Innovation for Job Creation

Nadia Selim
Consultant, The World Bank Group

world development report 2013

Acknowledgements

Introduction

Rapid technological advancement is changing our lives more quickly and more deeply than ever before imagined. It is touching every facet of society, from social interaction, to political mobilization, to economic transactions. Today, globalization and progress in technology and information systems are bringing about long-term changes in the world economy that are altering the structure of the labor force, and are creating many new jobs and substantial new wealth. This new economic impact of technological innovation is well known and documented among the developed countries—for example, the burgeoning financial strength of Google, Inc. and Apple, Inc. in California, Nokia in Finland, and T-mobile in Germany. But the social and economic impact of technological innovation on the economies of the developing countries is equally visible and important. Dynamic technological development and their innovative application through tools such as the mobile phone and the Internet are increasing access to the global economy and job opportunities by better linking employers and job-seekers and equipping individuals with necessary skills. Many are cost-effective, have the ability to reach a wide network of people globally, target the poor and disempowered, and introduce flexibility in, heretofore, rigid work practices.

This background note for the World Development Report 2013 provides a survey of several innovative and dynamic initiatives to job creation that take advantage of new possibilities provided by globalization and technological changes. This is by no means an exhaustive list, but rather a snap shot of a few emerging models that are changing the access to jobs globally and as such, are creating new opportunities for increased welfare and livelihood, including among more vulnerable groups in developing countries. In describing the initiatives, the brief not only looks at the approaches and tools that make these models innovative and successful, but also considers lessons learned and challenges still to overcome. It poses specific questions regarding the capacity and scope of these initiatives to adequately reach the most vulnerable and disempowered, focusing on specific profiles of employees and users who can effectively utilize and benefit from these models. Other areas considered include the difficulties of scaling up, particularly in terms of structural and institutional challenges related to a wider development deficit. Other challenges considered revolve around the complexities of monitoring and evaluating the impact of the initiatives, both in terms of quality assurance of employees and job satisfaction, but also in relation to the potential of trapping individuals in low levels of poverty equilibrium, due to fierce competition among job seekers and in the absence of commensurate educational, social safety net, and legal and institutional regulations available to protect workers' rights and wellbeing.

Linking Employers with Job Seekers: Use of Mobile Phones

Lack of coordination and unequal access to information in the labor markets of developing countries are often major hurdles for interested employers to identify and recruit qualified individuals with requisite education, skills, and experience. While the demand for employment might exist both in formal and informal sectors, access to this information might be limited to those who have a strong social network, employment information and personal reference. As a

potential solution for better matching employers and job seekers, mobile phones are now being used in some countries as an useful tool to connect employers with job seekers.[1]

The principle behind mobile-phone based job matching service is simple yet innovative: better access to information helps young people find jobs, while also helping employers find staff that is an effective candidate for the job. It successfully creates an interactive and accessible job platform that reduces the cost and time of searching for jobs by providing real-time information to those heretofore excluded from such information. For employers, mobile phone based job matching can reduce recruiting time and cost, provide access to a greater number of qualified candidates, and allow for the hiring of people for entry level and low-skill level jobs.[2]

Imaizumi (2011) states that "three functions of the mobile phone are mainly utilized in developing countries: a) voice, b) SMS, and c) mobile application. Through a combination of these functions, mobile phones are used to collect relevant information" of job seekers and employers and provide information and job notifications. "Various registration methods, including calling, face-to-face, SMS and web are used to include as many job seekers as possible. Voice messages are particular useful for recruiting job seekers who have difficulties reading and writing."[3]

Current efforts at utilizing mobile phones to better match job seekers with employment opportunities have had varied success. Success factors boil down to effective marketing, trust building, and broad based partnerships.[4] Companies such as Souktel, Assured Labor, Babajob, and Labournet, operating in diverse regions such as Latin America, India, and the Middle East, have been successful in establishing thriving job matching networks. Conversely, companies such as Konbit and PULS in Haiti and Pakistan, respectively, have faced difficulties. Challenges have included attracting a sufficient number of job seekers and employers, building trust among users, and ensuring adequate quality assurance of job seekers.[5] To that end, organizations "offer additional and customized services to meet the specific needs of local users, including interview, résumé writing, networking skills and training for job seekers, and access to special database for employers to assess job seekers further."[6] Sustainability and profitability are also not assured. In response, Assured Labor and Babajob have changed their target audience from informal to formal sector jobseekers and employers in order to become more commercially viable. As a revenue stream, Assured Labor, Babajob, LabourNet and Souktel use SMS user fees as well.[7]

---

[1] Imaizumi 2011.

[2] Imaizumi 2011; Korenblum 2010.

[3] Imaizumi 2011, p. 3.

[4] For a detailed discussion, please see Imaizumi 2011.

[5] Assured Labor has 150,000 registered jobseekers and 2,000 employers in Mexico. Similarly, Babajob and Labournet in India serve 200,000 and 100,000 jobseekers who can search for employment in databases containing 40,000 and 45,000 employers, respectively. Labournet is unique in that it serves the informal labor market, focusing on sectors such as construction and facility management. While these companies and organizations have been successful, others such as Konbit in Haiti and PULS in Pakistan had to overcome significant difficulties, as detailed in text above. Konbit has tried to increase the number of users by partnering with a locally famous radio disk jockey and mobile phone provider to advertise its service. Through these efforts, the company was successful in attracting 10,000 jobseekers in one month. For further information, including additional data related to success and challenges of each of the organizations, please see Imaizumi 2011.

[6] Ibid.

[7] For further discussion on revenue stream of these organizations, please see Imaizumi 2011

From a public policy point of view, it is important to ensure the appropriate incentive framework, provide the conducive regulatory framework and encourage useful partnerships so that mobile phones can be effective tools for matching demand and supply. It is also pivotal to assess the impact of the services being offered albeit this might not be of primary concern for the providers themselves. As Imaizumi (2011) states, "not all the organizations have enough capacity and time to conduct user satisfaction survey or impact assessment in an organized manner."[8]

Box 1: Experiences of Utilizing Mobile Phone for Job Creation

Souktel

Souktel was launched in 2006 by a group of graduate fellows from Harvard University, Massachusetts Institute of Technology, and the Arab-American University of Jenin in Palestine. Based in the Middle East and Africa, the company operates through a phone-based 'job search/match engine,' where job seekers register and create mini-resumes through a series of text messages. Details include location, skills, career interests, and level of education of potential employees. Employers similarly create 'mini job advertisements' and post them on the same database. Whenever the job seeker is looking for a job, s/he can text "match me" to Souktel to receive an instant list of relevant jobs, with contact information, already stored in the Souktel system.

Established first in Palestine, Souktel currently operates in Somalia, Morocco, and United Arab Emirates, and will soon be launching services in Jordan, Egypt and Tunisia. By 2010/2011, Souktel had 17,000 registered job seekers in Palestine, generally young college graduates. For the same period, registered employers included 600 companies and organizations, including multinational corporations such as Hewlett Packard and Deloitte in Palestine and Coca-Cola in Somalia. Over the period of 2008-2010, more than 2,000 youth found full-time jobs through Souktel. Internship and part-time opportunities were also being planned to be provided in the near future.

Positive outcomes have been observed in: a) reduction in time spent looking for employment, b) reduction in hiring costs and time, and c) wage increase. For example, within a year of pilot phase of 400 new college graduate users, 25 percent of users found work and internships. Currently, Souktel users spend 1 week or less looking for jobs, while the average job seekers in Palestine spend almost 3 months. Similarly, within a year of launching in 2007, more than 60 percent of employers using the service cut their recruiting time and cost by 50 percent. In 2009, 70 percent of Palestine employers surveyed reported a 50 percent or greater reduction in hiring costs and time, and 75 percent of the same respondents confirmed an average of 5 percent increase in annual profits after hiring staff through Souktel. Also, 64 percent of matched Palestine job seekers surveyed in 2009 reported a 50 percent increase in mean monthly wages, from avg. \$500/month to avg. \$750/month.[9]

Souktel employs two strategies to ensure sustainability: charging a SMS user fee, and utilizing the franchise business model to remain commercially viable. Under the SMS user fee, employers pay a fee that helps to cover basic costs. And although signing up is free, job seekers also pay the service a nominal fee for each message that they receive. The company moreover charges a recurrent annual support fee to local organizations in other countries that wish to utilize Souktel software and service a franchise. In return, per-use revenue from local user fees charged to job seekers and employers accrue to the franchisee, helping to ensure each franchise's long-term cost are covered. Utilizing this franchise business model, Souktel has successfully achieved a rapid growth into new markets between 2008 and 2009. In addition to the user fees and franchise model, Souktel also receives funding from various multilateral organizations such as United Nations Children's Fund (UNICEF), World Bank and United States Agency for International Development (USAID).

Imaizumi (2011) explains that one of the initial challenges the organization faces is offering employers quality-

---

[8] Imaizumi 2011, p. 2.
[9] Imaizumi 2011; Korenblum 2010; McCarthy 2009; Ungerleider 2011; http://www.souktel.org/

assurance of job-seekers, running the risk of providing unqualified labor. As such, she states that there may arise the risk of unsatisfactory matching between job seekers and employers. Strategies to counteract this problem and increase greater numbers of improved identification of qualified employees for a given job, many organizations, including Souktel, have started to provide services such as identity verification and training courses for potential employees by working with training and other local organizations.

Sources: Adapted from Imaizumi 2011, and complemented with analysis from Korenblum 2010; McCarthy 2009; Ungerleider 2011; http://www.souktel.org/.

Entrepreneurism and Risk-Sharing: Microfranchise

Microfranchising is a development tool that focuses on creating opportunities for the world's poor to own and manage their own business by leveraging the basic concepts of traditional franchising.[10] The strength of franchising comes from its reliance on a business model that has been tested and proven to work, and thus can operate subsequent outlets at a lower risk. Compared with an individual entrepreneur, the franchisor often has better negotiating power with suppliers; is able to reach economies of scale in other areas such as product design, use and development of new technologies, and supply chain development; and is better equipped to focus on marketing and growth. Furthermore, with the presence of a central franchisor, innovations development by one franchisee can be quickly implemented throughout an entire network of franchisees.

Microfranchising follows the same principles of franchising, though it strongly focuses on the development benefits to the microfranchisee and his or her community, as well as the efficient delivery of products and services to low-income consumers rather than to the commercial and for-profit benefits to the participants of a typical franchise.[11] Microfranchising has the potential to bring already successful social entrepreneurs together with people who are motivated to create their own small enterprises, but who may lack the necessary skills and capital. Together, they can grow the overall impact of a business and create a local ownership and management opportunity. Microfranchise organizations (MFOs) can also benefit corporations, providing them with an additional option for selling heir products and services to base of the pyramid customers.[12]

Under a microfranchise model, replicating business models often requires relatively little capital. Initial investments might range from almost nothing to up to US$1,500. Microfranchising can be especially beneficial in economies where educational options are at times limited and there is not a very strong business community. MFOs can bring new skills, thinking, and services to the community and can help to grow the overall local economy. And in environments where the infrastructure is less than adequate and reliable supply chains at times are weak, a

---

[10] Traditional franchising is the practice of replicating a successful business by following a consistent set of well-defined processes and procedures. The franchisor, who owns the overall rights to the business, sells or licenses its systematized business approach to a franchisee, and as such, typically controls many of the macro aspects of the business such as creating and marketing the brand, procuring inputs, continuously refining the model, and recruiting and training franchise operators.

[11] Lehr 2008.

[12] *Ibid*.

microfranchising organization could provide the supply links that ensure a steady source of goods to their microentrepreneurs.

Developing a successful microfranchising model however can be expensive. Often, MFOs require more money and time than their founders had anticipated, and need to be continually refined on an ongoing basis. As such, there is the risk that microfranchisees will over-borrow and create a larger cycle of individual debt. In addition, franchisor and franchisors that the microfranchisees are tied to themselves may close or fail, withdrawing the support that made the business opportunity attractive, therefore, possibly leading to default on the debt those microfranchisees hold.

Due to the more sophisticated business processes required, microfranchising generally requires people who have sufficient math and reading skills necessary to fill out reports, and a risk profile to handle larger financial transactions than those needed for individual microenterprise efforts. It works best when there is a business idea that can be easily and quickly codified, shared, and replicated. Moreover, efficient supply chains are needed, but can be difficult to create in less developed nations. To maximize revenues and social impact, while minimizing operating costs, the microfranchisee therefore need to be thoughtfully located and close to their customers. Contracts and legal considerations should be envisaged early on to deal with unforeseen circumstances such as when a microfranchisee refuses to pay, misuses the brand, or violates the contract in other ways. Thus, in developing countries where the enforcement options are limited, successful microfranchise models can use creative incentives that are contextually appropriate in lieu of legal enforcement.

All these point to the need for some public policy options. Such options may cover areas of legal support, initiatives for enhancing functional literacy for people, and providing financial support and strengthening the existing backward and forward linkages with corporations and entrepreneurs. Policies can also support platforms for dissemination of lessons and experiences across the board and scaling up of proven interventions.

Box 2: Microfranchise at Work

VisionSpring

VisionSpring (VS), established in India in 2001, is a nonprofit social enterprise that aims to reduce poverty and generate opportunity by offering new, cost-effective services such as: a "Myopia Kit" which allows optometrists to treat patients in hard-to-reach communities and prescription glasses in sought-after, culturally appropriate frame styles.. It targets rural areas with the explicit goals of increasing the number of people with access to affordable reading glasses, creating jobs for local entrepreneurs, and facilitating access to comprehensive eye care. Today, VS operates in 11 countries on three continents, and is one of the few social enterprises to operate in multiple nations and serve over 100,000 customers. To rapidly expand, VS uses three different approaches: Vision Entrepreneurs (VE) who set up businesses as microfranchisees; Franchise partners who sell through their existing networks and may also create and manage their own Vision Entrepreneur channel; and Wholesale channel partners who target higher income customers that buy through retail shops.

VS currently works with nearly 30 franchise partners, from small NGOs to large multi-national corporations such as Development Alternatives, Drishtee, BRAC in Bangladesh; Population Services International (PSI); Freedom from Hunger in Africa; New Development Solutions and Fundación Paraguaya in Latin America. In 2007, VS signed an exclusive licensing agreement with PSI to make reading glasses available to PSI's 30 sub-Saharan country programs

through urban pharmacies. The first countries to start this program will be Zambia, Tanzania and Ethiopia. To date, VS has sold over 870,000 glasses through 9,000 vision entrepreneurs.[13]

VisionSpring's business model is designed to be financially self-sustainable as it generates profits at every step of the value chain. VisionSpring recovers 25 percent of overhead costs through eyeglass sales and expects to be in a similar position in 2013 at the end of their current five-year plan, albeit with a much larger customer base. The rest of their funding comes from various donors such as Scojo Vision LLC, The Rockefeller Foundation, and USAID. VisionSpring has also been recognized by numerous organizations including the World Bank, New York University, Fast Company Magazine, the Clinton Global Initiative, and others.

Though not yet profitable, VisionSpring's sales and revenues have generally grown over time. The organization continues to face challenges in finding and retaining talent (especially at the district coordinator level), building a brand presence with rural customers, creating a demand for its products, and "de-medicalizing" a product that people expect to get from a doctor.

HealthStore Foundation

HealthStore Foundation strives to improve access to essential drugs, basic healthcare, and prevention services for children and families in the developing world through a network of clinics called CFWshops. CFWshops provide marginalized populations in Kenya with basic outpatient services and access to vital medicines and are implemented by the Sustainable Healthcare Foundation (SHF). They are located in rural market centers, peri-urban and urban areas with populations of at least 5,000 people.

Most CFWshops provide a living income to the nurses and community health workers (CHWs) who sell hygiene products and competitively priced generic drugs for treating common diseases that cause 70-90 percent of the illness and death in their communities. The attrition rate for failed CFWshops is approximately 15 percent. In most cases, HealthStore Foundation continues the operation of a failed location by arranging for new owners to take over. Initially all outlets were drug-only shops, but today about two-thirds of outlets are clinics owned and operated by nurses with at least 10 years of post-licensing work experience. Clinics have been more successful as nurses are able to prescribe and dispense a much wider range of drugs, as well as diagnose and counsel patients more fully than CHWs. One third of the outlets are drug stores owned and operated by CHWs, who do very basic diagnosis and treatment and refer sicker patients to other healthcare providers.

Since 2000, the CFW network has more than quadrupled to 65 locations comprised of 17 drug outlets and 48 basic medical clinics. This network treats an average of 40,000 customers and patients per month at a cost below $2 per patient. To date, HealthStore Foundation has provided for approximately 2,500,000 patient visits from low-income customers in Kenya since inception. Given the organization's success in basic health service provision, the Ministry of Health for Kenya has incorporated the CFW network in its National Malaria Strategy. In May 2008, the Ministry of Health in Rwanda also signed an official Public Private Partnership agreement empowering HF to open hundreds of CFW Health Posts in Rwanda. Over the next five years it expects to create up to 12 more CFW franchise networks in sub-Saharan Africa, and grow the network in Kenya to over 200 outlets.[14]

A key challenge for The HealthStore Foundation has been to clearly define goals and to secure ownership by local management. Many microfranchisees are unclear regarding financial expectations and there are few targets today for business performance to help ensure that the clinics are profitable. In 2006, of the 46 outlets that were open year-long, 92 percent of CFW clinics and 73 percent of CFW drug shops made a profit. In contrast, SHF required core support from the nonprofit HealthStore Foundation of almost $1 million. SHF's overall revenues depend on a combination of the number of outlets open, the margins and size of drug sales to their franchisees, and more recently on profits from company-owned outlets. Income from the franchise network still covers only a small fraction of costs such that SHF recover about five percent of their costs from patient service, with the remainder raised through grants and private donations. Field officers are now beginning to work with the franchisees to define annual plans for sales and patient visits. Moreover, SHF has taken several recent steps to tighten up the operations of their microfranchising model, including the opening of a centralized drug store, reorganization of staff, and the use of

---

[13] www.visionspring.org.
[14] www.cfwshops.org.

company-owned outlets to serve as a model and training center for new franchisees and to generate additional revenues for SHF.

Sources: Lehr 2008; www.visionspring.org; www.cfwshops.org.

A Single Market for Labor: Online Freelancers' Marketplace

Technological advances and the Internet are connecting people in more innovative ways than was heretofore possible, helping to create a single online global marketplace for labor that take outsourcing to the level of individuals. This *labor as a service* tend to suit both employers, who can have access to workers whenever they need them with reduced recruitment and hiring costs, as well as employees, who can gain short term livelihoods and earn money without the restrictions associated with working for a big company, or even ever leaving home. Much of the work focuses on specialized white collar jobs such as computer programming, copywriting, and back-office legal tasks. The jobs come generally from firms in developed countries and go to people in the developing countries such as the Philippines, India, and Bangladesh. As such, the current trend of online freelancers' marketplace has the potential to create winners and losers particularly as this trend coincides with the global recession. The policy challenge therefore will be to ensure that there are not an unusually large number of losers. One solution has been to couple online platform for freelance work with training resources to help educate people in disadvantaged areas in the use of computers and the Internet.

The largest and fastest growing online platform for freelancers is oDesk. oDesk, founded in 2003, connects roughly 250,000 companies—mainly small and medium sized enterprises—with about 1.5 million independent contractors by providing tools for companies to find the right workers, to work with them, and track them over time. The company handles paying of all contractors even if they are in a variety of different locations, while contractors are guaranteed payment without filling out any invoices. In November 2011 alone, contractors with oDesk earned a record $23.5 million working 2.1 million hours in more than 100,000 jobs that were posted by businesses worldwide. Such high rate of income represents a wage growth for online work where skilled contractors in the US were making $30 per hour on oDesk in 2011, jumping from $19 per hour for similar work in 2007. In the past year, more than $200 million in contracted jobs have gone through the platform, with oDesk taking approximately 10%, or $20 million, in commission. Indicative of growth, the number of assignments that have lasted six months or longer has increased by 500%. The company expects the overall market for online work to grow to an estimated $1 billion in 2012.[15] To ensure that this growth is equitable, oDesk committed resources to train individuals in disadvantaged areas in the United States to create online profiles, market skills, apply for jobs, communicate with employers online and build an online career. Similarly, the company is also partnering with Punjab University College of Technical Information in Pakistan to train the next generation of highly skilled global online workers.

Public policies in the context of Online Freelancers' Marketplace may focus on issues like training resources for education, in the use of computers and internet, particularly in

---

[15] Geron 2011; Chima 2011; www.odesk.com.

disadvantaged areas and also ensuring the minimization of the number of losers during economic vulnerabilities and shocks such as recessions and crises. Some safety net measures to protect potential losers can be part of a policy matrix.

Reaching the Base of the Pyramid: Impact Sourcing

Impact sourcing can be defined as any business process outsourcing[16] (BPO) activities that provide formal employment or supplementary income to individuals in low-income areas of cities and rural towns with limited alternative employment opportunities. The push towards impact sourcing has been driven by an established and thriving business processing outsourcing industry that experienced rising cost pressures in urban centers. Other contributing factors have been continuing pressure on corporations and governments to deliver services in a cost-effective manner and the increasing demand for the digitization of non-digitized records in public and private sectors, including the one time drive to catch up as well as a continued need to transfer non-digital data. Current impact sourcing clients are private sector companies, telecommunication firms, third-party BPO providers, and local and international organizations outsourcing segments of their business processes. On the public side, government constitutes a key client, especially through e-government services and archive digitization. Foundations and educational institutions are other public clients are also important purchasers of impact sourcing services.

The impact sourcing market size in 2010 was about $4.5 billion, representing 3.8 percent of the entire $119 billion BPO industry and directly employing about 144,000 people globally. Of this, $1.2 billion is estimated to reach impact sourcing workers as employment income. It is expected that the market size will increase to about $20.4 billion by 2015, representing just over 11 percent of the $178 billion total BPO market, and accounting for 780,000 jobs directly. Of this, more than $10 billion will reach impact sourcing workers through employment income. An additional 624,000 additional jobs will be created indirectly, impacting approximately 3.2million lives. Moreover, data suggests that impact sourcing employees benefit from income increases between 40 percent and 200 percent, as well as family investment in health care and education.[17]

Three factors help to determine the competitiveness of impact sourcing companies: a) the comparative cost of recruitment; b) the comparative cost of training employees; and c) the comparative rate of employee attrition. Challenges may include access to clients and contracts, sustainable demand, robust infrastructure, effective recruitment, training, and retention, and identification of investors. Specifically, due to the relatively small size of impact sourcing organizations, the early stage of their growth, and their location in either rural areas of established BPO countries or in capitals of countries with new BPO industries, impact sourcing companies often struggle to create relationships with clients and investors. As such, they may face difficulties in securing the long term contracts that can guarantee work and enable them to invest in business development and scale up. Moreover, given that low-value data outsourcing services are highly commoditized and price sensitive products, there is a potential for the 'race to

---

[16] Business process outsourcing (BPO) is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider.
[17] Monitor Inclusive Markets 2011; Bornstein 2011.

the bottom' where fierce competition among companies to lower costs and advance global competitiveness can lead to increasing deregulation of labor practices.

Impact sourcing works better if there are conducive public policies to reduce costs of employee recruitment, training and attrition. Policies also have to focus on sustaining demand, building robust physical infrastructure and enlarging linkages with e-government services for archive digitization. These would help reverse the race to the bottom risk.

Box 3: Snapshot of Impact Sourcing Companies Worldwide

Digital Divide Data

Digital Divide Data (DDD) is a social enterprise with the explicit objective to create jobs for poor and disadvantaged youth in developing countries and empower them in the global economy. DDD was established in 2001 in Cambodia, and currently also operates in Laos and Kenya. As of 2010, it has grown to more than 900 employees in the three countries, with an annual earned revenue of $2.3 million. DDD aims to employ 1,500 disadvantaged youth in Southeast Asia within the next three to four years.[18]

Digital Divide Data provides digitization services to for-profit businesses, including publishers and content hosts, as well as development agencies, universities, and governments. For larger contracts requiring specialized skills, the organization uses a subcontractor model, partnering with other firms to complete a portion of the work. The organization initially started by providing basic data entry services, and over time, expanded to providing services such as extensible markup languages as it is less commoditized and thus less subject to decreasing payment rates.

DDD primarily hires marginalized youth whose prospects for jobs and post-secondary education are limited. After about three to four years of employment with DDD, the employees graduate and leave to take higher positions in other companies for greater pay. Some graduates are promoted internally to serve as managers. In general, DDD alumni earn over $250 a month, more than four times the average regional wage in Southeast Asia. To date, the organization has trained more than 1,800 poor youth, employed more than 1,000, and graduated more than 400 to high paying jobs.[19] The organization has been able to keep its attrition levels very low.

DDD seeks to empower its employees to develop personally, and build their skills and knowledge to ensure lasting improvement in their income by providing jobs with scholarships and the potential for a career path to disadvantaged youth. DDD has been recognized for its good business practices and success in job creation among vulnerable youth by organizations such as Boeing, Cisco Systems, the World Bank, Rockefeller Foundation, UN Development Programme and others.

Despite its successes, Digital Data Divide has faced specific human resource, and operational challenges. One such challenge has been to cover the cost of extensive training and scholarships. DDD has relied on philanthropic support, and some volunteer and subsidized managerial talent from developed countries. As such, DDD's limited financial resources have made it hard to compete for and attract local management talent. DDD has often found that it had to rely on the appeal of the company's social mission to recruit trained professionals. It also faced difficulties retaining internally-trained managers and high performing staff given the rapidly growing demands of Cambodia's IT sector. In fact, after graduation, fewer than 10% of its recruits continued on with DDD in managerial roles. Moreover, given lacking infrastructure quality in centers located outside Phnom Penh, the organization has not only been unable to assign certain types of profitable work to these centers, it also struggled to transfer managers and high performing staff from the capital to the much needed centers in the countryside. Operationally, DDD has had to compete with other much larger IT providers to win international contracts. Its small size and grassroots origins have made its operations difficult to scale up. DDD's offices did not command a standardized system for project management, and the operational processes were not documented. This has complicated the establishment of best practices across the company. In fact, one of the most pressing challenges and considerations for future growth has

---

[18] Matthew, Rod, Villalobos and Yates 2009; http://www.digitaldividedata.org/.
[19] http://www.digitaldividedata.org/.

pertained to how work was to be allocated among the different offices given that they are highly specialized. For example, due to capacity imbalances among the offices, it is not uncommon that one office often has too little workflow while another has too much.

Samasource

Samasource is a non-profit organization based in San Francisco that provides high quality content and data management services through local service providers to its enterprise clients, such as Facebook, Google, Intuit, and LinkedIn. Focusing particularly on female employment, Samasource splits large projects into "micro work"—small tasks that can be done online using inexpensive computers—and distributes it to women working with partner service providers in the poorest parts of the world. Founded in 2008, the company currently has partnerships with 16 service providers in six countries across the globe, helping partners to provide computers and basic training as well as much-needed work to their beneficiaries. Specifically, data workers develop skills in English, computers, and a variety of project specific tasks. They also gain experience in professional environments. In exchange, these service providers are required to adhere to an ethical code of conduct. They must reinvest at least 40 percent of revenues in training, salaries, and community programs. They must also hire workers who were earning less than $3 a day.[20]

Using the "micro-work" approach, and employing consolidated marketing and sales at the front end, Samasource has been able to create employment for more than 1,600 women and youth over the last three years. As such, the company has generated over $1.2 million USD in income for these individuals living in slums, villages, refugee camps, and other places deprived of formal work opportunities.[21] This income has created a multiplier effect—by training marginalized individuals in digital work, Samasource has not only provided them with direct employment, but also increased household spending on health and education, increased a women's wages substantially over her lifetime, and decreased the likelihood that she will be forced to leave her community to find work. Women workers specifically mentioned that their status at home has improved as a direct result of their job. They now have a say in making purchasing decisions, and their husbands and in-laws were more respectful, contributing to their elevated sense of confidence, dignity and self-respect. To date, 70 percent of its workers are primary breadwinners in their households and support at least two other people.[22]

Because the company works with a variety of service providers, the way in which the most vulnerable individuals are impacted varies. In some cases, service partners working with Samasource directly hire these employees. One example of this is Horizon Contact Centers in Kenya, which hires from slum areas. Others have employed refugees. While other service partners have benefited low-income communities indirectly through the trickle down effect of employing well-educated individuals in situations of high youth unemployment. For example, salaries paid to employees of Kenyan service providers such as Daproim are on average 45 percent above alternative employment options.[23] In recognition of Samasource's success in alleviating poverty and creating employment opportunities in difficult circumstances, Samasource and its leadership have won multiple awards, including a 2010 World Technology Award, Entrepreneur of the Year by the Social Enterprise Alliance, 100 Most Creative People in Business by Fast Company, and others.

Sources: Monitor Inclusive Markets 2011; Bornstein 2011; Mathew, Rod, Villalobos, and Yates 2009; Dolan 2011; http://www.digitaldividedata.org/; Samasource website. http://samasource.org/.

Conclusion

A snapshot of several innovative and dynamic initiatives for job creation that take advantage of new possibilities provided by globalization and technological changes highlights there fundamental point: *first*, while most of the initiatives take advantage of information and

---

[20] http://samasource.org/.
[21] *Ibid.*
[22] Monitor Inclusive Markets 2011; Dolan 2011.
[23] http://samasource.org/.

communication technology (ICT), some of these initiatives are built on proven interventions (e.g. microfranchise), while some are relatively quite new notions (e.g. Online Freelancers' Marketplace); *second*, the results of these initiatives are mixed with some initiatives being quite successful (e.g. Impact Sourcing), some facing difficulties (e.g. Konbit and PULS under Using Mobilephone), and some structural challenges still remaining in terms of reaching the most vulnerable and disempowered, scaling up of proven interventions, and enhancing the skill levels of workers; and *third*, there is a critical scope for public policies to make these initiatives more efficient and effective.

Of the initiatives included in the survey, it is clear that the Use of Mobile Phones has been quite effective in terms of match the demand and supply side by linking jobseekers with employers. Experiences of such successful initiatives as Souktel, Babajob and Labournet, which operate in diverse developing regions, indicate that using three functions of the mobile phone—voice, SMS and mobile application—additional and customized services were provided to meet specific needs of local users, sustainability and profitability of operations were assured and target audience was expanded. For example, in the case of Souktel, positive outcomes have been observed in reduction in time spent for job hunting, reduction in hiring costs and time and wage increases. In Palestine, with the Souktel initiative launched in 2007, during 2008-2011, more than 2,000 youths found full-time jobs; a 50 percent or more reduction in time and costs reported by 70 percent of the employers in 2009 and during the same year, a 50 percent increase in mean monthly wages—from $500 to $750—was reported by 64 percent of the matched Palestine job seekers.

Microfranchise, which leverages on the basic concepts of traditional franchising and focuses on creating opportunities for the world's poor to own and manage their own business, empathized not only individual gains but also benefit to the community. This initiative has worked through backward and forward linkages with corporations and microentrepreneurs. HealthStore Foundation is a successful example of a microfranchise. Striving for improving access to essential drugs, basic health care and prevention services for children and families in the developing world through a network of clinics, such networks treats an average of 40,000 customers per month at a cost below $2 per patient. In Kenya alone, for example, 2.5 million patient visits from low-incomes customers were made since the inception of the initiative.

Online Platform for Freelance is an innovative approach to create a single online global market for labor, taking outsourcing to the level of individuals. oDesk, which is the largest and fastest growing Online Platform for Freelancers, connects roughly 250,000 mostly small and medium sized companies with about 1.5 million workers. In November 2011 aloe, workers with oDesk earned a record $23.5 million in more than 100,000 jobs that were posted by business worldwide.

Impact sourcing - business process outsourcing activities providing formal employment and supplementary income - focuses on low-income areas of cities and rural towns with limited alternative employment opportunities. In 2010, the impact sourcing market size was about $4.5 billion and directly employing about 144,000 people globally. Of this, 1.2 billion is estimated to reach import sourcing workers as employment income.

But side by side with these success stories and proven interventions, there are challenges facing various innovative approaches to job creations. These challenges include attracting sufficient numbers of employers and job seekers, appropriate skill-quality of workers and their overall competence, mismatch between skill demand and supply, the presence of the required regulatory framework, the issue of scaling up, the importance of sustainability, the need for more financing, the issue of trust among various actors and broadening the partnership, and the need for monitoring and evaluation of impacts of various initiatives.

The snapshot survey of several innovative approaches to job creation—with its highlights of success stories as well as challenges—strongly point to the need for public policies in several areas. On one hand, it emphasizes that public policies must be pursued at a framework level in terms of legal support, regulatory framework, strengthening backward and forward linkages between the initiatives and the rest of the economy and sustainability of the initiatives. On the other, it also identifies that public policies are needed for human resource development—for enhancing and diversifying the skill and competence of workers through training, functional literacy so that there can be a better match between demand and supply. Policies for incentive mechanisms in terms more and cheaper financing to these initiatives, resources for better physical infrastructure, enlarging linkages with e-government services for archive digitization and targeted interventions for disadvantaged areas and vulnerable and marginalized groups and ensuring their protection during recession and crises is a key. Finally, public policies have a role to play to monitor and assess the impact of the services being offered.

References

Bishop, Matthew. 2011. "The Great Mismatch." *The Economist*, September 10.

Bornstein, David. 2011. "Workers of the World, Employed." The New York Times, New York, 3 November.

Chima, Chikodi. 2011. "Outsourcing Platform oDesk Brings Contractors $179 Million so far in 2011, Talks IPO." Venture Beat, November 9. Venturebeat.com/2011/11/09/odesk-growth-ipo-speculation/.

Geron, Tomio. 2011. "Former Open Table CEO Thomas Layton Named oDesk Executive Chairman." Forbes, December 8.

Digital Divide Data website. http://www.digitaldividedata.org/.

Dolan, Kerry A. 2011. "Google Gives a Boost to 'Microwork' Nonprofit Samasource." Forbes Online, 14 December. http://www.forbes.com/sites/kerryadolan/2011/12/14/google-gives-a-boost-to-microwork-nonprofit-samasource/.

HealthStore Foundation website. www.cfwshops.org.

Imaizumi, Saori. 2011. "Mobile Phone and Employment." World Bank, Washington, DC.

Korenblum, Jacob. 2010. "Fighting Youth Unemployment with Mobile Phones." CNBC.Com. http://www.cnbc.com/id/40449722/Fighting_Youth_Unemployment_With_Mobile_Phones.

Lehr, David. 2008. "Microfranchise at the Base of the Pyramid." Working Paper, Acumen Fund India, Mumbai.

oDesk Website. www.odesk.com.

Mathew, Anju, Rod, Grete, Villalobos, Jaime, and Yates, David. 2009. "Digital Divide Data." MIT Sloan School of Management, Massachusetts Institute of Technology, Cambridge, MA.

McCarthy, Rory. 2009. "Text Messaging Helps Young Palestinians Find Work." The Guardian. http://www.guardian.co.uk/world/2009/sep/21/souktel-jobs-west-bank.

Monitor Inclusive Markets. 2011. "Job Creation Through Building the Field of Impact Sourcing." Working paper, Monitor Group, Mumbai.

Samasource website. http://samasource.org/.

Sharanappa, Sandesh. "Microwork for Macro-gains: Evaluating the Social Impact of ICT-based Job Creation in Rural India." London School of Economics and Political Science, London, UK.

Souktel: Changing Lives, One Text Message at a Time. http://www.souktel.org/.

The Times of India. 2009. "Jobs, Only a Text Message Away." The Times of India. http://articles.timesofindia.indiatimes.com/2009-09-21/education/28096297_1_job-seekers-job-ads-cell-phones.

Ungerleider, Neal. 2011. "In a Market the Internet Forgot, Souktel Helps People Find Jobs via SMS." FastCompany.com. http://www.fastcompany.com/1778564/how-to-hunt-for-jobs-by-sms.

VisionSpring website. www.visionspring.org.