Podcast: Digital transformation in Rwanda: is it creating a new future of work?

Interview with Elvis Melia of Meliacred, expert at the German Institute on Development and Sustainability, and expert at the German Institute on Development and Sustainability, and lead researcher of the GIZ supported project on the Digital Future of Work in Rwanda

Introduction by host:

Welcome to the ILO Employment Policy Department’s podcast series, “Global challenges – Global solutions: The future of work”.

I’m your host Tom Netter, and today we’ll be discussing the digital transformation in Rwanda and how it’s shaping the future of work.

The global phenomenon of digitalization is increasingly going local.

Worldwide, informal freelance online platform work is growing, providing new jobs for workers.

Rwanda is a unique example. The central African country has seen increasing migration of young people from the rural agricultural regions to towns and cities. These young people need jobs—and both brick-and-mortar formal jobs in BPOs
and more informal jobs in the gig and platform economy are providing opportunities.

But is this enough? There's a large group of potential employees who need to acquire new skills including language skills. And can these trends create jobs that are decent and provide social protection?

With us today to unpack this is Elvis Melia of Meliacred, and expert at the German Institute on Development and Sustainability and the lead of a new study funded by the German Agency for International Cooperation, or GIZ that looks at Rwandan jobs in the digital era.

Tom: Elvis welcome to the program. I'll start with a general question. Your GIZ supported research describes some of the ongoing trends shaping Rwanda's future of work, among them demographic and technological changes and rural-urban migration. Can you elaborate a bit on this?

Elvis Melia: Hi Tom, thanks for having me. Yeah. I guess those are three trends, right? We have demographics in Sub-Saharan Africa, so a lot of young people coming onto the labour market. Technological changes, a lot of countries coming online, more and more so. And then you have rural urban migration, most people still work in the countryside but they're coming to cities for new opportunities, looking for jobs, looking to have the big cities be the link to the world.

Tom: Well, let me ask you this. Is the rise of the technological service sector creating more jobs or is it changing the kinds of jobs and how is this affecting jobs for women?

Elvis: Yeah, that's a good question. So, I want to unpack maybe technological sector, right? So, we have, what we call in the literature, we have IT-enabled services sectors and we divide those into two, the ones are place-based and place-based means that the supplier of a certain service and the demander are in the same location. They're just using IT to enable that service. So, think of ride hailing or delivery platforms, right? You're using an app on your phone but you are in the same location as the person who's buying that service off you. On the other hand, this is what we find more interesting, what we hopefully can speak a bit more about, is cloud-based services, which is, you are using technology to export your services to virtually anywhere, right? You're sitting at your computer and you're pushing those services out to whoever wants to buy them in the world. And this is
changing jobs in the sense that it, if you are serving a global market, it's essentially limitless in terms of how big that market is, right? If you have something that others want to buy then serving a global market is much more interesting than serving a small domestic market.

So, that's why cloud-based services are interesting for us. And how is this affecting women? Well, it's changing jobs in the sense that, well, it's creating more jobs, hopefully, and the part that we're interested in is contact center work. So, think of call centers, somebody calls in from afar because they have a problem with something in their device or an e-commerce platform or telemedicine and somebody answers the phone and speaks with them and for that particular service, it has been shown that contrary to different ICT-work, where the ratio is usually eighty-twenty, eighty percent men, twenty percent women. It's about fifty-fifty. There's a gender balance in contact center work, which is great.

**Tom:** And how has all this been affected, or impacted by the Covid-19 pandemic?

**Elvis:** Right, so, in Rwanda the sector is just taking off so it hasn't really been affected by the Covid-19 pandemic other than that the take-off has been a bit slower. There's a handful of global business services companies, exporting services to the world from Rwanda and they've been a bit slower in setting up. Globally, what's interesting for us is that the pandemic has affected this, we call it the contact center services sector in two ways. A direct way was that, of course, if you look at the beginning of the pandemic, everything got shut down and that also pretty much shut that sector down in many sectors. So, for example, if you're looking at airlines, if there aren't many passengers, then there aren't going to be many people calling in, so that sector took a dip there. But if you think about it as we progressed in the pandemic, contact center work increased overall because new sectors came on board that we didn't have so much before, so one of them is telemedicine. Right? That was a big sector. Another one is e-commerce. E-commerce platforms using contact center help. That's the direct way that the pandemic influenced this sector globally.

The other way that's maybe more interesting for Sub-Saharan African countries and for Rwanda in particular is that we've had a labour shortage even before the pandemic and the pandemic has exacerbated this. Now, we don't know quite why that is yet. But we're thinking that it has to do with people doing work from home and finding other things to do and then not coming back. So, we have this in many sectors. We have a swimming pool here in my town that a lot of times the week it's
closed now because they just don't have enough lifeguards. So now if you wanted to find lifeguards from other parts of the world, they'd have to come to this location, right? But in the contact center industry it's different, of course. So, the company can actually go to new locations. So, in terms of the Covid pandemic having led to labour shortages in high income countries, contact center companies, so, the global business services sector companies are actively looking for new delivery locations around the world and that's also in Sub-Saharan Africa taking place. So, that's very exciting for those of us who are trying to create future-oriented jobs in Sub-Saharan Africa because these companies are very interested in coming to new locations. So, what we're trying to do is make different African cities in this case Kigali, Rwanda, more interesting for them.

**Tom:** That's really, I find that's really fascinating. The GIZ research is also looking at the opportunities and challenges associated with advancing digitalization. Is this creating a gateway for new jobs, which you've already touched on? And are these jobs jobs that people actually like?

**Elvis:** Right, that's the crux of it. So, what we did with this study that we just brought out, that should be out by the time this airs, is, there are kind of two sides of the coin in the literature about contact center work. I'm sure you've heard of both of them. One is, the one that I've been just touting, is that the opportunities that are involved in this sector, right? You can export your services from anywhere you can climb the value ladder. Another is more critical, which is a literature that comes a lot out of the Indian BPO sector. Lamenting that a lot of workers have, there's a ceiling in the sector, that there is not much room for career development in this sector, these are graduates who come into this sector and won't stay in the sector long, there's high attrition. Right? So, is this sector really helpful for workers? Do workers like this sector? Or is it more, you know, this derogatory term of a digital sweatshop, right? Is this really exploitative work? Right, so, we thought what can we do apart from, you know, touting our own opinions about this. How can we empirically contribute it to this literature? And what we did is, we went on Linkedin, which is by the way for any researchers out there is a great tool for finding workers, in this sense we went on Linkedin and we searched for people who had in their profiles the name of a large BPO in Kigali, in Rwanda, in their profile, who were past employees. Right?

So, asking past employees of a company whether or not that company was beneficial for them, was good for them, has many advantages. One of them is, like methodologically, it's going to be much more likely that a past employee who has moved on from that company or even from that sector will tell you more honestly whether or not that company or that sector was good for them. And they will be able
to tell you. Right? If you ask a current worker what is the trajectory of upward mobility, the current worker won't be able to tell you because they can't see the future yet. If you ask a manager of that company, they are more likely to give you a rosy picture of it because they their answer will be conditioned by their situation. Asking workers who used to work in the sector is for me the best among the many limited methods we have, to find out whether or not it's actually a good sector. So, we did a bit of a comparison. We asked a ride hailing company, drivers of ride hailing platforms how they liked their work and then we also asked these contact center workers and former contact center workers. So, we did various focus group discussions and long answer long, in the end what we found and this was really interesting, what we what we found is that past contact center workers really cherished their contact center work.

They said, yes, the pay wasn't that great but I was just out of high school or just out of university and I came in to that job, worked there for two years and those two years gave me the kind of the soft skills and the confidence that I needed in my further work to speak with other people. And a lot of times in low-income countries, and again, you remember I mentioned that there's gender equity in this sector. A lot of times it's difficult, especially for young women also, to speak with people who are older and maybe more authoritative. So, just to give you that example and quite a few of my interviewees told me that it was easier for them me calling them from Germany and speaking to them in our in our pilot interviews. They said well, even you calling me now, it's much easier for me to speak with you on eye level and to be confident that I have something to contribute, than it would have been before I worked for the two years in the contact center industry. Because think about it, if you work in a contact center industry, every call you take is usually a disgruntled person calling you because they have a problem, right, and what you do from morning until evening is you help people solve their problems, using your voice doing that and that can be tremendously helpful for future employment, for example, working in a five-star hotel or working in other companies, working in human resources.

Whether this is rebooking a flight or finding a package on an e-commerce platform and you're going through your days and weeks and months of your work helping people solve their problems, using your voice doing that and that can be tremendously helpful for future employment, for example, working in a five-star hotel or working in other companies, working in human resources.

**Tom:** You mentioned just now or just briefly the role of education. So, let's talk a little bit about the future of learning. Are the skills already there or will new ones be needed in the future and is the future of work and the future of learning converging?
Elvis: Right, so, great question, I'm not sure I can answer it fully. We're trying, of course. What we like about the contact center work, you know, serving global clients from a contact center is that the entry barriers are comparatively low. Really, when we have this, you know, ABC numbering, I don't know if listeners are familiar with it. But really, what you need in order to work in a contact center is B2 level English. If you're serving an English market, which is currently the case. And then, you know, so what we're trying to do right now in the local ecosystem in Kigali is working together with the Rwanda development board, working together with partner organizations like GIZ or the Mastercard Foundation together with the skilling organizations that are a lot of times linked up with the global business services companies. So, to just maybe, to reach out a bit to explain what I mean by that is, for the longest time partner organizations, donor organizations funded by taxpayer money from the Global North have kept companies a bit at arm's length because there was a worry that we're using taxpayer money to fund company's core business.

The result of that was that if we're trying to create skills for jobs, you'll know this Tom, you can only go so far with certificates. People need to learn on the job. And what better way to do that than to bring the company into the training process. So, working together with these skilling organizations and with the global business services companies themselves to do the upskilling to get workers to where they need to be to get into the seat, to get into taking that first phone call. And then, of course, after a couple of years they're going to be much better, even after a couple of days they're going to be much better once they've taken phone calls, once they've learned by doing and that's really what we're what we're trying to do. Get people into those seats, get people on the headset, get them speaking, get them solving problems for people and then just everything else will go from there. So, the short answer is, it's basically just language skills. Language and soft skills communication skills. And, a lot of times, the way people get there by the beginning is, and it's actually quite fun, is binge watching episodes of, depending on where the demand market is, if the demand market is in the United States, of American sitcoms. Understanding American culture, getting a feel for how Americans speak and now there's an argument to be made if Americans actually speak the way they speak on sitcoms, especially when they call you and they're angry about their device or something, but that's the start and then from there learning by doing.

Tom: I think that sounds like a pretty novel approach but it makes sense. So, in conclusion, what kind of policies are needed to enable the positive scenario
to play out so that more people and particularly women and youth can benefit?

**Elvis:** Right, so, I just alluded to it a bit. The policies that, and this is my personal opinion, but it's based on our study, so, you could read up about it a bit more there. The policies that we're looking for is a coordination of different international development partners who are all interested in this field but harmonizing and aligning their work together with the local government, the agency of the local government in this case is the Rwanda Development Board. And really the companies. Working to finding a way to work together with the companies. So, these are global companies, if you think about it, some of these companies work in a hundred and thirty-five locations around the world. So, they know what needs to be done. They're bringing the clients with them and they know what they need. A lot of companies have turned from being very price-conscious to also wanting to tell a story to their clients of impact sourcing. Creating an impact is not only interesting for donor organizations for the development partners, for the local government and for the workers of course who are benefiting from that impact but also for the companies, whose clients and whose clients' customers feel that they don't want this digital sweatshop kind of environment.

Companies want to create an impact and those are the kind of companies we're looking for and so far, we've been running in open doors, I mean a lot of companies are willing to pay 20 percent more to create an impact and to help people up that career ladder.

**Tom:** Okay, Elvis that was great. I really want to thank you for what is really an eye-opening summary on these various scenarios. Do you have anything else you want to add at this stage?

**Elvis:** Tom, thanks for that and thanks for this opportunity to speak here, I've been listening to your podcasts and it's a real benefit to have your podcast. I wanted to, in my own selfish little way, plug my own podcast. So, I am actually starting a podcast about these issues. So, if you're interested in labour issues, if you're interested in the kinds of things that Tom asks people in the ILO podcast, you might be interested in what we do. So, we bring together academics and policymakers and workers and try to hear from them, how technology is changing the world of work, in Africa and in low-income countries. So, check it out if you're interested, it's called Credible Conversations by Meliacred and our first episode is out, it's *Vili Lamberto*, professor at Oxford, speaking about his new book *Cloud*
Empires, Cloud Empires are these online platforms and all kinds of digital empires that are beginning to rule the world. So, thanks Tom.

Elvis, I want to thank you again for that fascinating overview of the scenarios for the future of IT-enabled work in Rwanda.

It makes it pretty clear that Rwanda is at the fault-line of a new kind of labour market that will characterize the future of work.

I’m Tom Netter, and you’ve been listening to the ILO Employment Policy Department’s podcast series Global Challenges, Global Solutions: The future of work. Thank you for your time.