

Traditional Corporate Social Responsibility is Out!:
BPOs Transforming Employee Engagement into a
Competitive Advantage

F R O S T & S U L L I V A N

A Frost & Sullivan Perspective

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INTRODUCTION

This Frost Perspective will explore how large Business Process Outsourcers (BPOs) are redefining and expanding traditional Corporate Social Responsibility (CSR) to deeply engage their agents and employees within the local communities they serve. Much more than a company call for donating to a favorite charity, the focus is on employee voluntarism, feeding children, caring for the environment, day care, employee wellness, sports activities, blood drives and community support!

These forward-thinking outsourcers are increasing their investments to transform employee engagement into a competitive advantage. This Frost Perspective will discuss the net effect and global impact of CSR on company culture, branding, and efforts to lower agent attrition while increasing customer satisfaction.

In preparing this report, Frost & Sullivan conducted interviews with executives from the following companies:

- Alorica
- Atento
- Qualfon
- Sitel
- Sutherland Global Services
- SYKES
- Teleperformance
- TeleTech

Please note that the insights and opinions expressed in this perspective are those of Frost & Sullivan and have been developed through our research and analysis. The expressed insights and opinions in this Frost Perspective do not necessarily reflect the views of the companies cited above. We sincerely thank these leading service providers for their insights, commentary and participation. The author of this Frost Perspective has travelled extensively to delivery sites, globally, and includes his personal observations and perspectives on BPO corporate social responsibility.

Frost & Sullivan has a global team of analysts and consultants, who continuously research a wide range of markets across multiple sectors and geographies. As part of this ongoing research, we identify companies that are true industry leaders, delivering Best Practices in what we term growth, innovation, and leadership (GIL).

These companies have a keen eye to the future, and drive innovation that meets future needs before they become commonly visible. They are often the first to market with new solutions. These service and solution providers focus on delivering the best products and services at optimal prices to maximize customer value and customer experience. By doing so, they qualify as growth leaders in their respective industries.

Identifying such companies involves a focus on primary and secondary research across the entire value chain of specific products and/or markets. Several of the companies interviewed for this Market Insight have recently been recognized with Frost & Sullivan Best Practice Awards.

The Corporate Social Responsibility Imperative

It is difficult to describe the excitement and passion with which BPOs approach their collective CSR initiatives, programs and discrete activities. BPO companies and their employees have a long standing history of philanthropic outreach, generosity and support of the communities in which they operate.

The Expanding Definition of CSR

One thing that we have learned in conducting research for this perspective, is that the definition of CSR has been expanding over the last 5 years. In the not-too-distant past, CSR was limited to charitable giving, in-kind donations and basic recycling programs. Although these elements are an important part of CSR, the overall definition and scope of CSR now includes the myriad ways that a company can have a positive impact on the world — people, organizations, communities, *and* the environment.

We asked for example, how does CSR affect people inside and outside of the company? Are BPOs building a sustainable business model that will contribute to the greater good? Are there CSR initiatives/ impacts that will enhance relationships with existing customers while attracting new clients?

CSR is now trending in a direction that incorporates caring for each person professionally and personally so that CSR benefits the individual employee, the immediate community and the company.

Industry Challenges

Global BPOs today, believe that they have a fundamental obligation to help human society and our planet thrive. The challenge for them is this: Beyond charitable giving and employee voluntarism, how can they make an even bigger impact on engagement, agent retention, client relations and tenure? Can a BPO company balance its financial goals while supporting programs that have wide global societal impacts?

These are some of the issues that global BPOs are tackling under the umbrella of corporate social responsibility:

- ✓ Long-term employment opportunities
- ✓ Employee health and wellness
- ✓ Homelessness
- ✓ Employee academic development
- ✓ Carbon reduction
- ✓ Gender equality
- ✓ Global youth development
- ✓ Childcare
- ✓ Technology skills training
- ✓ Workforce diversity
- ✓ Spirituality
- ✓ Human rights
- ✓ Anti-corruption policies
- ✓ Mass transportation
- ✓ Higher education
- ✓ Sustainable business practices

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The challenge of 'going green' in contact centers is part and parcel of an ongoing business imperative to shave operating costs, raise efficiencies and optimize agent effectiveness. Environmental benefits are important and companies want to be known for having green practices in-place. Just look at the investment in green buildings that Teleperformance has made to construct these edifices in Colombia and China.

However, at the end of the day, shareholders want business processes -including green ones - that contribute to value generation, brand awareness, growth of the customer base and profits.

As we all know, employee volunteerism is a critical component of CSR and environmental sustainability. The initiatives are wide-ranging; differing in maturity from company to company. This readout may surprise you.

Market Drivers

Below are just some the primary market drivers related to corporate social responsibility and sustainability. These have been shared with Frost & Sullivan by BPO executives who are charged with managing CSR in their respective companies:

The Right Thing to Do. BPO firms have long been committed to being a critical part of, and giving back to, the communities in which they live and serve.

Transparency. Companies want to provide their investors, stakeholders, clients, prospects, suppliers and employees with a comprehensive view of CSR activities. This includes carbon-reduction initiatives, their global workforce and other mission-critical priorities.

Measuring CSR. Another trend that we witness is that companies are actually measuring CSR and sustainability activities. They are identifying what they want to accomplish in their mission, setting goals, and tracking how well they are doing to accomplish those goals. Ultimately, what gets measured gets managed.

Industry Leadership. Tier 1 BPO firms demonstrably support the communities in which they operate. They recognize their obligations to act responsibly, ethically and with integrity in interactions with all stakeholders; shareholders, associates, clients and even suppliers. These are also the ones that typically lead efforts to provide disaster relief aid around the world.

CSR and Strategy Integration. Company mission statements are taking on a greater meaning in how the company and its people can contribute to the greater good. This can take many forms, but the key is that CSR is not just something that is added as part of what a company does, but ultimately becomes its purpose.

Socially-Conscious Employees. Around the globe, BPO employees have joined forces with their companies to impact local charities that have a global impact. This raises the level of involvement and influence a company can have on a community. It also enables employees to directly contribute to causes that are important to them.

Shared Cultures. Employees, especially Millennials, are choosing to work for and stay with companies that embrace CSR. They want to be part of something larger than themselves. They aspire to work for companies that align with their values and their own purpose. Our findings indicate that clients are looking for a high level of CSR involvement when selecting and maintaining a relationship with BPO partner.

Customer Experience Impact. When BPOs have a greater purpose and care for their communities and employees, they create an inspirational business model that is successful and sustainable. Better employee satisfaction drives improved customer satisfaction.

Executive Sponsorship

Mission, Vision and Values

As global employers, BPO C-level leaders actively encourage all of their employees to give to charitable causes, volunteer time and energy and act as good stewards of the environment. The spotlight is on:

- Company Mission
- Company Values
- Corporate Social Responsibility Programs
- Environmental Conservation Efforts

At Qualfon, for example, CSR is not only aligned with company mission and values – it is synonymous with the mission and vision of the organization. Qualfon sees stewardship and CSR as absolute essentials in being what they call “The Best BPO”. The second part of its mission – making people’s lives better, is likewise implemented largely through CSR endeavors.

Employee Education

In almost every case, new employees receive a company orientation that includes Code of Conduct, safety rules, health, corporate security standards CSR. The HR department and local managers typically cover the individual employee about the communal importance and potential impact of CSR involvement.

The Final Word

Impacts on Culture, Branding, Growth and Customer Satisfaction

Some BPO companies, including SYKES and Qualfon, are looking at plans to provide college degrees for their employees. They are even considering extending this benefit to dependents. As mentioned earlier, in the Dominican Republic Alorica operates a day-care center for employees. Similarly, other BPO’s are piloting child care programs to better serve their people and families.

Health is important, since it impacts what people are able to do with their lives. Spirituality is also a key component. The leaders at Qualfon, for example, believe that each person has a unique purpose in life and, for many people, this purpose is rooted in their spirituality. While rather unusual in the BPO space, Qualfon provides inter-faith support.

The free Worksite Chaplains program puts interfaith chaplains with three to five years of work experience inside Qualfon’s contact centers to provide counseling, support, mentoring, and professional advice for employees.

Frost & Sullivan has come to the conclusion that the concept of BPO Corporate Social Responsibility has moved from an abstract value, to a transformational component of organizational culture. By its very nature, CSR often attracts new recruits and helps retain talent. Outside of the U.S. BPO companies are working closely with the local governments (Mexico, Central America, South America and the Philippines) to create and deliver on a

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plan of economic development. This kind of partnership can have a much greater impact than the direct employment of people.

CSR is Good for Business

Let's connect the dots. Treating your people well, serving the employee's community and developing them, make for good return on investment (ROI). Period.

What we've seen is these cost-effective activities result in higher agent performance and leadership succession planning. It also can translate into *dramatic* savings in employee replacement and training costs

This whole notion of "A Greater Purpose" aligns with the mission/vision of clients and prospects. The BPO then earns an excellent reputation in the community. Done right, with a sincere desire to serve, Frost & Sullivan believes that BPO CSR gives a company a differentiated and competitive place in a crowded market. CSR is not just good for business. When it is infused into the business mission, it provides greater benefits to the company, its people, its clients and customers, and in the communities in which it operates.

To receive a complementary full copy of the exclusive Frost & Sullivan Market Insight, including specific examples of BPO CSR programs, please contact the author at Michael.DeSalles@frost.com.

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Providing a 360 degree perspective – integrating 7 critical research perspectives to significantly enhance the accuracy of our clients decision-making and lowering the risk of implementing growth strategies with poor return,

Leveraging our extensive contacts within chemicals and materials value chain, including manufacturers, distributors, end-users and other industry experts,

Ensuring our clients maintain a perspective of opportunities and threats globally through our 1,800 analysts in our 40 offices – making sure our clients receive global coverage and perspective based on regional expertise,

Researching and documenting best practices globally – ensuring our clients leverage proven best practice answers to tough business challenges for successful growth, and

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