

Disabled Employees' Road to BPO:

Up-scaling of Employment-type Social Enterprises

During the Spring Festival of 2014, Pactera (Hong Kong)'s Global COO Frances Zhang received a letter from the manager of its Dongguan Branch, which contained a wedding photo of a couple working at his company. It looks very ordinary but it is actually quite special. The contents of the letter are as follows:



“As you remember we established a special department for disabled employees. The couple in the photo shown here are two of our special employees. The bridegroom has only one leg, and the bride suffers from atrophy in her hand muscles. We offered training for them on how to identify and input historical data in English, and in the end most of them stayed. They are qualified in their positions, and their performances are even better than able-bodied employees. So I believe all the efforts we have made are meaningful.”

As the largest software outsourcing enterprise in China, Pactera established a strategic partnership in 2011 with Shenzhen Canyou, a famous Chinese social enterprise. The two sides will join hands to develop the global BPO market.

Canyou Group is responsible for recruiting disabled employees, while Pactera offers training, orders, workplaces and residences. Within just one year, as many as 67 disabled employees from across the whole country came to live and work in Dongguan. In one year, they each fulfilled RMB 100,000 of global orders for Pactera, and their average income reached RMB 50,000, 25% higher than the local average income (of able-bodied persons).

Canyou Group - An Employment-type Social Enterprise

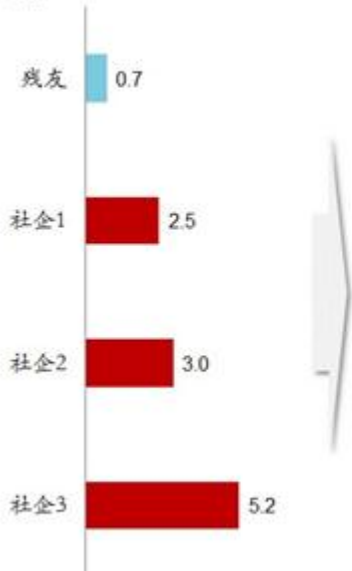
Canyou Group is a renowned Chinese social enterprise. As an organisation established and managed by disabled people, the employees of which are nearly all disabled people, Canyou Group has developed into a famous big enterprise in software outsourcing. It provides high-end working opportunities in the IT industry for thousands of well-educated disabled people who can take care of themselves.

As a typical “employment-type” social enterprise, the social benefits generated by Canyou are mainly measured by the amount of disabled employees and their income levels. The most important success factor for its achievements in these two indicators is “enterprise scale”.

Since its establishment in 1997, Canyou's number of employees has increased to nearly 4,000. The large number of employees means reduced operating costs which may improve its efficiency. As shown in the graphic below, compared with social enterprises of the same type that are younger and smaller in scale, Canyou only has to invest RMB 0.7 to raise RMB 1 of income. This “leverage effect” has benefited from the company's large-scale businesses.

雇佣型社会企业效益对比：为受益人每提高一元钱收入所需的投入

人民币



什么是雇佣型社会企业

- 社企通过提供某些产品或服务，参与市场竞争，实现企业的发展
- 在社企运营的某些环节，雇佣弱势人群，为其提供和当地劳动力市场相匹配的收入

雇佣型社企的成功要素

- 技能：雇佣的弱势人群拥有其岗位所需要的技能
- 竞争优势：机构相较其他市场化竞争对手的独特优势，例如在IT行业内，残障人士的稳定性/低流动率
- 规模化：和其他企业类似，规模化是社企降低成本、实现利润的必经之路

注：

残友：27年；近4000员工

社企1：2-3年；6名员工

社企2：1-2年；5名员工

社企3：1-2年；2名员工

2012年度英国大使馆社会企业家技能项目获奖社企分析

Canyou Group's BPO Strategy

In 2011, Canyou's main business was "software solutions" represented by software development and animation design - the so-called "mid-range" businesses in software outsourcing. Faced with future changes in scale, Canyou needs to develop a new market strategy: the higher-end cloud computing or the relatively lower-end BPO (mainly including

残友三个业务板块：从软件开发的项目管理、技术能力向上下端拓展的同时，实现残疾人强势技术就业

残友当前的技术能力

弱

强。项目管理、技术开发主要集中在这里。

较弱

咨询
解决方案
(IT规划、云)

软件开发
(管理信息系统、移动应用、网站、动漫)

BPO
(呼叫中心、数据录入、软件测试)

残疾人的就业特点

技术含量高。适合较高学历，对高端IT技术和收入有诉求的残疾人就业。工作方式灵活，不要求集中工作

技术含量中等。可集中在深圳、上海、北京等直辖市、一线城市。工作要求集中办公

技术含量低，适合广大的低学历残疾人就业。适合分散工作。可在一线、二线城市发展残友卫星工作站。

data input, call centre and software testing) businesses.

Canyou received external support when its management board was hesitant about the future strategy. Sponsored by Venture Avenue and co-sponsored by the Cultural and Education Section of the British Embassy and Diageo, the Phoenix Programme is designed to scale up high-potential social enterprises through a customised incubation service. Thanks to its scale advantage accumulated over the past 10 or so years, its professional experience in software development and its good reputation in the industry, Canyou Group became one of the first social enterprises to be selected by the Phoenix Programme to receive consultation and incubation services and to make use of its excellent business resources.

As the strategies of social enterprises are driven by social missions, Canyou and Venture Avenue worked together to identify the characteristics that disabled talent can offer the market in Guangdong; the conclusion was that there is a large amount of disabled people, but their level of education is not good. Faced with this sort of target group, Canyou finally decided to enter the BPO market to help more disabled people get employed.

As the disabled persons lacked sufficient skills, management experience and business resources in BPO, Venture Avenue provided Canyou with a competent partner: Pactera, then the biggest Chinese software outsourcing enterprise listed in NASDAQ. The partnership with Canyou also gave Pactera an innovative solution to the tight job market and the frequent talent flow in BPO businesses.

With the positive efforts of the parties involved, a pilot programme was soon launched in which employees were provided by Canyou, while technical support and orders were offered by Pactera. Upon strict selection, the first 12 Canyou employees began their brand new careers at Pactera's operation centre in Dongguan, Guangdong Province in December 2011. Through this pilot, both sides wished to summarise an effective mode for disabled and able-bodied employees to work together so that the BPO collaboration may be extended across the country to offer employment for more disabled people with less education.

Development opportunities in BPO: By entering the BPO market, Canyou has made use of development advantages with the right people, at the right time and in the right place.

天时

- 政府解决残障人士就业问题的需求
- 公益创投行业在中国的迅速发展

地利

- 广阔的残障人士就业市场

人和

- 与合作伙伴双赢的战略合作协议

First, the abundant supply of disabled talent has offered a solid foundation for scaling up the business. According to statistics, currently there are more than 85 million disabled people in the whole country, and 70% of them are with slight or moderate disabilities. Most of the disabled people are relatively poorly educated and less than 10,000 of them are enrolled by universities or colleges in the country. In China, disabled people have very limited employment channels. Most of them can only find subsidised or subsidiary employment with the help of the government, and they have few opportunities to obtain ordinary posts as ordinary people. The BPO businesses developed by Canyou mainly

involves call centres or data input. These positions are suitable for less-educated disabled people as they do not have strict requirements on education levels.

Second, a powerful partner and Pactera's strategic cooperation enabled Canyou to move quickly and secure the BPO market. As a matured business model, BPO is characterised by intense global competition and low overall profit margins. Therefore, the up-scaling of an enterprise and cost management are exceptionally important for the healthy operation of the business. The partnership between Canyou and Pactera is win-win. On the one hand, Pactera brings Canyou skills training, management experience, hardware investment and business orders so that Canyou may directly make use of the software and hardware resources of the platform offered by Pactera without going through the long period of exploration. On the other hand, as BPO is characterised by high repeatability, few able-bodied people can work for long periods on these posts and frequent personnel flows will bring more costs and nibble the already narrow profit margin. This has become a difficult problem faced by many external enterprises. But for Canyou's employees, a steady position in the IT industry is not only a recognition of their skills, but also a sense of belonging. Thus, by cooperating with Canyou, Pactera has secured a stable talent market which may effectively reduce its procedural costs.

Thirdly, Canyou's BPO strategy also coincides with the government's need to find employment for disabled persons. As the disadvantages of welfare plants are becoming increasingly apparent and it is difficult to implement the provision on the ratios of disabled employees in enterprises, the government has become fully aware of the advantages of finding employment for disabled persons through the market and by making use of social forces. Policy support, office spaces and inputs of other resources have effectively guaranteed the development of Canyou's BPO businesses across the country.

Fourthly, the rapid development of venture philanthropy in China in the past few years has also provided Canyou's expansion of its BPO businesses with financial support. Witnessing initial successes of the pilots and the future prospects, Xinhua-Yu Venture Philanthropy Fund reached out to Canyou. According to the strategic cooperation agreement between the two sides, Venture Avenue will continue to provide Canyou with intelligence incubation and help Canyou optimise its BPO model and further improve its cooperation with Pactera; Xinhua-Yu will provide the funds needed to expand the BPO model throughout the country.

The BPO pilots lived up to expectations and made inspiring achievements. After eight months of training, the 12 Canyou employees participated in Pactera's nationwide contest and won first place in the contest for speed and accuracy of data input. The number of disabled employees increased from 12 at the end of 2011 to 35 at the beginning of 2013, and their average income was 30% higher than the local average income. Besides income in cash, the company also offers them free services in catering, medical insurance and housing so as to make their lives more convenient.

Besides Canyou's unique "mental health counsellor" model, the management and performance systems of these disabled employees are also established in line with Pactera's market system. After some initial awkwardness, they soon got accustomed to the new corporate culture and their working efficiencies improved remarkably. The monthly income of the best one was above RMB 10,000.

Bottlenecks Faced When Scaling Up

Following the successful pilot in Dongguan, Canyou planned to copy this model in other cities. However, the road of scaling up was not as smooth as expected. Due to a series of policy, talent and competition constraints, the programme, which has so much potential to do good, was still unable to be of benefit to more disabled people.

Bottleneck 1: Insufficient Drive in the Labour Market

Although there is a huge quantity of disabled people in China, many of them have got accustomed to receiving subsidies from the government in recent years and are not willing to face challenges and attempt to integrate into society and compete with able-bodied people. For example, the new subsidy policy in Zhuhai exerted a huge impact on disabled persons' enthusiasm for finding jobs. As a result, the Dongguan site is now shorthanded and cannot hope to sustain its fast development based on the current situation.

In a survey of the labour market for disabled persons in Zhuhai conducted by Venture Avenue, we heard remarks such as: "I am comfortable at home. Without having to work, I can get as much as those who work for companies (in the first three months). So why should I suffer like that?" Quite a lot of disabled people hold the same opinion.

Bottleneck 2: Commercialised Competition

Although it is already a leading social enterprise, Canyou is still the underdog in competitions with other business rivals. As BPO is a matured model, all the leading business rivals have implemented elaborate operation and management systems, such as the central quality control and management system and the control over the qualities of BPO centres around the globe. This is impossible for Canyou to emulate within such a short period of time. As a latecomer to the market, Canyou also cannot win with price strategy due to its limited size.

Unless Canyou has a powerful management team, the limitations make it very difficult for it to set up an independent team and compete with its powerful rivals in a commercialised environment.

Bottleneck 3: The Management Mode

Thanks to personalised human-based management which is a social enterprise feature that Canyou is proud of, thousands of disabled employees regard Canyou as their home due to an exceptionally strong corporate culture and cohesiveness. The rigid requirements on cost control in the IT industry, especially in BPO businesses have made it hard to balance between humanisation and efficiency. Second, the characteristics of disabled persons mean that it is better for them to be managed by disabled persons themselves, as it is rather difficult for an able-bodied person to directly integrate into the team as a manager. It has become a major challenge for expanding the size of Canyou's BPO businesses to introduce modern performance management systems while ensuring the smooth integration of disabled employees.

Vision for the Future

The marriage of the unconventional couple once again made Frances and the other sponsors of the pilot think. How to break the bottleneck? A series of choices all have their own pros and cons and there is no perfect solution.

During the initial stage of the pilot, the parties involved failed to reach a conclusion on who should dominate the management of the disabled employees, Canyou or a commercial BPO company similar to Pactera.

- The first way is to get the BPO business independently registered as a part of Canyou Group. However, this model will face four major challenges: (1) Funds - Continued input is required before realising scale economy. Even if venture philanthropy is introduced, they only control small shares to ensure consistency with the targets of the management board of the social enterprise. However, Canyou itself does not have too much money to invest. (2) The talent bottleneck - The up-scaling is crucial to the profitability of an independently operated BPO company. However, it is very difficult to form a team completely made up of disabled persons. (3) The operation and management capacity - As mentioned above, Canyou cannot, within a short period of time, develop the elaborate management ability needed for competition with its business rivals. (4) During the initial stage, the enterprise requires a large quantity of customer orders to initiate the team's operation capacity, while Canyou still experiences limited business expansion ability.
- The second choice is to set up a joint venture by relying on a BPO giant such as Pactera. The advantage is that it may soon gain a competitive advantage based on the current platform. Pactera continues to secure customers' orders, while making use of its dominating power in the global market, and bringing the team of disabled people into its system through the top-notch BPO business management models and accomplished precision management. Meanwhile, with its special identity as a social enterprise, Canyou may receive government support in terms of the employee welfare policies, which could reduce fixed-operating costs. However, this method has extremely high requirements for Canyou: there should be a medium to high level team that may ensure BPO businesses and ensure disabled employee management. Meanwhile, for Pactera, which is listed in the US, maximisation of shareholders' interests is the only standard for enterprise operation. It is all the more difficult to establish such a joint venture with low profits.
- There is also a third choice: inserting this model into all BPO companies in the form of CSR (corporate social responsibility). For an enterprise, however, it is a major challenge to conduct recruitment, training, management and serving independent of the Canyou Platform. The profit pressures faced by the listed company may also make the BPO teams of disabled persons easily marginalised. Under such plans, an enterprise often can only maintain small teams of disabled employees and it is very difficult to increase the size of the teams.

Conclusion:

1) Although no decision has been made on future development, it is a highly innovative attempt to lead disabled persons into the BPO field, relying on commercial giants and realising the employment of educated disabled employees on a large scale. As a solution

different from the traditional charitable ones, it may bring about a situation from which the enterprise, society and government may all benefit.

2) Similar to many other social enterprises, up-scaling is the only condition for a social enterprise to become more effective than traditional non-profit organisations, and talent has become a major bottleneck of the up-scaling of social enterprises. Breaking this bottleneck requires greater courage and more attention to talent training, especially the training of medium and high-level management talent.

3) The government should re-examine the policies of subsidising disabled persons. “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.” Rather than offering all disabled persons more living allowances, it is better to divide them into different categories according to their labour capacities and offer subsidy policies linked to work for those who are willing to work and integrate into the society, or to offer more welfare subsidies for enterprises employing disabled employees.

Text: Robin Zhang, Founder, Venture Avenue

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