

GLOBAL SOCIAL BENEFIT FELLOWSHIP

# IMERIT TECHNOLOGY SERVICES

## IMPACT ASSESSMENT REPORT

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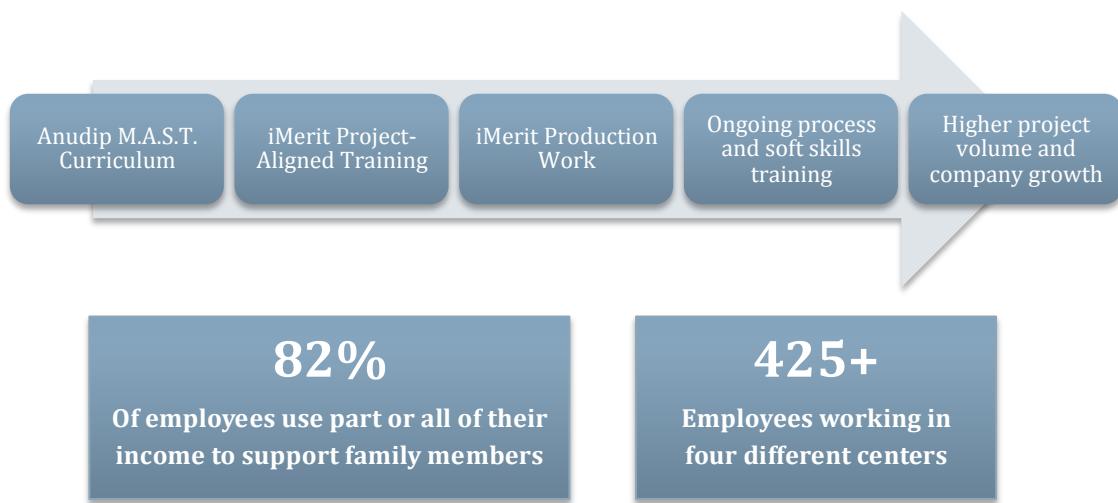
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## The Vertically Integrated Model and the iMerit Advantage

In 2005, a group of social entrepreneurs created Anudip Foundation with the goal of providing IT, life skills, and livelihood training for the rural poor in India, focusing primarily on women and youth. Since Anudip's inception in 2005 the organization has trained over 15,000 people who have been placed with over 400 different employers. Anudip's success is based on its teaching of Market Aligned Skills Training, also known as M.A.S.T., which is a set of curriculum that covers English, workplace readiness, and IT, equipping students with the skills they need to succeed in the modern day workforce. Following the success of M.A.S.T., the founders of Anudip recognized a need for increased employment opportunities in the technology sector for economically disadvantaged areas. In response to this need, the founders expanded the nonprofit by creating iMerit, a for-profit counterpart that contracts with domestic and international companies on IT projects, providing services such as digital publishing, data management, and the Global Service Desk.

Over the last nine years, Anudip and iMerit have worked arduously to perfect a vertically integrated model that is the basis of the organizations' innovative solution to India's economic troubles. Anudip's M.A.S.T. course provides students with the transferable skills needed to join the workforce and, as an IT services company, iMerit hires these M.A.S.T. graduates and brings them into the growing BPO sector in India, utilizing students' skills and providing employment in marginalized areas.

The Anudip and iMerit model represents a powerful theory of change that encourages personal achievement and human capital development while creating jobs and growing the IT sector in areas not previously exposed to the technology industry. M.A.S.T. education and the ongoing up-skilling of iMerit employees helps develop Indian youth both personally and professionally, providing them with skills that allow them to become financially independent, motivated, and confident in their abilities. As employees improve and develop it allows iMerit to take on more complex projects and become increasingly competitive in the impact-sourcing sector, an increasingly attractive alternative to traditional BPO. The following report will examine the social and financial impact that iMerit employment has on the company's employees as well as the ways in which the Anudip and iMerit model leads to quality business outputs and satisfied customers.



## Understanding the Impact of iMerit Employment

The vertically integrated model of Anudip and iMerit creates a development pipeline that helps individuals gain valuable and transferable skills that they can use to complete various IT projects. However, since Anudip and iMerit train and employ individuals from marginalized and economically disadvantaged areas, these opportunities mean much more than a mere salary. iMerit employment positively impacts the individual employees, their families, and society as a whole. The impact stretches across numerous aspects of the employees' lives but is best understood when divided between financial and social impact.

### ***Financial Impact***

It is estimated that half of India's gross domestic product comes from the informal sector of the economy and that 90% of the Indian workforce is concentrated in the informal sector<sup>1</sup>. Additionally, 66% of Indians are under the age of 35 and face a notoriously high unemployment rate<sup>2</sup>. Unemployment of urban males hovers around 10% and unemployment of urban females hovers around an astonishing 18%.<sup>2</sup> A great deal of this unemployment is due to a lack of opportunities for youth to receive the skills and training they need to obtain professional employment. The integrated model of Anudip and iMerit presents a solution to this problem by training employees, bringing them into the formal economy, and providing opportunities for up-skilling so employees can progress in the economy or find alternate employment later in their careers. Five years ago, only 10% of iMerit employees had a stable income. Now, these same individuals work full-time in the formal sector of the economy. This shift, on average, has provided employees with an additional 4,000 rupees per person per month of income.

Due in large part to the traditional familial structure of Indian society, many of iMerit's young employees live with their families and/or parents well past the age of 18. Consequently, many of these youth contribute to the household income, especially in families in which the father is retired or deceased. An internal survey conducted within iMerit found that 82% of employees use their income to help support other family members. Additionally, iMerit employees have, on average, three siblings, meaning that the average employee contributes to the income of an additional five people. Family members of iMerit employees are, therefore, secondary beneficiaries of iMerit's commitment to financial and household stability.

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<sup>1</sup> Mishra, Neelkanth, and Ravi Shankar. *India Markt Strategy*. Rep. Credit Suisse, 9 July 2013. Web. 8 Oct. 2014

<sup>2</sup> Mitra, Arup, and Sher Verick. *Youth Employment and Unemployment: An Indian Perspective*. Working paper. International Labour Organization, 1 Mar. 2013. Web. 8 Oct. 2014.

<sup>3</sup>CRISIL Inclusix: An Index to Measure India's Progress on Financial Inclusion. Rep. CRISIL, Reserve Bank of India, June 2013. Web. 16 Oct. 2014.

### ***Social Impact and Personal Well-Being***

As a services provider and livelihood creator, a great deal of the social impact achieved by iMerit comes in the form of financial inclusion and economic independence. However, such impact merely serves as a precursor to social impact and societal change, which are more challenging to quantify but incredibly powerful in their own right. For the women in the Metiabruz center, iMerit is an opportunity to branch out of their every day routine, develop themselves as individuals, and become financially independent in a patriarchal society that severely undervalues women. For other employees, iMerit presents an avenue for skill development that can lead to a boost in confidence, a desire to further develop one's career, a way to save for higher education, or the ability to support family members in need. Much of the social impact created by iMerit, therefore, reveals itself over time as employees work at iMerit for longer periods of time and develop themselves more fully.

In order to examine social impact it is imperative to look at a number of different areas, including education, skill development, personal goals and professional goals. Internal, anonymous surveys of over 150 iMerit employees produced the following data:

### ***Personal and Professional Impact and Goals***

- ✓ Over 60% aim to get a promotion within the company
- ✓ Five years ago, prior to working at iMerit, only 10% of employees and their families had a stable income
- ✓ 15% of iMerit employees hope to buy a larger house for their families

### ***Education and Skill Development***

- ✓ 98% of employees completed M.A.S.T. training prior to employment with iMerit
- ✓ 60% of iMerit employees plan to use their income to return to school
- ✓ 88% of employees would like to improve their computer and/or English skills

### ***A Specific Look at Gender Equality***

Despite India's economic and social progress in recent decades, many parts of the country remain deeply rooted in traditions that put the needs and abilities of women on the backburner. An internal survey found that 95% of iMerit's employees have mothers who are housewives and thus the majority of the company's female employees are the first generation in their families to hold a formal job. By bringing these women into the workforce, iMerit is providing them with the opportunity to grow professionally while also helping them to gain confidence and independence in their lives outside of the office. iMerit's Metiabruz office, located in a conservative community with strict gender roles, is almost entirely staffed by women and is the only IT office in the area.

## Growing iMerit: New Centers, Employees and Clients

iMerit currently has four delivery centers, three in the state of West Bengal and one in the state of Jharkhand. Altogether the centers employ over 425 individuals, including data entry operators, who are the heart of the company and complete the IT projects, as well as employees who work in the fields of administration, human resources, and finance.

As the company has expanded, new centers have meant more jobs and new opportunities to work with globally recognized clients. In recent years iMerit has begun working with many large, multinational organizations as well as global NGOS, turning the technological needs of such companies into economic opportunity for the iMerit employees. Most notably, iMerit's partnership with NetHope has enabled the company to work with organizations such as Catholic Relief Services, a nonprofit that uses iMerit's Global Service Desk platform to manage its IT usage, needs and support. iMerit employees possess a multitude of technological capabilities, which, when combined with the company's ties to large multinational organizations, provide the centers with an ongoing stream of diverse and innovative projects that are carried out in an efficient and socially responsible manner. To better understand the unique capabilities of iMerit, provided below are brief descriptions of each center, including Salt Lake, Metiabruz, Baruipur and Ranchi.

### *Salt Lake*

The iMerit center in Salt Lake City, Kolkata was the first iMerit office and delivery center. The Salt Lake office is now home to over 100 iMerit employees who work in the fields of human resources, finances, quality control, and IT services delivery. The Salt Lake office is also home to the majority of iMerit's Global Service Desk team, a specially trained group of employees who provide custom tailored IT services to third parties wishing to centralize and improve their back-end service desks. The Global Service Desk team consists primarily of individuals who completed Anudip training prior to gaining employment with iMerit, resulting in a closely-knit and highly capable team that works cohesively on new projects that arise.

### *Metiabruz*

In iMerit's early days, the company began to question why all IT work seemed to be concentrated in large metropolitan areas, ostracizing semi-urban and rural areas from the many benefits associated with IT knowledge and formal sector employment. In response to this identified need, and to complement the urban location of the Salt Lake office, the iMerit team decided to bring IT work to communities that had little previous exposure to the tech industry.

Metiabruz, a peri-urban community located approximately one hour west of Kolkata, proved to be an ideal place to begin a open new IT services delivery center because women in the area have

very limited access to educational opportunities and, due to family and cultural customs, are unable to leave the community to pursue employment. The Metiabruz center began as a fairly small operation but, over the last few years, with the help of hardworking employees, the center has greatly expanded and now employs over 100 women as well as a small number of men.

The Metiabruz community is almost 75% Muslim, which is much higher than the 29% of West Bengalis who claim Islam as their personal religion<sup>3</sup>. Due to strict Muslim customs in Metiabruz, very few women are able to leave their neighborhoods and, thus, remain unskilled, underutilized, and unable to pursue any sort of personal development. The Anudip/iMerit center in Metiabruz, however, has created an avenue by which young women can improve their English, learn transferable workplace skills, and find a sustainable employment opportunity within their community.

The center is capable of handling projects such as data entry, data mining, photo editing, digital publishing, and Global Service Desk, which provide employees with many opportunities for growth and up-skilling as they move through iMerit. The delivery center in Metiabruz is the only IT office in the community and the company plans to expand the size of the center in coming years to serve the large demand for employment in the area.

### ***Baruipur***

Baruipur is located approximately 30 kilometers south of metropolitan Kolkata and is iMerit's newest IT delivery center. Although Baruipur is fairly close to Kolkata and has a literacy rate of 87%, there is a severe lack of formal employment opportunities and many educated students are unable to find dignified work that allows them to support themselves or their families. The peri-urban location of Baruipur, combined with the lack of employment opportunities, inspired iMerit management to create a new center that would allow iMerit to grow, as well as benefit a new community by providing dignified livelihoods to both male and female youth.

In the course of just one year, the center has grown to a staff of 76 full time employees and all those hired for data entry operator positions are graduates of the Anudip M.A.S.T. program. The staff is capable of completing projects that entail data entry, data mining, and photo editing, but as the center grows the employees will have many opportunities to up-skill and take on more challenging projects. This ongoing process of employee development helps individuals develop their careers while allowing iMerit to take on more complex projects for clients. Baruipur is a prime example of the integrated model of Anudip and iMerit represents the way that iMerit can scale to future areas.

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<sup>3</sup> *West Bengal Human Development Report*. Kolkata: Development and Planning Dept., Govt. of West Bengal, 2004. *United Nations Development Programme*. Development and Planning Department of West Bengal, 2004..

### Ranchi

Ranchi is the second most populous city in the east-Indian state of Jharkhand and is a central hub of political activity and tribal culture. Jharkhand became a state just fifteen years ago following years of struggle by the Bihar tribe of the area to protect its identity.<sup>4</sup> The city has a strong business infrastructure of public and private offices, banks, NGOs, and other organizations as well as several universities and flourishing hospitals. However, there remain smaller groups of citizens who, due to tribal and socio-economic marginalization, lack stable job opportunities. To counteract this problem, iMerit teamed up with the World Bank Development Marketplace to create opportunities for this population, working with women and youth who are part of these marginalized groups. The expansion to Ranchi was a large step for iMerit and shows how the company can expand to new geographic areas in order to increase its social impact.



Salt Lake	<ul style="list-style-type: none"><li>•Focus on Global Service Desk and development</li><li>•105+ employees</li></ul>
Baruipur	<ul style="list-style-type: none"><li>•Focus on rural skill-building</li><li>•75+ employees</li></ul>
Metiabruz	<ul style="list-style-type: none"><li>•Focus on gender equality and livelihood creation</li><li>•120+ employees</li></ul>
Ranchi	<ul style="list-style-type: none"><li>•Focus on tribal and marginalized populations</li><li>•80+ employees</li></ul>

**90%**

Accuracy level achieved by iMerit employees,  
which is much higher than the industry average

**78%**

Of those employed by iMerit cite the  
company as their first formal employer

<sup>4</sup> Bhattacharyaa, Harihar. *India Creates Three New States*. Rep. 1<sup>st</sup> ed. Vol. 1. N.p.: Federations, 2001.

## Human Capital Development – Good Business with Impact

As mentioned above, India is facing a crisis of high youth unemployment, which can be attributed, in part, to a lack of services and programs that train youth with the skills they need to contribute to the country's economy. The integrated model of Anudip and iMerit presents a solution to this problem with a training-to-employment pipeline that provides education and employment to previously disadvantaged populations. This idea of human capital development is essential to the future of India's economy and is beneficial to both iMerit's customers and employees.

### ***Good Business***

As a business and social enterprise that seeks financial independence and respect within the field of impact sourcing it is imperative that iMerit deliver high quality products to customers in a timely manner. Indeed, such standards and results are necessary in order for iMerit to remain a company rather than a charity. The pipeline of Anudip and iMerit is the secret ingredient that ensures high quality work because Anudip's immersive approach to employer readiness leads to high retention rates, a high number of internal rather than external hires, and the ability to up-skill employees to fit the specific needs of clients. Retention is especially critical because it produces higher levels of productivity, creates consistency between projects, increases overall project knowledge, simplifies workforce planning, and leads to less workplace disruption. Despite the fact that iMerit is a relatively young enterprise, over half of the employees have worked for the company for over two years, creating a family atmosphere that encourages employees to take pride in the overall success of the company.

### ***Social Impact***

At the heart of the Anudip and iMerit model is a conscious-driven mission to create genuine opportunities for livelihoods and, consequently, improve the lives of India's youth and help to develop marginalized communities. By creating jobs that pay a living wage, and employing those thought to be unemployable, iMerit is making a whole new group of people marketable in the twenty-first century economy. The wages employees earn allow them to support themselves and their family members, create savings accounts for future unforeseen troubles, return to school, improve their living conditions, and gain a sense of pride and confidence in themselves. For many of iMerit's female employees, the ability to work outside the home also means that they can get married at a later age and become valued members of their households.

*"My goal is to buy a house with my own money and continue my education"*

– Female employee in Metiabruz

## Moving Forward

Impact sourcing has become an increasingly attractive alternative to traditional business process outsourcing and iMerit has expanded a great deal in recent years to meet growing demand and harness the opportunity to create a greater number of livelihoods for its target populations. Through partnerships and contracts with organizations such as NetHope, Cisco, Omidyar Network, Accenture and Nasscom the company has been able to increase its volume of contracts and projects, taking on new challenges, creating additional departments, and providing increasingly complex and valuable up-skilling to employees. Additionally, iMerit's recent growth has helped the company to further develop its leadership team and map out future steps for project management and scaling.

These recent developments have validated iMerit's unique impact sourcing model and have allowed the company to move forward with its business objectives as well as its quest for social impact and economic growth. By investing in both the skills and internal drive of employees, iMerit is able increase its IT capabilities, leading to a more diverse set of services available to customers and a higher volume of projects. As project volume increases iMerit is able to hire on a greater number of Anudip graduates and provide them with a dignified and sustainable livelihood. By mobilizing the skills of peri-urban youth and women iMerit is able to deliver market quality IT services, transforming business through social impact.

The integrated model of Anudip and iMerit is making waves in the fields of skill-building and impact sourcing, developing the two sectors and creating livelihoods for those who have been left out of previous development efforts and economic growth. As iMerit expands in the coming years, and employees develop even more diverse skill sets it will become increasingly important to measure social impact and the changes that occur from one generation to another. This report, supplemented with case studies available as appendices, provides a preliminary assessment of the social impact of iMerit employment and a comprehensive representation of the company's distinctive impact sourcing model.

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