SOCIAL OUTSOURCING AS A DEVELOPMENT TOOL: THE IMPACT OF OUTSOURCING IT SERVICES TO WOMEN'S SOCIAL ENTERPRISES IN KERALA

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Abstract: Social outsourcing means the contracting out of goods or services to social enterprises. When used by government, it can be seen as a hybrid of the workfare outsourcing found in wage employment schemes, and the commercial outsourcing of government activities to the private sector. This paper focuses on a social outsourcing initiative operated by the government of Kerala State, India. Part of this outsources information technology (IT) services to dozens of cooperatives of women from below-poverty-line families. Interview and case study research was undertaken to assess the impacts of this initiative on five areas of livelihood assets—financial, human, physical, social and political capital. This scheme has Keralan specificities and research shows that social outsourcing may introduce vulnerabilities and questions of sustainability. Overall, though, this paper suggests that social outsourcing has the potential to deliver developmental benefits to marginalised groups. It is therefore worthy of greater attention from international development agencies and governments in developing countries. Copyright © 2009 John Wiley & Sons, Ltd.

Keywords: outsourcing; social enterprise; livelihoods; information technology; gender; Kerala; Kudumbashree

1   INTRODUCTION

Governments in developing countries are increasingly involved in outsourcing: contracting out to a third party the provision of goods or services which could otherwise be provided by the client organisation. We can characterise two quite different models used, each of which has some potential shortcomings.

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Some governments use what we might call 'workfare outsourcing': employment schemes for poor citizens often paid on a daily basis and focused on public works projects. Examples include the Employment Guarantee Scheme used in India's Maharashtra state and Argentina's Trabajar programme (Ravallion, 2003). These have undoubtedly delivered important poverty alleviation benefits. The shortcomings of this approach, though, may include problems of sustainability, difficulty of application to urban poverty (schemes have tended to be rural and seasonal, focused on the agricultural 'lean period'), and the failure to create any institutional basis for enterprise and independent income-generation (Deolalikal, 1995; Gaiha and Imai, 2005). There are also accusations about corrupt diversion of funds, and about creating public works assets that are ultimately damaging rather than beneficial to the poor (Bavadam, 2003).

At the other extreme is what we might call 'commercial outsourcing': competitive contracting out of internal and external services to private sector firms. Examples include outsourcing of information technology (IT) services by the Barbados government (Bishop, 2001) and outsourcing of solid waste management by Kampala City government (Golooba-Mutebi, 2003). The shortcomings of this approach may include the subjugation of public service values and goals to profit-seeking, and a loss of public sector control and accountability (Kakabadse and Kakabadse, 2001; Heeks, 2006). This type of outsourcing has also been politically unpopular with public sector trade unions.

One may see workfare outsourcing as driven by a developmental and poverty reduction agenda seeking to deliver equity goals. One may see commercial outsourcing as driven by a neo-liberal and new public management agenda seeking to deliver efficiency and effectiveness goals. Both can, of course, also be seen to be driven by a political agenda and political goals, claimed to run from vote-banking to union-bashing to corruption to career enhancement (Lacity and Hirschheim, 1993; Peled, 2000; Lakin and Ravishankar, 2006).

Partly because of the problems associated with both workfare and commercial outsourcing, governments are showing an increasing interest in a hybrid form (see Figure 1)—'social outsourcing': contracting out the provision of goods or services to a social enterprise. In the UK, a number of local governments have outsourced activities such as leisure centre management, care services and community transportation to social enterprises (IDeA, 2008). There are also examples of social outsourcing by private sector firms, such as the 'social offshoring' of IT services via firms like Digital Divide Data in Cambodia (Leonard *et al*., 2007). And there are examples of social outsourcing by NGOs, such as use by international NGOs of social enterprises for printing or mailing activities (Via3, 2003).

In this paper, we focus on social outsourcing by government, which has the aspiration that it will deliver a 'triple win':

- Developmental benefits of enriching and empowering a disadvantaged group in society.
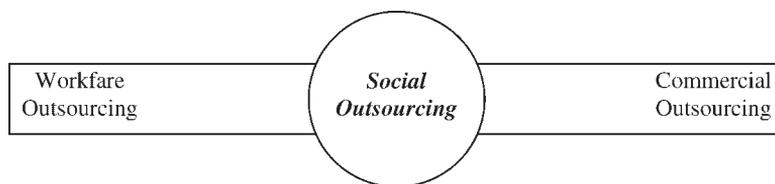- Economic benefits of saving money for government.

Figure 1.   The outsourcing continuum

- Political benefits of delivering simultaneously on neo-liberal, good governance and developmental agendas.

2   RESEARCH QUESTION, METHOD AND FRAMEWORK

But is this aspiration met in reality? In particular—and focusing here on just the first of the 'triple win' elements—can social outsourcing by government deliver the development benefits that other forms of outsourcing sometimes struggle to provide? In order to answer this question, we undertook a case study of the Kudumbashree initiative set up in India by the Kerala State Poverty Eradication Mission (SPEM).

Kudumbashree began formally in 1999. It initially focused on the assisted formation of a series of women's self-help groups around the state, based on two successful pilots run during the 1990s; first in Alappuzha municipality, and then in Malappuram district. At the start, these self-help groups were seen as performing a social development role but this was soon expanded to encompass savings and credit functions. They were then seen as the potential nucleus for economic activity. Building from this, the self-help groups have been used to stimulate the formation of more than 60 000 micro-enterprises up to 2008 (Kudumbashree, 2008): both rural and urban, both group and individual. Within this overall picture, the focus here is on group enterprises in urban areas of which there were 1777 by 2008 set up through support from the central government's Development of Women and Children in Urban Areas scheme, which has supported similar initiatives in other states. These are seen as social enterprises because they fulfil the three criteria for a social enterprise: they are enterprise-oriented; they have social as well as business aims (such as encouraging savings, alleviating poverty and addressing female unemployment); and they are socially-owned in the sense that they are co-operatively owned by women from poor communities (SEL, 2001).

These 1777 social enterprises cover a wide range of activities such as clothing production, food processing and direct marketing. Our particular interest was in the 232 information technology sector enterprises that have been set up. This focus came partly because the average annual double-digit growth of the IT sector worldwide provides significant general opportunities in this sector; partly because IT outsourcing from governments is a multi-billion-dollar activity annually, thus providing a specific business opportunity for IT enterprises (WEF, 2008).

Field research was undertaken in collaboration with a local partner, Planet Kerala. It began with pilot interviews and enterprise 'case sketches' in January 2005 and then proceeded to a broader set of data gathering activities that was completed in January 2006:

- Group interviews with the women members of 38 IT social enterprises, used mainly to build up detailed case studies of each enterprise;
- Structured interviews conducted with 133 individual women working in these enterprises, looking particularly at the livelihood impacts of their work;
- Unstructured life-story sessions completed by six women from the IT enterprises, used as a source of broader background and contextual factors; and
- Four semi-structured interviews with SPEM officials.

In addition, observational data and documentary evidence (such as annual audit figures) were gathered during visits to the IT enterprises and, in September 2005, a set of feedback

sessions and visits was organised, as was a group discussion with enterprise leaders and SPEM staff.

In order to answer our main question about the development benefits of social outsourcing, a natural point of departure was poverty. Discussions on poverty have moved on from understanding this merely in terms of income, to understanding the *multidimensionality* of poverty. Perhaps the most well-known conceptual model drawing from the new perspective of multidimensionality is the Sustainable Livelihoods (SL) framework (DFID, 1999).

For the work reported here, we chose to focus only on a simple subset of components within the SL model, taking an assets—vulnerability approach of the type that has been used previously for work on women and anti-poverty initiatives (Moser, 1998). This approach focuses on what the poor *have* (in terms of a multidimensional view of assets which can be deployed to reduce poverty and vulnerability) rather than what they *do not* have (such as baseline monetary indicators) and so it 'contributes to the development of analytical tools to facilitate those interventions which promote opportunities, as well as removing key obstacles' (*ibid*.:1). It incorporates the notion of vulnerability as a dynamic concept and it captures change processes such as interventions through their impact on the assets that underpin changes to vulnerabilities. Assets are interwoven with livelihoods, so here we look at the way in which social outsourcing as a specific livelihood intervention impacts assets which, in turn, alter vulnerabilities and broader livelihood strategies.

Assets are thought of not simply in tangible terms, such as physical tools but also in terms of intangible items such as social relations. Our pilot work suggested that four of the five main SL framework classes of assets would be relevant:

- *Financial capital* denotes the financial resources that women use to achieve their livelihood including available stocks which can be held in several forms such as cash, bank deposits, liquid assets like livestock and jewellery, or resources obtained through credit-providing institutions; and regular inflows of money, including earned income, pensions, other transfers from the state and remittances.
- *Human capital* represents the skills, knowledge, ability to labour and good health that together enable women to pursue different livelihood strategies and achieve their livelihood objectives.
- *Physical capital* comprises the basic infrastructure and producer goods needed to support livelihoods.
- *Social capital* is the genre of social resources which women draw upon in pursuit of their livelihood objectives; mainly conceived as networks and relationships based on trust, reciprocity and exchanges.

Although we did ask questions about the fifth asset—*natural capital*—it did not emerge as a factor directly associated with work in an IT sector enterprise. On the other hand, a number of power-related issues frequently emerged from interviewees: empowerment, their perceived status within their community; their relations to men. In broad terms, these can be seen to relate to *political capital*, and we therefore substituted this in the framework for natural capital. Our final analytical framework is summarised in Figure 2.

3   SOCIAL OUTSOURCING OF IT SERVICES IN KERALA

Social outsourcing, like any outsourcing, requires a conjunction of demand and supply. Demand was provided in Kerala as a result of the state's IT strategy which, in part, has
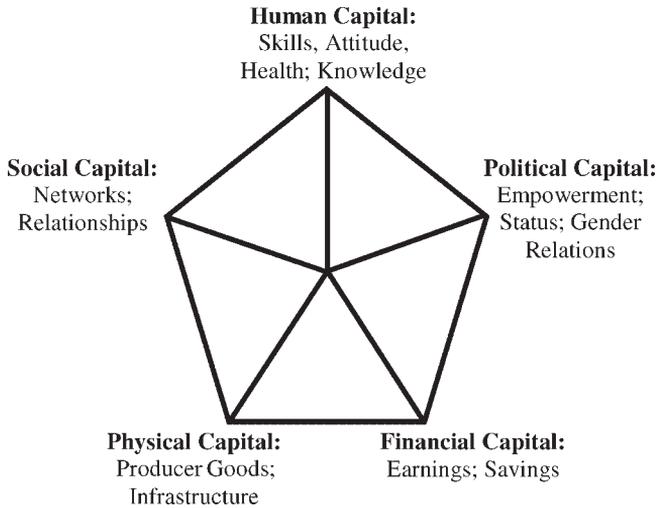
Figure 2. Assets framework for impact assessment

sought to promote computerisation of government activities, to develop the IT sector in Kerala and to increase the IT skills base of the state through training (Go, 2003). Demand and opportunity have been assisted by specific decisions such as a 1999 court ruling that mandated some computerisation within local councils (*panchayats*).

Like most governments worldwide (Heeks, 2006), that in Kerala faced an internal supply constraint; both a lack of staff with IT skills capable of supporting the planned computerisation and training programmes, and a retention problem—that staff who gained IT skills were tempted to leave for the private sector. External outsourcing has been seen as a solution to such supply problems, and there were private sector IT services firms operating in Kerala that could have been called upon.

However, officials in SPEM decided to attempt an alternative option, answering at least some of the demand via the creation of IT-oriented social enterprises under the Kudumbashree initiative. Starting with just one or two pilot enterprises in 1999, this approach fairly quickly developed a standard business model.

Support is provided to bring together a group of (typically) 10 unemployed women from below-poverty-line households. They are nominated or occasionally invited from the self-help groups; sometimes from a single group, sometimes from two or three neighbouring groups. They must each be able to invest US$30, something—at least during initial days of uncertainty about the viability of IT enterprises—that excluded some of the poorest or more risk-averse participants. Government then supplies a grant of ten times the total amount of the group's investment, and helps secure a matching amount as a bank loan. The women thus typically register their cooperative enterprise with starting capital of roughly US$5500 of which half must be repaid. Again, the size and associated risk of this loan excluded some of the more marginalised potential participants.

As noted above 232 of these IT social enterprises were created since 1999, and they operate in three main areas:

- IT training: one hundred and fifty-one of the enterprises work mainly on IT training. Almost all are attached to a state secondary school, with their computer equipment in a

classroom, and most of their work involves the paid training of school children, with some after-hours/vacation-time training of others such as local community members.

- Data entry and digitisation: seventy-eight of the enterprises do data entry work that mainly supports computerisation of government; for example, digitising the state's voter records or entering and helping process the results of a regular state-wide poverty survey.
- PC assembly and maintenance: an activity of just 3 of the women's enterprises, who build PCs from parts, sell them (mainly to public sector organisations) and arrange annual maintenance.

A summary example of each enterprise type is provided in Table 1.

The digitisation and hardware enterprises obtain their public sector contracts in two different ways. In some cases, public agencies issue a tender. Bids are received from the social enterprises and from competing private sector providers, and a contract is issued to the winning bidder. The social enterprises' low cost base means their bids are often successful. For example, in one early contract, competitors had bid between US$30 000 and US$40 000 for a provident fund digitisation contract, whereas the social enterprise was able to charge only US$10 000. In other cases—thanks to a ruling from the state government in Kerala—some public agencies have permission to tender direct to the Kudumbashree project; because of its combination of low cost and social purpose. In either case, the State Poverty Eradication Mission acts as the intermediary between client and sub-contracting enterprise (or enterprises where it puts together a consortium bid). One overall estimate was that 70 per cent of outsourced IT contracts in local government were being won by Kudumbashree enterprises.

The IT training units work on a rather different basis. Discussions are held with individual secondary schools to see if they wish to have a training enterprise attached to their school; usually if they lack the human and IT resources necessary to undertake IT training. If they agree, an enterprise is assigned to the school and training work is outsourced but there is no tender for this business.

4 THE LIVELIHOODS IMPACT OF SOCIAL OUTSOURCING

Having provided the background, we can now turn to the originally-posed question and question and discuss the impact of involvement in this social outsourcing project for women who were enterprise members. It should be noted that this analysis relates only to the core women members of each IT cooperative, of whom there were roughly 1570. These IT enterprises also significantly affect other poor women and men indirectly: those employed for additional work (an estimated 650 women and 200 men); those whose goods and services are purchased through the earned income of the core women members and members of the core-group households and wider families.

4.1 Financial Capital

Average earnings for the women were US$45 per month, and 79 per cent were earning at least US$1 per day (average earnings for the remainder were US$22 per month). Although

Table 1. Profile of example IT social enterprises

Variable	Type of women's IT social enterprise		
	IT training	Data entry	Hardware assembly
Name and location	Divine Computers, Vadakara	Technoworld, Kumarapuram	InfoShree Systems and Peripherals, Kasargod
Date of formation	2002	1999	2003
Main activities	IT training to secondary level students in state schools	Digitisation of records for state and local government; some work for private clients	Assembly of computers, and sales of peripherals to state government, schools and a few private clients
Core cooperative membership	6 members with pre-degree qualifications	10 members with Bachelors degrees	10 members with pre-degree qualifications
Additional employees	None	52 casual workers and one supervisor	4 installation and maintenance assistants
Turnover in 2004/2005	US$2380 (485 students trained)	US$15 600	US$8440 (160 PCs sold)
Average earnings per member per month	US$33	US$55	US$50

a relatively limited sum, this was seen to have made a significant difference to the lives of the women surveyed. Earnings from social outsourcing provided an average of 43 per cent of total household income; and provided 50 per cent or more of household income in just over one-third of cases. In 6 per cent of cases, it was the sole source of household income (for example, single women living with elderly parents). Expectedly, every woman interviewed stated that involvement with this social outsourcing scheme had led to growth in their income and all except those involved in one poorly-performing unit reported greater income stability (see comment below about regularity of payment).

In volume terms, the main utilisation of the additional income was for what could be seen as everyday expenditures: food, utilities, clothing, transport to work and other essentials. However, in terms of the reported *value* of expenditure, women more often reported valuing more exceptional items, as listed in Table 2.

Aggregating these figures, we can say that all women reported spending their new income on everyday items. Seventy-seven per cent reported economic investment (expenditure on debt repayment or loan item redemption, house improvement, savings, gold or land). Sixty-nine per cent reported social investment (expenditure on healthcare, education, marriage or festivals). For three-quarters of the women interviewed, it was this income that was seen to have been a main benefit delivered by social outsourcing and the main factor in reducing the vulnerabilities they had previously suffered.

In addition, half of the enterprises studied had paid off their initial loan, some within 2 or 3 years of start up despite it being originally offered as a 5-year loan, and at least one-third (mostly the same enterprises) had taken further smaller loans to update or expand their IT infrastructure.

Income from the enterprises may be the main source of vulnerability reduction but it does bring its own vulnerabilities that stem from the main source of this income: social outsourcing from public sector organisations. One issue—listed by 25 per cent of the surveyed social enterprises as a main challenge, and experienced by at least twice that number—was the irregularity and delay in payments received. Enterprises sometimes had to wait 3, 6, even 12 months to receive payment for services or goods provided. The cash flow problems created were such that a few women had resorted to pawning (and then later redeeming) gold items in order to ensure that loan repayments were made on time. A second issue, discussed further below, is the sustainability of this income source over time.

Table 2.   Expenditure of social outsourcing income on non-everyday items

Category	Percentage reporting expenditure
Healthcare for ill family member	47%
Social expenses for family marriage or religious festival	43%
Educational expenses	36%
Loan/debt repayment including redemption of pawned items (e.g. gold jewellery)	30%
Gold (e.g. jewellery) as investment	26%
Household items (furniture/electrical goods)	24%
Entertainment	22%
Improvements or construction to house fabric	18%
Significant new asset e.g. land or motor scooter	6%
Alcohol/smoking	0%

4.2 Human Capital

The Keralan population has higher levels of education than found in areas with equivalent income levels thanks to its particular institutional history, even though there have been limited opportunities for the employment of the competencies thereby created (Veron, 2001). The women employed in these IT social enterprises were a representation of this profile. They had, on average, roughly 13.5 years of education; being split fairly evenly between those with pre-degree entry (12 years) and a Bachelors degree (15 years). Yet more than 90 per cent were not in work prior to their involvement with the Kudumbashree project.

Despite their comparatively high starting level of human capital, work in the IT enterprises had enabled the women to strengthen this asset yet further: fifty-eight per cent reported this being one of the two top benefits of involvement with social outsourcing. This had happened most clearly in relation to technical skills: all had built up computer operational skills through a combination of government-funded training and on-the-job learning. Skills of specific relevance to individual types of enterprise—such as hardware assembly or teaching—had also been picked up. The boundaries on this were not watertight: just over 50 per cent of the women had developed secondary skills; for example several staff in data entry enterprises had also undertaken IT training work. In addition, some specialist skills had been created: roughly half the IT trainers were now able to program (for example in Visual Basic), and around one quarter of the women were now able to undertake basic hardware installation and repair.

Particular roles within the group—leader, deputy leader, secretary—were rotated on a 1- or 2-year basis, allowing development of management and supervisory skills: only 2 per cent said they felt they had not gained such skills, and many felt confident they could now manage on their own. Eighty-five per cent stated they had gained communication or language skills as a result of their work.

Entrepreneurship skills were rather harder to pin down: about half of those questioned did not feel they had built up such skills, including all of those in the IT training units, which saw themselves more as part of their schools rather than as separate enterprises. Of those stating they had developed entrepreneurial abilities, 80 per cent identified generic organisational skills—coordination, decision-making, communication—rather than those such as marketing or customer relations that one might associate specifically with running an enterprise. This despite the fact that they had received entrepreneurial training, and that a majority of enterprises were undertaking their own marketing and preparing their own contract bids.

4.3 Physical Capital

More than 90 per cent of the women had invested part of their personal income in what they regarded as physical assets (not just gold and housing but also furniture, electrical equipment and clothing). Some had deliberately invested in cooking equipment such as gas cookers and fridges (and processed/packaged food) in order to reduce the time spent cooking.

In addition, there was investment in physical capital by each of the social enterprises. None owned buildings, land or vehicles but they did own their IT infrastructure. There were some variations but a typical pattern had been for an initial IT investment of around

US$5500 for about seven computers and software plus a printer followed, after 2–3 years, by a further investment (via savings or a new loan) of just over US$2500 that created an average physical asset base for each enterprise of 10 workstation PCs, a more powerful server PC, two printers plus associated software. These assets were cooperatively owned and they meant that each woman had work-related assets worth the equivalent of something like 2 years' income. However, the pace of technical change erodes this value since all IT assets depreciate to near zero worth within about 5 years. Mirroring this, the social enterprises were therefore setting aside funds for continuous investment to replenish this source of physical capital.

4.4   Social Capital

Interpreting this in terms of relations, 96 per cent of women felt their contact networks had improved, and 18 per cent felt this was one of the key benefits of social outsourcing. We can categorise three main relations that women in business may build: business linkages to suppliers and customers; social and community linkages and other institutional linkages such as those to supporting or regulatory institutions (Duncombe and Heeks, 2002).

   All those interviewed identified important new linkages they had forged to public officials; particularly those in the State Poverty Eradication Mission and in local government offices. These were typically a combination of business and institutional linkages: SPEM was both a supporter and a key intermediary between the enterprises and some of their suppliers and customers; government offices were customers, service providers and regulators. The women had exploited their linkages to officials in state and local agencies; for example, using them to obtain information about government services, to facilitate the provision of those services and to petition on behalf of friends or neighbours. (Indeed, SPEM staff informally reported they use the women as intermediaries to help expedite personal licence renewals, address changes, etc. with their local government offices.)

   Dominance of the public sector was reflected by the relative lack of private sector contacts which most women felt they had built up: only 10 per cent mentioned such contacts, although half the units were interacting directly with private sector vendors who supplied their IT equipment, and 60 per cent drew customers (individuals for training or local organisations for hardware assembly and data entry) from outside the public sector.

   All the women had built up contacts with the local self-help groups created via the Kudumbashree project but these often predated their involvement with the social enterprise, and only a few identified these linkages as an impact of social outsourcing activities. There was little recognition of changes to other social and community linkages except for the relationships women had forged with the other core members of their own enterprise.

4.5   Political Capital/Empowerment

Women described their empowerment in terms of changing self-identity and status. Every respondent stated that her confidence had improved, and half the interviewees gave an example of the impact of their new self-confidence—in tackling problems, in approaching institutions, in dealing with other people and in travelling more widely. Two-thirds said they felt greater respect, recognition and acceptance in their families and their

communities—not simply because of having a job but because of having an IT-related job: something associated with modernity and progress. As a result, for example, community members would approach them with queries about IT or about setting up an enterprise.

Women's participation in their local self-help group pre-dated induction into the social enterprise, and changes in level of involvement with politics or within the community seemed limited. Only 10 per cent reported more involvement with politics, and a similar number reported more participation in social functions within the community. Far more often there was no change or, indeed, a reduction, with reports that time spent in the enterprise was substituting for time spent in wider political/community activity.

Change in gender relations appeared mixed. Two-thirds reported changes in their gender awareness (with many of the others saying they were already gender-aware). Most described this in terms of attitude (e.g. greater confidence about women's roles or new views on women and work) or greater knowledge about gender roles. Within their households, two-thirds of respondents said their involvement with this social outsourcing project had led to changes in their roles; most often framed as having a greater say in family decision-making.

In terms of work, only about one quarter described changes in what they perceived to be gendered actions, such as an ability to work and travel at night. To this number we can add the (traditionally male) managerial roles that had rotated to about one-third of women at the time of field research. Women in half of the social enterprises had hired and were managing men as employees; and in 20 per cent of the units they were breaking away from traditional female goals of security and stasis to push for growth and expansion. However, men still filled the pivotal roles in the State Poverty Eradication Mission and as local government customers. There remained a degree of deference to fathers or husbands as ultimate decision makers in the household. And women's triple role—wife/mother, worker, community member—constantly came to the surface as women described their own aspirations and the expectations of others around them.

4.6 Sustainability

It is clear that a set of livelihood assets has been created through this social outsourcing initiative, but how sustainable is this? Over half of the social enterprises had been running for more than 6 years at the time of fieldwork, and more than 90 per cent had been running for more than 4—longer than the average lifespan of an IT small enterprise (Liedholm and Mead, 1999; Wyngaard, 2006). However, questions still arose about the sustainability of social outsourcing around three main aspects:

- *Membership*: the average number of core members in the surveyed enterprises was seven: less than the initial ten because women drop out due to marriage or taking a new job. Of more than 200 IT social enterprises, though, only one case existed in which loss of members had caused enterprise closure. Most groups simply replaced lost members with other employees: hence the average number of participants in each enterprise was just over 10.
- *Support*: development of social outsourcing has required a significant degree of institutional support from government departments, banks, other financial intermediaries and other local organisations. The social enterprises may find it difficult to sustain themselves without ongoing intervention and support. Having said this, they have moved beyond the start-up phase and there is a solid network of different small enterprise

support institutions that could be called upon to provide finance, training, etc. if any individual institution stopped providing support.

- *Markets*: the intervention of a single institution—the State Poverty Eradication Mission—has been critical in providing access to markets and it remains a key intermediary in the process of social outsourcing from public sector clients. Planet Kerala's field researchers, for example, estimated that just under half the social enterprises would survive in the absence of the Mission. Action taken on disintermediation of SPEM includes more direct response to tenders by IT enterprises, the taking on of private sector customers, and the planned creation of a separate body that could provide marketing and support services for the enterprises. For example, 60 per cent of the units were undertaking their own marketing activities to supplement the work of SPEM in helping to get them contracts; and data entry units were earning an average US$500 per year (c. 20 per cent of income) from private customers. However, the units were still centrally reliant on public sector clients—in part, they were victims of the high demand for their work giving them limited capacity for diversification—and there were concerns in half the enterprises about loss of market through competition or fall-off in demand. Two particular threats were perceived. First, 'insourcing': mainly a problem for the IT training units, with schools keen to set up their own computer laboratories and teachers. Second, loss of market: mainly a problem for the data entry units once the vast swathe of paper records in the public sector has been digitised. Some IT enterprises were therefore diversifying into call centre and data analysis work in case the pace of digitisation work slackened.

In all, there were some concerns about sustainability but they were not yet an overriding issue. Roughly half of the women wanted to develop their enterprise further, while one-third were happy with things as they were. Only one quarter (often in combination with one of the other two options) would have considered taking an alternative full-time job. So for the majority, there is a sustainability of commitment: ninety per cent of respondents stated they were motivated to continue with the social enterprise.

Sustainability issues must also be balanced against a recognition of the outcomes that any unsustainability could not take away. Even in the unlikely event that the whole social outsourcing project and its enterprises were to cease operation, this could not remove the household assets already purchased: gold, household goods, education for children, healthcare for family members, marriage, housing improvements, etc. In addition, there are assets that the women can take forward into future employment. When asked about this, they mentioned the more obvious and tangible items: their computers and software and, even more 'time-proofed', their computing knowledge and skills. Many also mentioned aspects of empowerment, particularly the self-esteem and self-confidence that are central to the success of new business ventures (Heeks *et al.*, 2004).

5   CONCLUSIONS

This is an initiative that demonstrates social outsourcing can be used to bring direct benefits to members of poor communities in developing countries. These are not the most excluded or the absolute poorest of the poor and they have received an education but there is no sleight of hand here: these are women who came from below-poverty-line households, and who overwhelmingly had no prior job. Through social outsourcing they have undergone an

experience of change that can be argued as centrally about empowerment. In part this has been the empowerment of accessing new assets: new skills, new income, new physical assets and new contacts. But just as much this has been a story of psycho-social empowerment: new attitudes, new confidence, new status, new roles and new identity.

Of course, the Kudumbashree project comes with caveats: ongoing dependencies, introduced vulnerabilities caused by taking out financial loans when payments fluctuate, and questions of sustainability. Nor—recognising at least some of the asset gains come from the relatively generic transition from unemployment to employment—have we investigated the comparative benefits of alternative livelihood pathways. But these should be seen as question marks rather than fatal flaws. This is not a study in perfection but it does demonstrate that social outsourcing can touch and improve the lives of the poor over a sustained period of several years.

In looking to broader conclusions, some care must be taken because of the importance of context. Kerala is characterised by a particular institutional history of government, civil society and culture; the women involved were poor and jobless but educated; a strong public sector market for digitisation and training created a window of opportunity for this type of activity; there was a political will to allow outsourcing to be shaped by developmental goals; and individuals—notably TK Jose, the former Executive Director of Kudumbashree—have been pivotal to creating and sustaining the initiative. Wider interest in social outsourcing must therefore be contingent: sensitive to context and not simply an attempt to 'photocopy' an existing blueprint.

Nonetheless, social outsourcing has delivered sufficient benefits to warrant greater attention by other governments and by development agencies. We have described here its developmental benefits. But government departments report positive feedback on social outsourcing from achieving their IT goals at low cost. And the initiative's political credentials have ensured its survival despite changes of government in Kerala in 2001 and 2006.

Overall, social outsourcing shows how business and development can be brought together. Poverty reduction and empowerment are being achieved through social outsourcing not by rejecting business but by embracing it: by creating new enterprises; by seeking to create new entrepreneurs and by demonstrating how small business can deliver development goals.

ACKNOWLEDGEMENTS

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