Does Corporate Social Responsibility matter?

In 2009, IAOP conducted its first IAOP Corporate Social Responsibility (CSR) survey. The 2009 survey showed that CSR is an important and growing business issue for outsourcing customers and providers – 71% said that CSR will become more important or much more important in future outsourcing contracts. The 2011 results show this remains true, with 70% continuing to support the view that CSR will be important in outsourcing contracts.

Last year IAOP repeated this survey, again gaining a global perspective on CSR in outsourcing. In 2011, 207 respondents participated, a 16% increase over the initial survey. Slightly less than half of the respondents came from the United States. Thirty percent of respondents were outsourcing customers, 48% were providers, and advisors comprised 18% of respondents. The remaining 3% were academics and press respondents.

Importance of CSR in Outsourcing

Two years ago 71% told us that CSR was important; today's results show this continues to be true. We asked: “Do you expect that CSR considerations will become less important, stay the same, or become more important in future outsourcing contracts?” From the survey data, those who felt CSR would become more important or much more important remains at 70% in total, fewer respondents see CSR as much more important in future contracts, reflecting a maturing of the outsourcing industry’s acceptance of CSR. In contrast only 6% expect CSR to become less important in future outsourcing contracts, in line with 4% reporting in 2009.

In 2011, when we asked buyers if they have considered the corporate social responsibility (CSR) capability of the outsourcing provider we saw a significant jump from 8% (2009) to 23% (2011) of buyers who always consider provider CSR capability when making an outsourcing decision.

The 2011 results showed an overall 5% increase in the number of organizations who consider provider CSR capability when making an outsourcing decision. In contrast, the number of respondents who never consider CSR dropped from 12% to 3%. The figure on the next page shows the results.
Buyers who consider provider CSR capability in outsourcing decisions

Socially Responsible Outsourcing

The surveys show strong growth in those who consider Socially Responsible Outsourcing (SRO), growing from 58% (2009) to 74% (2011). SRO examples include impact sourcing, direct employment through remote or rural sourcing, and outsourcing to developing regions or places with limited economic opportunity (e.g. rural U.S.). The 2011 results show a significant drop in the number of organizations that say they never engage in socially responsible outsourcing.

Impact Sourcing is one form of Socially Responsible Outsourcing. Impact Sourcing employs poor and vulnerable people with limited opportunity for sustainable employment as principal workers in business process outsourcing centers to provide high-quality, information-based services to domestic and international clients.

Importance of CSR for Providers

Organizations feel that their stakeholders expect CSR, so providers will see this reflected in outsourcing deals. The figure below shows, across the 2009 and 2011 surveys, greater perceptions that customers (end users who use your products or services) care about social conditions at outsourcing provider (30% report 60% of customers or more, compared with 21% in 2009).

Conclusions

Corporate Social Responsibility in outsourcing is not a fad that is going away. The 2011 results again reflect this, with 70% continuing to support the view that CSR will be important in future outsourcing contracts. Providers who aren’t active in CSR may be eliminated because buyers are increasingly focused on both social conditions and environmental considerations at the global locations where services are provided.