Inclusive Business Models – Prospects and Challenges

Indian Institute of Management

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Teaching notes have also been prepared for this case. If you are a professor who would like to use the case in class, please contact the author, Sourav Mukherji, at souravm@iimb.ernet.in to obtain a copy for educational use.
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Introduction

On 10th December 2011, RuralShores, a rural Business Process Outsourcing (BPO) organization based out of Bangalore, celebrated its third anniversary. The invitation card for the event read *RuralShores: Illuminating a thousand Rural Families* and the day-long event was held at Bagepalli, RuralShore’s first centre, located nearly 100 kilometers from the city of Bangalore. Three years ago, Bagepalli was a nondescript place bereft of natural resources or much arable land, making news once in every five or six years because of drought and near-famine conditions that it experienced. As part of the anniversary celebrations, RuralShores employees demonstrated through cultural programmes, the kind of transformation RuralShores had brought about in their lives. Among the guests of honour were the Union Law Minister and Member of Legislative Assembly who were full of praise for this new business model that generated employment in an economically backward section of rural India without causing any disruption in its socio-cultural fabric. But possibly the best compliment came from Mr. Kris Gopalakrishnan, Chairman of Infosys Technologies\(^1\), who said

While Infosys had barely two or three clients in its first three years of operations, RuralShores has over twenty. RuralShores, a pioneer in the rural BPO space, is poised to achieve a lot more and a lot faster than what Infosys has achieved so far!

And Kris was probably not very unrealistic. In the past three years, RuralShores had setup ten centres across seven Indian states providing employment to over 1000 rural youth. Its pioneering efforts were being recognized at multiple forums, resulting in RuralShores receiving NASSCOM innovation awards in 2009, Economic Times BPO award in 2010 for being a “social catalyst” and BPO Summit award in 2011-12 for being a “social change agent”. In 2012, it became a finalist at USA’s Edison Awards under Lifestyle and Social Impact category – only the second Indian company after Tata Motors\(^2\) to have got the recognition in the past 25 years.

RuralShores’ mission was to establish one BPO centre in each of the 500 rural districts of India, providing livelihood to 100,000 rural youth. Despite its social mission, RuralShores was well on its way towards achieving financial self-sufficiency. Explained Mr. Murali Vullaganti, founder and CEO of RuralShores

RuralShores is an initiative for inclusive growth. We wanted the world to know that with a little bit of handholding, it was possible for youth from rural India to match the service excellence of their urban counterparts.

However, as Murali listened to the effusive praises about RuralShores, he could not but worry a little about the task ahead. Most inclusive businesses faced tremendous challenge in scaling their operations because unlike commercial organizations, they had to simultaneously achieve dual objectives of business growth and making social impact. While their initial success could be ascribed to the

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1 Infosys Technologies is one of India’s largest software service organization, often viewed as an industry pioneer
2 Tata Motors received it for their low cost car – Tata Nano
experience and commitment of the founding team, it remained to be seen whether same levels of excellence in service could be delivered once the organizations expanded. Given the differences in socio-economic conditions between one Indian state and another, a model that was successful in Karnataka might fail in a state like Orissa. The task of managing an organization with 1000 employees was qualitatively different from managing one that had 100,000 employees especially because RuralShores could not afford to have an elaborate hierarchical structure like its urban counterparts. Moreover, till date, RuralShores did not have to face any competitive backlash. But there was no guarantee that if they succeeded, large players in the IT Services and BPO space will not start to compete head-on.

Evolution

Murali got the idea of creating a rural BPO when he was spearheading rapid expansion plans of Xansa\(^3\) as the head of its Indian operations. In order to fulfill its ambition of scaling from 500 to 5000 employees in 2003-04, Xansa’s recruitment team went about searching for employees in smaller Indian cities and villages. While adequate talent was available in those places and many of them readily joined urban BPO organizations such as Xansa, the remuneration that they got\(^4\) was just enough for them to eke out a living in a city like Bangalore. The employees could not save any money that they wished to send back home with the result that they were prone to switching jobs if another company offered them marginally higher salary. High employee attrition was an endemic problem for the entire BPO industry. Yet, despite such frequent job switches, the employees were rarely getting the income or quality of life that they desired. Murali realized that one way to break out of this lose-lose scenario was to move jobs to the villages rather than compelling rural youth to migrate to urban centres. He also figured out that the business model of a rural BPO needed to be significantly different from urban BPOs. Rural BPOs needed to be much smaller in size, having not more than 100 to 200 seats, for them to be viably established in villages that had a population of less than 20,000. In contrast, urban BPOs typically aimed to have at least 5000 seats to gain economies of scale.

In 2005, Murali, along with fellow devotee of Satya Sai Baba, Sujata Raju, setup a proof-of-concept centre at Puttaparthi\(^5\). Initially, they received some work from BASIX – a livelihood promotion organization in Andhra Pradesh. This was followed by work from HDFC Bank - one of India’s leading private sector banks - that involved opening of accounts for the bank’s retail operations. It was not long before the centre grew to having 100 seats, which gave enough confidence to Murali about the viability of a BPO business model based in rural India. He decided to develop a business plan to scout for investments and put together a team of promoters who would help him set up the business. While their initial plans were for 12 centres, potential investors pushed Murali to be aggressive and develop a plan for 500 centres. In May 2008, after Murali and his team made a presentation to Mr. Deepak Parekh, Chairman of HDFC, HDFC decided to invest INR 10 million for a 26% stake. RuralShores was incorporated soon after and formal operations started in October 2008. By that time, Murali had put together the founder team comprising Mr. Sudhakar Ram, Chairman of Mastek, Mr. G Srinivasan, Vice President of

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\(^3\) Xansa Plc was a British outsourcing and technology company that was acquired by Steria in 2007

\(^4\) Entry level salaries were approximately Rs. 10,000 per month

\(^5\) Puttaparthi is a town in the Ananthpur district of the Indian state of Andhra Pradesh with a population of less than 10,000
Wirpo Finance, Mr. V V Ranganathan from Ernst & Young, Mr. C N Ram, Head of Operations at HDFC Bank who was instrumental in giving Murali the first pilot project and Ms. Sujata Raju. The promoters together put in INR 10 million and even though RuralShores was incorporated as a private company, the promoters conceptualized it as a social enterprise. Thus, it was agreed that none of them would derive any personal gains from their investments and commercial surplus would be used to fund social projects. RuralShores Foundation was subsequently setup as a Section 25 company for the purpose of doing developmental work. RuralShores received an additional financing from Lok Capital in 2009 and 2011.

**Bagepalli – the First Centre**

The first location for RuralShores’ BPO operations was Bagepalli, a small town in Karnataka, with a population of less than 20,000. RuralShores did not want to purchase either land or buildings. A trust that was running a school in Bagepalli provided them part of a building on long term lease. This continued to be one of the operating principles of RuralShores and four of its centres in 2011 were located in government buildings. Since RuralShores generated employment for local youth, they usually did not encounter any problem in getting buildings on lease from either the government or local organizations. The pilot project at Puttaparthi taught them that the critical infrastructural bottleneck in remote locations would be provisioning of electricity and telecommunication links and there was need to build adequate redundancies if they wanted to deliver high quality service from rural locations. Even though a town like Bagepalli was connected to the electricity grid, power supplies were erratic. Therefore, an electricity generator was always kept on standby. For telecommunications, RuralShores tied up with two service providers, one acting as a backup for the other. Many a time they had to remain connected to their clients’ back-end servers and such redundancy was essential to maintain high availability.

Given the lack of opportunities in rural India, recruitment was seldom a challenge. Word about RuralShores usually went out in the local community as the centre got ready, resulting in a stream of people enquiring for jobs. RuralShores also got in touch with local schools and colleges, requesting them to identify suitable candidates. However, training new recruits took longer because most of them were not familiar either with English as a medium of communication or with computers. They also had to be trained on softer aspects that one took for granted in case of employees who grew up in an urban environment, such as the expected standards of grooming and behavior in a professional environment. Many of them had to be taught about the importance of planning their leaves of absence. In the initial days, sometimes the entire group of employees failed to turn up for work without informing because there was a marriage in their village! Likewise, there would be lot of absenteeism during harvesting season because many of their employees would need to help their families in the fields. Based on such experiences, RuralShores created a standard manual, which was henceforth used for foundation training during the induction period.

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6 While funding from HDFC and Lok Capital in 2008-09 was largely utilized to meet capital expenditure for centres and working capital finance, $ 3 million received from Lok Capital in 2011 was meant for creating management bandwidth and technology infrastructure that would enable RuralShores to scale.
RuralShores signed a contract with its first customer, i-Mint\(^7\), in December 2008. Prior to that, 40 employees were recruited as process associates and sent to Puttaparthi for training. A few MBA graduates were recruited in June 2008 from the Satya Sai Institute and trained as process leaders for six months in a Chennai based BPO company that was run by Ms. Sujata Raju. A person with 7-8 years of experience in the BPO industry, who was looking to work for a social venture, was appointed as a centre manager. Thus, the entire team was in place before commencement of operations for I-Mint in February 2009. Soon after, RuralShores received orders from two other customers and Bagepalli grew to having 130 seats. Senior management felt that it was time to setup the second centre, which would give their customers greater faith in their delivery capabilities. In May 2009, the corporate office was set up in Bangalore and other senior level appointments such as a business development manager and operations head were made. Figure 1 provides RuralShore’s organization structure.

**Setting up More Centres**

An educational Trust, running a high school in Rathinagiri in Vellore district of Tamil Nadu, approached RuralShores and offered to provide them with building and space for setting up a centre. Rathinagiri’s proximity to Chennai made it suitable for showcasing it to potential customers and thus, the second centre was set up in October 2009. In the next two years of operation, RuralShores established ten centres throughout India. Table 1 provides the chronology in which these centres were set up.

The choice of location was typically driven by customer requirements. The centres were established in small towns or large villages with population of less than 40,000, and the employees came from 15-20 villages within a radius of about 10 kilometers. The centres needed to be well connected by road, if not by trains, have electricity for at least 5-6 hours a day\(^8\) and have the feasibility for internet connectivity. Each centre had its own generator for uninterrupted supply of electricity. The work that was carried out in these centres were rule based transaction processing, local language or dialect voice support and processes of low to medium complexity. High end analytics, decision based work and voice support in English were kept out of scope.

Each centre had 100-120 seats. RuralShores did not want to scale a centre beyond 200 seats because they assessed that larger size would create the need for superior infrastructure and more managerial hierarchy, thereby making the operations more complex. The employees usually worked in two shifts between 0600-2200 hrs., with women coming only in the morning shift and men coming in the morning and afternoon shifts. RuralShores leadership team sometimes held meetings with village elders and parents of potential employees to dispel any apprehensions they had about the way of working of the organization. Unless it was absolutely essential, RuralShores avoided working in nightshifts because nightshifts often created health problems for employees and resulted in disrupting their family lives.

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\(^7\) In June 2010, i-Mint was acquired by Payback, the card business arm of Germany based Loyalty Partner

\(^8\) RuralShores spends close to IR 40,000 per month on electricity charges at the rate of INR 12/unit. This is one area where they would like government intervention since electricity is supplied at a subsidized rate in rural India by the government for many activities.
Typically, a centre with 100 seats involved an investment of INR 6 million and took about three to four months to become operational. Even if the centres did not appear fanciful from outside, each of them had the same quality of necessary infrastructure that would be found in an urban BPO. Early in their life-cycle, senior management at RuralShores learnt that they can only win customers if they are able to deliver greater value than urban based BPOs – no customer would outsource its processes because of RuralShores’ social mission. Therefore, in order to deliver same kind of Service Level Agreements as was expected from urban BPOs, RuralShores needed to have the same standards of security, confidentiality, responsiveness and quality. Every RuralShores centre had biometric access control, close-circuit televisions and was ISO 27001 compliant that mandated specific information security requirement, which could be formally audited. The only leeway that RuralShores sought from its customers was a larger gestation period because the employees needed more time for handholding and training. RuralShores expected to reduce this gap in future with greater process standardization in recruitment, training, transitioning, measuring and monitoring.

However, standardization did not make RuralShores shy of doing assignments that were non-routine in nature. Said Maharaja Gokulavasan, the Head of Service Delivery,

Take the case of email processing that we do from our centre at Tirthahalli. Our employees respond appropriately to email queries that come from our client’s customers. First, the emails need to be read and understood. Then the employee needs to look into product features and promotion announcements to determine the validity of customer queries. Finally the employee needs to respond to the email. Imagine this being done by someone who probably did not even have English as her second language and have no familiarity with the concept of membership cards to recognize terms such as “points” or “redemption”. Many aspects of these kinds of operations cannot be standardized, which makes it complex and challenging for us.

In August 2011, a client outsourced RuralShores the work of abstracting US and Chinese patent documents. Carried out from their Rathinagiri centre, this was a landmark project because it fell squarely within the domain of Knowledge Process Outsourcing (KPO), work that could only be delivered by engineers. For the first time, RuralShores recruited engineers from nearby colleges based on tests and technical interviews and provided 12 weeks of training in customer location. While it took them some time to ramp up, the team soon reached a size of 60 and started to outperform other teams whom the client had engaged in similar work.

**Centre-Partner as a Model of Growth**

This heterogeneity among available resources at different centres made the senior management realize that it would be a challenge for them to set up centres on their own in rural locations across India with whom they were completely unfamiliar. Therefore, after setting up the first five centres, RuralShores embarked on a Centre-Partner (CP) model, whereby a contract was made with a local entrepreneur who would setup the centre and manage the centre’s infrastructure. In this model, RuralShores was

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9 Tirthahalli is the third centre of RuralShores, a small town in the Shimoga district of Karnataka with population of less than 15000
responsible for service delivery, while the CP ensured availability of all associated services such as electricity, telecommunication, building infrastructure and housekeeping. RuralShores took the CP’s help for recruitment because he was aware of the potential sources. In 2011, four of the ten RuralShores’ centres were partner managed and it was planned that in the steady state, 80% of the centres would be managed by CPs. RuralShores would retain complete control of centres if the customers insisted on doing so or if they did not find a suitable CP at a particular location.

Since CPs made the financial investments, about INR 6-7 million per centre, growing through this model did not put pressure on RuralShores’ financial resources. CPs were compensated based on the number of seats at the centre and it was estimated that the CPs would earn an IRR of 12% in the first five years and recover their capital expenditure over 40 months.

RuralShores was pleasantly surprised to find a large number of individuals and organizations eager to become its CP. Such individuals typically were professionals with roots in the villages who wanted to give back to the society. They found RuralShores as an enabler of their social service. Even if they did not stay in the villages, they knew enough people in the villages who would take care of the local infrastructural and administrative issues. Organizations that had large manufacturing operations in rural areas also approached RuralShores to setup centres near their location, in order to provide employment to families of their employees. This, they figured out, would generate goodwill for them and build loyalty among their employees. They were helped by the fact that RuralShores did not require their employees to have high qualifications – they could train a person to be a process associate if she had passed her class 12th examination.

RuralShores realized the importance of selecting the right kind of partner in order to maintain its social mission. Through personal interactions with potential partners as well as by leveraging their network for reference checks, they ensured that the partner was someone who was looking at the opportunity to do good to the society rather than seeking high commercial returns. While partner selection till date happened in a bespoke mode, they were keen to evolve a standardized process so that they could have a new centre up and running in 90 days.

**Training**

RuralShores preferred to recruit youth who came from economically challenged backgrounds. The minimum required qualification was completion of twelfth standard. A new employee went through two months of foundation training comprising training in reading and writing English, computer skills and soft skills and about two months of process training that involved understanding specifics of client processes. Thus, a new recruit was ready to work on projects in about four months. The corresponding time for urban BPOs was two months. While the village youth possessed the capabilities, they often lacked in confidence and did not have the knowledge of what was expected of them in a professional environment. They were familiarized with items such as credit or ATM card – typical items that RuralShores’ customers would use, but are often a rarity in rural India. These skills were imparted during the foundation training – something that most urban based BPOs did not need to impart.
Foundation training acted as a funnel, where the trainee was provided with a job after successful completion. Almost 90% of the trainees completed the training successfully and got employed at RuralShores’ centres. The remaining 10% were usually given extended training till they acquired the requisite skills and were subsequently provided with jobs. It was only a few who did not make it, primarily because of their unsuitable attitude. Since early 2011, RuralShores started to leverage third party training institutes such as NIIT Foundation to train its employees. These institutes provided candidates with a certificate after they successfully completed the training. While the candidates paid for their training, RuralShores ensured that these institutes did not charge unreasonable prices for the training. If any candidate had financial constraints, RuralShores paid 50% of their training costs upfront, which was subsequently deducted from their salaries once they joined as employees. It was observed that the candidates felt a certain amount of pride and ownership if they paid for their training and secured a job based on that.

Organization Structure and Processes

Every RuralShores centre had a three tier structure comprising associates, process leaders and centre managers. Typically, a process leader looked after 15 associates and centre manager was in charge of eight such process leaders. While the associates were recruited locally, the process leaders and centre manager came with experience of having worked in urban BPOs. Several of the centres reported to a region that was headed by a regional service delivery manager. Figure 2 depicts the governance structure for service delivery at RuralShores.

There were a variety of reasons for the process leaders and centre managers to be attracted to work for RuralShores. Some of them were keen to create positive social impact and the novel business model of a rural BPO allowed them an opportunity to be part of a new experiment. Others were originally from the areas where the centres were setup and were keen to get back to their roots. Govinda Reddy, a devotee of Satya Sai Baba spent 20 years associated with the Satya Sai University in Puttaparthi before he joined RuralShores as Manager of Operations at the behest of his guru. He said

"Before our centres came up, life was very difficult for most of our employees. RuralShores has been able to improve their standard of living dramatically. Personally, I took it as a challenge to recruit a girl from an economically challenged background. She picked up the necessary skills in two months and became a very good performer. With the money that she saved, she bought clothes for her family, furniture for the house. There are innumerable such instances, which shows that with a little help, it is possible to make them self sustainable, put the smile back on their faces. This makes me contented, my life fulfilled."

Others were attracted by the enhanced responsibility that they would shoulder at a very early stage in their careers. The fact that they were paid salaries comparable to their urban counterparts while the cost of living in rural areas was substantially lower added to the attraction. The steady stream of CV’s that RuralShores continued to receive reaffirmed their conviction that there were a lot of individuals who believed in their mission and were passionate to make a difference to the society.
Generating Business

RuralShores faced challenges in convincing clients that they could deliver services of requisite quality from rural locations. Said Murali

Getting to the CXO level was easy, but convincing the process manager to outsource work to us is always difficult. They are the ones who are responsible for the process – being on the floor they are on the firing line. Not only do they need to realize the value, but they also need to find time to do the transition. Sales cycles are long, close to six months. However, with more centres and more reference clients, we are able to make break-throughs. Today, we are discussing opportunities that would require 1500-2000 people over twelve months operating from multiple centres.

RuralShores appointed business development managers in Mumbai and Delhi to focus on the demand side. It discovered allies among large BPO companies, who being perennially under pressure to reduce costs, started outsourcing work to RuralShores. They also started jointly bidding with RuralShores for business opportunities in the domestic market, where the price points were lower compared to international markets. By 2011, about 30% of RuralShores’ business was coming from large BPOs, which apart from being a steady source of revenue, provided RuralShores with experience of working with different processes as well as increased its credibility in the market. RuralShores also started getting business processing jobs from the government for its various schemes such as NREGS, health and life insurance, an opportunity space that it expected to grow significantly in future. Domestic market remained its prime focus, where, RuralShores estimated, rural BPOs could generate 1.5 million jobs.

Other rural BPOs also presented opportunities for partnerships. Several state governments offered incentives to entrepreneurs to open rural BPO centres. This led to opening of large number of single location BPOs, many of which were functioning poorly or were on the verge of being closed down. RuralShores outsourced work to them sometimes to tide over short term demand spikes. Many of them were also willing to become CPs for RuralShores, presenting them with a readily available growth path in Karnataka and other Indian states. Observed Murali

If you are a one-off centre, no one will take you seriously. They can give you some short term project work. But to outsource a core project, the client will have to be confident in your ability to scale and sustain yourself. 90% of the work that we do is on core client processes, very often on a real time basis. Even though the initial contracts are for three years, they are sure to get renewed.

While RuralShores had to spend the first few years selling the concept of a rural BPO and convincing customers that it was possible to deliver high quality service from rural locations, the degree of difficulty in acquiring customers reduced once they could show the customers their performing centres. They
could start bidding even for end-to-end projects\textsuperscript{11} so that they become an integral part of their client’s operations. Internally, RuralShores started to develop specialized service propositions for business verticals such as insurance, telecommunication, retail and e-governance. During their first two years of operations, RuralShores had done small projects for local state government such as those pertaining to cattle census and land records. Based on their good performance, they could subsequently qualify for larger government projects, justifying the creation of a dedicated vertical for e-governance. While transaction intensive verticals like telecommunication were likely to give them more revenues, others demanded bespoke services and improved their bottom line\textsuperscript{12}. Since many of RuralShores’ clients had semi-urban or rural customers who were themselves not well conversant in English, RuralShores discovered one unexpected competitive advantage – their employees could interact with such customers combining local language with English. Sometimes, their employees could also understand the customer problems better, being able to relate to their context and empathize with them, which resulted in lesser number of repeat calls and greater customer satisfaction.

In June 2009, RuralShores started developing a workflow application that enabled remote distributed processing. The tool ensured that a piece of work could be executed in parallel from multiple centres, which not only increased speed of execution and reliability but also ensured business continuity. Moreover, it enabled RuralShores to deploy additional resources from other centres in case of sudden increase in the volume of work. Tools such as this, it was envisaged, would provide them with long term competitive differentiation as well as minimize the initial investment that customers needed to make when they decided to outsource their business processes.

**Business Enablement Services: RuralShores 2.0**

During the last few years there had been a huge rush among Indian and multinational enterprises to tap rural markets. Banks, insurance companies, telecommunication companies and retailers devised strategies to sell their products and services to nearly 800 million people who inhabited 620,000 Indian villages. However, but for a few fast moving consumer goods companies such as Unilever India, who had been developing their rural distribution channels over several decades, most organizations faced an insurmountable ‘last mile’ problem. Given the dispersed and diverse nature of Indian villages, it was difficult for them to reach the end consumer in a financially sustainable manner. Being located in Indian hinterland, RuralShores saw this problem of reach faced by other companies as a huge business opportunity for themselves. It had the potential to become a critical enabler of business in rural India by acting as a gateway, providing complementary services to a variety of organizations – both through its own process capabilities and through the network of field partners that it typically developed for running its operations. For example, agricultural companies that intended to sell seeds, fertilizers and pesticides to the farmers needed market intelligence to understand which products to sell and identify distribution partners to reach the farmers. RuralShores could utilize its partner network to procure local

\textsuperscript{11} For example, acquisition of loyalty customers along with data entry operations for capturing details of loyalty customers

\textsuperscript{12} RuralShores collects daily sales information from regional sales offices of a reputed FMCG company and sends it to the Head of Sales. Such outsourced processes, though small in volume, provide them with higher margins
knowledge and sell products, and could operate a help desk in local language for the farmer-clients of the company. Explained Maharaja,

Financial inclusion, a critical challenge in rural India needs integration of four elements – feet on the street, field level automation, back office processing and banking. We are working with a couple of banks to create the infrastructure for small savings, microloans and pension. While the final delivery will be done by business correspondents, we can either take end-to-end ownership of the entire model or make selective interventions in training and back office processing. These might not contribute to our volumes, but will be our value-added services.

It was decided that while RuralShores themselves would not be involved in cash based transactions that fell outside the purview of business processes, their Business Enablement Services could provide income opportunities for CPs and career opportunities for many of their process associates. Moreover, their facilitating role would generate back end processing jobs that would directly contribute to their top line. While on their own RuralShores could create about 100-150 jobs in each of their locations, acting as a gateway to other companies would create employment for another 200-300 people.

Impact

The BPO industry operated under constant pressure to reduce cost. Reducing costs of operations was a big challenge for urban BPOs because of rising cost of living in big Indian cities as well as the increase in salaries resulting from competition for employee acquisition. As a consequence, some segments of BPO business, such as voice based call centre moved to lower cost geographies such as Philippines. RuralShores, despite its higher costs of training, could offer price points to its clients that were almost 40% lower than its urban counterparts. Operating from remote locations ensured that there was very little employee attrition – as low as 4-5%\(^\text{13}\), which was beneficial both for RuralShores and its clients. RuralShores also felt that compared to their counterparts in urban BPOs, their employees were more dedicated and committed to their jobs, all of which translated into better business results. Therefore, it was not surprising that a steady-state centre at RuralShores performed better than a comparable centre of an urban BPO on several parameters such as customer satisfaction.

RuralShores was one of the few businesses that could generate employment close to villages, which enabled village youth to earn their livelihood without having to migrate to cities. Because of their proximity they could employ women, most of whom, unlike the men, did not have the option of migrating to cities in search of jobs. This had two significant social consequences. First, it empowered the women and allowed them a greater say in their future. Second, it inspired the village youth to complete their education at least up to the twelfth standard and parents to send their children to schools\(^\text{14}\) so that they could join a profession rather than being engaged in farming or associated

\(^{13}\) Average attrition rate of urban BPOs is approximately 40%, according to Monitor Group working paper (June 2011) *Job Creation through Building the Field of Impact Sourcing*

\(^{14}\) Two problems of Indian educational systems are high dropout rate, especially after primary classes and lower enrollment rates among girls (*Indian State Development Scorecard: Indicus Analytics, December 2011*). Both are consequence of the fact that parents do not see much value in continuing with their children’s education beyond
activities. Keeping an eye on their potential to empower women, RuralShores consciously recruited significant number of women in their centres. Even though women employees had greater attrition because some of them had to move to other locations after marriage, RuralShores felt that the positive impact on the socio-economic condition of the village would be more if women, rather than men, were provided livelihood opportunities.

The case of 30 year old H N Punyavati was a typical example. Before she joined RuralShores as a project associate in March 2009, she and her husband were in dire straits – her husband had lost his job while she was expecting their first baby. There was absolutely no income opportunity for Punyavati had it not been for her INR 4000 / month job at the Bagepalli centre, which enabled her to restore financial stability in their young family\(^\text{15}\). B Keerthi, another process associate at the Bagepalli centre felt that RuralShores had encouraged villagers to become more modern in their outlook, created their appreciation of youngsters and improved communication across generations.\(^\text{16}\) For E Pushpa, the work gave her independence that once she could only dream of. She said

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\text{My parents wanted me to get married as quickly as possible, to a man of their choice. Now, I give half my salary to my parents and use the rest for a correspondence course. I want to become a social worker ...earning money on my own is very liberating.}^{\text{17}}
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Finally, setting up a centre resulted in injection of cash, close to a million rupees per month, into the village economy, which created additional jobs and positively impacted the economic conditions of the village. The additional income enabled many of the families sent their children to schools as well as to have better nutrition and healthcare services.

An ongoing employment survey indicated that about 65% of RuralShores associates helped their families in traditional work, mostly farming, besides working for RuralShores. Prior to joining RuralShores, 40% of them had no annual savings and almost none of them had access to any kind of insurance (Table 2 provides some other results of the survey). While employment generation and income diversification (for the family) are critical enablers of poverty alleviation\(^\text{18}\), it is clear that Murali and his team have some way to go before they can fulfill RuralShores’ mission of creating large scale social impact in the Indian hinterland.

\(^{15}\) Adapted from report in Live Mint / Wall Street Journal, Rural BPO Centres Provide a Ray of Hope for Smaller Towns, 18\(^\text{th}\) June, 2009

\(^{16}\) Adapted from report in Los Angeles Times, Indian Outsourcing Firms find Greener Pastures, 21\(^\text{st}\) June, 2010

\(^{17}\) Adapted from reported in Irish Times, IT Jobs Trickling Down to Rural India, 10\(^\text{th}\) October, 2010

Figure 1: RuralShores’ Organization Chart

Figure 2: Governance Structure for Service Delivery
<table>
<thead>
<tr>
<th>Sl No</th>
<th>Centre</th>
<th>Location Details</th>
<th>Date of Commence- ment</th>
<th>Number of Seats</th>
<th>% Women employees</th>
<th>Centre Managed by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bagepalli</td>
<td>Chikballapur district, Karnataka, 97 kms from Bangalore</td>
<td>11th June, 2008</td>
<td>129</td>
<td>44</td>
<td>RuralShores</td>
</tr>
<tr>
<td>2</td>
<td>Rathinagiri</td>
<td>Vellore district, Tamil Nadu, 12 kms from Vellore</td>
<td>28th Sept, 2009</td>
<td>120</td>
<td>70</td>
<td>RuralShores</td>
</tr>
<tr>
<td>3</td>
<td>Bhiloda</td>
<td>Sabarkantha district, Gujarat, 40 kms from Himmatnagar</td>
<td>28th Sept, 2009</td>
<td>82</td>
<td>46</td>
<td>Centre Partner</td>
</tr>
<tr>
<td>4</td>
<td>Tirthahalli</td>
<td>Shimoga district, Karnataka, 60 kms from Shimoga</td>
<td>22nd Jan, 2010</td>
<td>117</td>
<td>69</td>
<td>RuralShores</td>
</tr>
<tr>
<td>5</td>
<td>Pulla</td>
<td>W Godavari district, Andhra Pradesh, 100 kms from Vijaywada</td>
<td>26th Feb, 2010</td>
<td>100</td>
<td>54</td>
<td>RuralShores</td>
</tr>
<tr>
<td>6</td>
<td>Mudenahalli</td>
<td>Chikballapur district, Karnataka, 30 kms from Bangalore</td>
<td>15th Sept, 2010</td>
<td>157</td>
<td>53</td>
<td>RuralShores</td>
</tr>
<tr>
<td>7</td>
<td>Jobner</td>
<td>Jaipur district, Rajasthan, 60 kms from Jaipur</td>
<td>5th Dec, 2010</td>
<td>100</td>
<td>27</td>
<td>Centre Partner</td>
</tr>
<tr>
<td>8</td>
<td>Thembattoor</td>
<td>Kanyakumari district, Tamil Nadu, 12 kms from Nagercoil</td>
<td>14th May, 2011</td>
<td>80</td>
<td>50</td>
<td>Centre Partner</td>
</tr>
<tr>
<td>9</td>
<td>Sonari</td>
<td>Sitapur district, Uttar Pradesh, 70 kms from Lucknow</td>
<td>17th May, 2011</td>
<td>100</td>
<td>29</td>
<td>Centre Partner</td>
</tr>
<tr>
<td>10</td>
<td>Chand</td>
<td>Chhindwara district, Madhya Pradesh, 30 kms from Chhindwara</td>
<td>16th June, 2011</td>
<td>135</td>
<td>20</td>
<td>RuralShores</td>
</tr>
</tbody>
</table>
Table 2: Partial Results of RuralShores’ Employee Survey

(Questionnaire Survey administered to nearly 900 employees across 10 centres)

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost 65% of the associates help their families in the traditional work, besides working in RuralShores</td>
<td></td>
</tr>
<tr>
<td>Approx 45% of the employees earned less than Rs 50,000 per year before they joined RuralShores</td>
<td></td>
</tr>
<tr>
<td>Almost 40% of the employees had no annual savings at all before they joined RuralShores</td>
<td></td>
</tr>
<tr>
<td>More than 80% of the associates live in their family house and do not rent accommodation.</td>
<td></td>
</tr>
<tr>
<td>Subscription to any kind of insurance-medical/life etc was negligible before they joined RuralShores</td>
<td></td>
</tr>
<tr>
<td>(RuralShores employees were provided with group insurance)</td>
<td></td>
</tr>
<tr>
<td>A miniscule 4% have availed of micro finance loans</td>
<td></td>
</tr>
<tr>
<td>More than 55% of the families of associates do farming as their traditional occupation as they come from agricultural background</td>
<td></td>
</tr>
<tr>
<td>Almost 50% (out of these 20% are women) of the associates would have gone to the cities if they did not have an opportunity of working in RuralShores.</td>
<td></td>
</tr>
<tr>
<td>Approx 10% of the employees would have liked to continue their education if they were not working</td>
<td></td>
</tr>
<tr>
<td>More than 50% of the associates would be willing to donate 2-5% of their income to help the needy</td>
<td></td>
</tr>
</tbody>
</table>