promoting the practice through events, developing new resources, and hosting an annual Global Impact Sourcing Award to recognize leading companies.

- BPESA, the industry body and trade association for global business services in South Africa, has taken a lead on advancing Impact Sourcing as a regional strategy to contribute to national goals to advance good job opportunities for under-employed youth.

- The Tent Partnership for Refugees has engaged a number of former GISC members to provide good jobs to refugees through a new Impact Sourcing initiative, in partnership with IAOP and the government of Colombia.

In addition, several important side initiatives have been inspired by the GISC partnership, creating new and unexpected pathways for impact. For example, the Global Mentorship Initiative, founded by a GISC supporter and The Rockefeller Foundations’ DJA initiative, connects business professionals with undergraduate mentees around the world to coach them on their first job hunt.

Importantly, we also have heard from many global client companies that intend to continue investing in Impact Sourcing strategies that align with their unique missions and services. By applying the Impact Sourcing Standard as a baseline, we are seeing a number of distinctive programs emerge that will inspire further market competition, and deeper impacts over time.

**Recommendations for Future Initiatives**

We propose in this Lessons Learned report that a centralized strategy may not always be necessary to carry forward a movement once a group has agreed on a common approach and a standard for good practice. We are entering a phase of emergent strategy, where individual companies, industry organizations, and other networks will carry the Impact Sourcing torch forward and create new, innovative opportunities for companies to learn how to get involved.

We offer some recommendations below for the Impact Sourcing movement, other such collaborative efforts, and financial supporters of collective impact movements to leverage GISC’s learnings to achieve even deeper impacts in the future.

1) **THE IMPACT SOURCING MOVEMENT**

The Impact Sourcing movement’s continued success in reducing global poverty and creating good job opportunities across supply chains depends on its ability to attract and engage companies with large procurement needs and matching them with product and service providers that have high quality inclusive employment strategies-- whose business growth will lead to the employment and training of people who otherwise would face barriers to securing a good job. For those organizations that are working to maintain our momentum, we offer the following recommendations:

1. **Continue to utilize the Impact Sourcing Standard and other GISC resources:** GISC’s Standard and guidance resources were designed to last beyond the collaboration’s tenure, offering all companies that wish to engage in Impact Sourcing with a common lexicon, quality expectation, and approach that they can integrate into their core business processes.
2. **Focus on strong relationships over numbers:** The shift to inclusive employment requires a shift in corporate culture. It cannot be done overnight. Companies that want to advance an Impact Sourcing strategy should consider establishing long-term partnerships with trusted suppliers and co-invest in innovative new methods to create a robust talent pipeline of people who will serve the company far into the future, perhaps even growing into the next generation of talent for the industry as a whole. Immediate reporting on employment figures is useful to understand your baseline, but ultimately is less meaningful than the impacts that can be achieved through partnership over the long term.

3. **Evaluate progress, publish new learnings, and continuously improve evaluation methodologies:** The Impact Sourcing movement needs a strong evidence base to continuously inspire new companies to get engaged, and to improve practitioners’ understanding of what works to advance policies and practices that are evidence-based to achieve positive social impact. Building corporate capacity to launch, manage, and measure Impact Sourcing programs should be a key focus area.

4. **Create inclusive employment ecosystems:** Develop country-level stakeholder Impact Sourcing support networks to build employment pipelines for providers. Advocate to government regulators, investors, ratings agencies, and other stakeholders who provide business incentives to support action, reporting, and investments. Consider co-sponsorship of training programs to prepare future impact workers, and policy advocacy to create a stronger enabling environment for vulnerable work-seekers to secure their first formal jobs.

5. **Expand to new supply chains:** Impact Sourcing can be applied beyond the business process outsourcing sector. New supplier sectors in growth industries that have high entry-level talent needs, such as Facility Management and Third-Party Logistics, can learn from the BPO industries’ progress, and apply good practices in their own work. When expanding into industries where low-income populations are already targeted for employment, Impact Sourcing can be leveraged to shift the focus to good jobs creation—ensuring that low-income workers enjoy a safe environment to learn on the job, and a pathway out of poverty. Some companies may wish to explore Impact Sourcing’s capability to counter-balance the displacement of workers from the manufacturing and retail sectors with the rise of automation, which is expected to grow in regions that already face economic vulnerability.12

2) **MARKET-DRIVEN SOCIAL IMPACT COLLABORATIONS**

GISC learned many important lessons from peer collaborations, which informed our approach and design. We hope that future initiatives may in turn learn from our own successes and challenges. Here we outline a few specific learnings that may inform future collaborative efforts:

1) **Make the business case to grow a movement to scale:** Alleviating poverty and reducing inequality was an important motivation for business executives to engage in Impact Sourcing, but it was clear from an early stage in GISC’s tenure that evidence of social impact would be insufficient for most companies to invest in growing their inclusive employment pilots to scale. To address this, GISC also aimed to demonstrate the business case for buyers and suppliers to engage in inclusive employment efforts. Client companies and their suppliers wanted to understand how inclusive employment might positively impact business outcomes such as turnover, employee engagement, service quality levels, and innovative capacity. Several GISC participants reported over time that even without strong client demand signaling, they would continue to invest in their inclusive employment initiatives due to the resulting positive business impacts.

2) **Consider additional advisory services for suppliers:** GISC offered a forum for business service providers to engage buyers, but struggled with the expectation that every participating company would secure a business partnership. Many providers did not meet the quality requirements of large, sophisticated clients, and frequently

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12 The Outline, “Automation is set to hit workers in developing countries hard” (2017); The Atlantic, “The parts of America most susceptible to Automation” (2017)
requested additional attention and support from the GISC to better engage clients—a service we were not equipped to provide under the resource constraints of the SME market. Future market-driven initiatives might consider offering separately funded training programs for suppliers to work on their quality, strategy, communications, and positioning, to better leverage membership to attract client partnerships.

3) **Make it personal:** GISC found that business teams that were most engaged in advocating for Impact Sourcing were also those who had experienced a personal connection with impact workers, and who had witnessed the transformation that a good job could have on a person’s life. We encourage future such initiatives to build experiences and interactions with rights holders into the program to foster personal relationships and enrich the partnership’s knowledge of the real needs and experiences of the people served.

4) **Create opportunities for every stakeholder to contribute:** GISC’s message would have spread more quickly had we better harnessed the energies of GISC’s many passionate individual participants as well as supportive associate members to contribute their time towards GISC’s activities and mission. If the initiative needs to reach a broad audience to succeed, develop a stakeholder engagement plan that enables participants to independently contribute to the initiatives’ mission, separately or with light-touch guidance from the Secretariat.

5) **Explore innovative financing mechanisms:** Several GISC participants suggested introducing a referral fee for all Impact Sourcing deals made by the initiative’s members to secure more financing for GISC and Impact Sourcing ecosystem development more broadly. GISC was not prepared to operate around such uncertain income streams, but future initiatives may identify a way to better tap the upside created through the new market that they have developed between clients and their suppliers.

6) **Ensure market inclusion:** If GISC had continued forward, we were evaluating the potential to raise funds to support free memberships for small and medium sized enterprises and social enterprises who might otherwise not be able to participate. We also wanted to establish a Stakeholder Advisory Board including representatives from organizations that support various vulnerable groups and impact workers themselves, to provide critical feedback on our work. We encourage future such initiatives to plan ahead of time for inclusive participation, including building this goal into the financial model.

3) **DONORS TO SOCIAL IMPACT COLLABORATIONS**

GISC could not have gone as far as we did without the vision, seed funding, and network connections of The Rockefeller Foundation. Along our journey, we identified some critical opportunities for donors of future initiatives to contribute their many assets to support global, market-driven movements:

1) **Integrate private sector motivations into your theory of change for more sustainable impacts:** Donor organizations often develop a theory of change, then identify organizations that can help bring about the impacts they seek to achieve in the world. In the case of the GISC, we only began to gain traction on large-scale collective action with the private sector when we translated the vision of job creation for unemployed youth (the Foundation’s goal) into a clearly articulated business case for companies to get involved. Companies participated in GISC ultimately because it helped them to achieve their business goals, in addition to contributing to social impact, and were most engaged and willing to invest time and resources when they had the opportunity to shape the objectives and evaluation metrics around goals that brought about both social and business impacts. When donor organizations attempted to shift the group’s attention to their particular impact priorities, or to request reporting on indicators that were not aligned with corporate strategies, we faced friction from the corporate membership unless the strategy also contributed to a business driver.

2) **Consider the long-term needs of a movement, and the donors’ role across the evolution of a collaboration:** Donors increasingly expect collaborations with the private sector to grow into self-sufficiently funded groups. When
the benefit is entirely accrued by the participating companies (e.g., as is the case in an industry association or fee-for-service membership model) this is a reasonable expectation. However, we noticed through GISC’s attempt to become fully member funded that critical pieces that supported GISC’s credibility were difficult to support entirely through a membership dues model. Our research, thought leadership, stakeholder and rights holder engagement and consultation, strategic planning, due diligence, and innovative capacity all became crimped in our sharp focus on member service. Retaining members became a primary motivator, over long-term strategic planning. Strategic injection of philanthropic funding and patient capital can help overcome these important gaps to ensure a high performing collaboration maintains its long-term focus on advancing its mission.

3) **Assist successful collaborations in securing additional, diversified funds from like-minded donors:** GISC did not succeed in diversifying its funding sources. One relationship on which we particularly missed the mark was cultivating new donors. Donors to such partnerships might consider promoting their high impact partnerships to their peers, supporting them in identifying and cultivating relationships from an early stage that may turn into funding opportunities over time.

4) **Consider maintaining a funding stream for promising innovations:** GISC did not handily fit into any donor’s pre-existing programming, making it difficult to secure the acceleration funding needed to take our movement to the next level as a coalition. It would be exciting to see the philanthropic field open up to market-driven concepts that require co-investment to scale, thus leveraging the best resources of the private and social sectors to achieve impacts that neither sector could achieve on its own.

**BSR’s Continued Commitment to Impact Sourcing**

BSR is an organization of sustainable business experts that works with its global network of the world’s leading companies to build a just and sustainable world. We have been a proud host of the GISC Secretariat and continue to support the Impact Sourcing movement. We offer Impact Sourcing advisory services to companies that seek to learn from our experience in running the GISC to launch their own distinctive Impact Sourcing programs, as well as to develop inclusive employment initiatives that effectively bring people out of poverty.

We have worked with Buyers/Client companies to:
- Assess the business and social impact opportunity for an Impact Sourcing strategy
- Engage procurement and executive teams to design a high-impact initiative that meets business needs
- Incorporate Impact Sourcing into sourcing policies for suppliers
- Evaluate current and new suppliers based on conformance with the Impact Sourcing Standard

And, we have worked with Business Service Providers/Suppliers to:
- Develop an inclusive human resources strategy that aligns with the Impact Sourcing Standard
- Benchmark against peer organizations
- Develop an Impact Sourcing Standard Assessment (by country, or multi-country)
- Assess partnerships with inclusive staffing and training providers
- Advise on communications strategies to market the company’s impact approach

BSR will continue to enable supplier companies to distinguish themselves through adopting the Impact Sourcing Standard, for which we offer baseline assessment, multi-country assessment, advisory, and re-assessment services. BSR will also maintain public list of companies that have fully adopted the Standard, enabling client companies to identify strong Impact Sourcing partners. Please reach out to gisc@bsr.org if you would like to learn more or schedule an introductory call.
BSR and the GISC Secretariat thank the members and many supporters of the GISC for their collaboration, passion, and continued commitment to the Impact Sourcing movement.

Appendix:

GISC MEMBER COMPANIES OVER TIME

GISC welcomed all companies that were either buyers (client companies) or providers (suppliers) of business process outsourcing services to apply for GISC regular membership. Associate members could also apply to support the advancement of Impact Sourcing and the GISC through provision of expertise, promotion, and outreach to networks, and/or communications and advocacy support.

All members had to demonstrate a genuine interest in advancing inclusive employment opportunities, agree to respect the Coalition’s Operating Charter, Anti-Trust Compliance Policy, and Non-Solicitation Policy, and contribute to GISC’s mission through an annual participation fee. GISC participation did not constitute or imply an endorsement of any member organization, its views, positions, actions, or quality of business services by GISC, BSR, or other participating members. GISC aimed to cultivate a growing community of practice through which companies at all stages in their Impact Sourcing journey would have the opportunity to learn and contribute to the promotion and advancement of inclusive employment.

<table>
<thead>
<tr>
<th>GISC Member</th>
<th>Membership Category</th>
<th>Headquarters</th>
<th>Year(s) of participation in GISC membership</th>
<th>Impact Sourcing Standard Adopters Year of assessment completion (as of March 2021)</th>
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<td>United States</td>
<td>2016-2020</td>
<td></td>
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A BSR Collaboration

BSR provided executive leadership and secretariat support for GISC from 2016-2020. BSR is an organization of sustainable business experts that works with its global network of the world’s leading companies to build a just and sustainable world. BSR works with business and stakeholders to ideate, design, and scale Collaborative Initiatives that develop and implement shared solutions to global challenges. Drawing on 25 years of experience, we ensure Collaborative Initiatives have a clear purpose, strategy, and operating model, and provide services including expert facilitation, administration, communications, and fund-raising support. Spanning industries and geographies, and bringing together over 400 companies, BSR’s Collaborative Initiatives build company capabilities to enhance sustainability performance, improve markets and industries, and contribute to positive system change across value chains.

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