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ECONOMICS

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Amrit Mahotsav



# SUPPORTING INDIA'S GROWTH AND AMBITIONS

THE ECONOMIC IMPACT OF  
RECKITT IN INDIA

EXECUTIVE SUMMARY REPORT



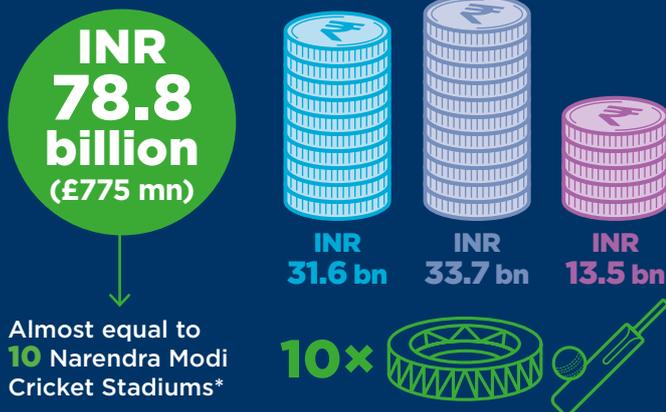


# SUPPORTING INDIA'S GROWTH & AMBITIONS

## RECKITT'S ECONOMIC FOOTPRINT IN 2021

● Direct ● Indirect ● Induced ● Total

### GDP CONTRIBUTION



### 2.5x GDP multiplier

Every **INR 1 mn** of GDP generated by Reckitt supported a further **INR 1.5 mn** elsewhere in the Indian economy

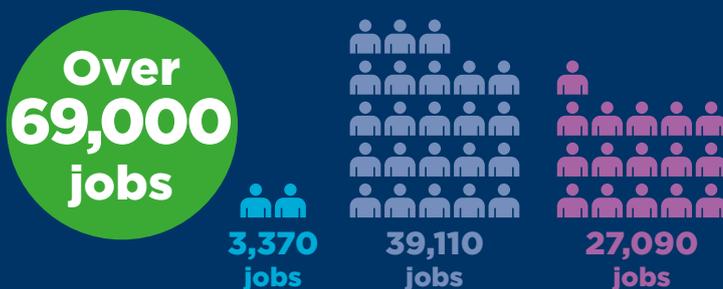


### 6x

Reckitt employees contribution to GDP is around **6 times the national average**, at **INR 9.4 mn** per employee

\*The construction of the Narendra Modi Stadium has an estimated cost of INR8 billion. Source: Press Information Bureau, Government of India.

### EMPLOYMENT CONTRIBUTION



### 21x Jobs multiplier

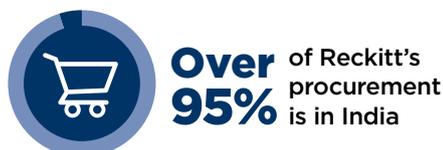


Every **100** people directly employed by Reckitt supported another **2,000 jobs** elsewhere in the Indian economy

Employment figures rounded to the nearest 10 jobs

## WIDER ECONOMIC AND SOCIAL BENEFITS

### PROCUREMENT



### RESEARCH & DEVELOPMENT



### SUPPORTING INDIAN SOCIETY



**116 million** reached through the **Dettol Banega Swasth India Purpose Programmes**

**20 million** children educated through the **Dettol School Hygiene Programme**



**6,500** children saved from death and malnutrition by the **Reach Each Child Programme**



**Over 15,800** sanitation workers already trained through the **Harpic World Toilet College Programme**

# EXECUTIVE SUMMARY

Reckitt is a world-leading health, hygiene, and nutrition company, which employs about 40,000 people worldwide and invests in the care and development of the world's population—all in the purpose of creating a cleaner, healthier world. This includes an important presence in India—one of Reckitt's top three markets, where it has been operational since 1934. **India is currently Reckitt's principal developing market, manufacturing some of the most recognisable brands in India, including Dettol, Harpic, Durex, Mortein, Lizol, Veet, Moov, Colin, and many others.<sup>1</sup>**

This study, commissioned by Reckitt, evaluates the total contribution the company's Indian operations made to the Indian economy and society in 2021. We have used sophisticated economic modelling to assess the impact of Reckitt's own operations, its procurement from suppliers in India, and its payment of wages to workers in India (including those in the company's supply chain in India). Reckitt's contribution is evaluated using three key metrics: Gross Domestic Product (GDP), employment (including by age, wage, and gender), and government receipts. We also investigate the wider social impact of Reckitt's initiatives in India that contribute towards improving the health of the population and advancing social development across the country.

## RECKITT'S CONTRIBUTION TO GDP IN INDIA

Reckitt supports an important economic footprint across India. **We estimate that Reckitt supported a total contribution to GDP in India of INR78.8 billion in 2021** (Fig. 1).<sup>2</sup> This is the sum of three channels of impact. Some **INR31.6 billion** was generated by Reckitt itself—its **direct impact**. Reckitt's sizeable procurement spending with suppliers in India stimulated a further **INR33.7 billion** contribution to GDP—its **indirect impact**. Finally, the payment of wages by Reckitt, and the firms in its supply chain, supported a **INR13.5 billion** contribution to GDP—its **induced impact**.

**The total GDP impact is 2.5 times the direct GDP impact alone, meaning that Reckitt has a "GDP multiplier" of 2.5.** In other words, for every INR1 million in GDP that Reckitt itself generated in 2021, its expenditure on inputs and wages stimulated a further INR1.5 million of GDP across the country. This is almost double the GDP multiplier for the average chemical and pharmaceutical manufacturing company in India, which has a GDP multiplier of 1.3.<sup>3</sup>

**INR78.8 bn**

Reckitt contributed INR 78.8 billion to Indian GDP in 2021.



**Sufficient to fund almost 10 Narendra Modi Cricket Stadiums.<sup>2</sup>**

<sup>1</sup>Lizol is also known as Lysol in Reckitt's other global markets.

<sup>2</sup>The construction of the Narendra Modi Stadium has an estimated cost of INR8 billion. Press Information Bureau, Government of India.

<sup>3</sup>Oxford Economics' Global Sustainability Model (GSM) based on data primarily from the OECD, the International Labour Organisation (ILO), and the Government of India's National Statistics Office. See Appendix for full details.

## RECKITT'S CONTRIBUTION TO EMPLOYMENT AND GOVERNMENT RECEIPTS IN INDIA

### Reckitt also supported more than 69,000 jobs throughout the Indian economy in 2021.

Reckitt **directly** employed 3,367 people in 2021. Most employees are based in the company's nine manufacturing facilities and corporate offices. However, more than 400 of these employees work across the country, supporting the distribution of Reckitt's products.

A further 39,110 jobs were supported along its supply chain in India through the company's procurement spend (**indirect**). The wage-induced spending of its employees and those employed in its supply chain sustained a further 27,090 jobs (**induced**). So, in this case, the employment multiplier is 21, meaning every 100 jobs in Reckitt supported 2,000 jobs in other parts of the Indian economy. This is almost six times the national average for the employment multiplier.<sup>4</sup>

**Reckitt's own staff are very productive and well remunerated.** On average, the gross value added per head produced by each Reckitt employee was INR9.4 million in 2021. This is around six times the national average for India. Their productivity helps boost the price competitiveness of the products Reckitt

manufactures and allows Reckitt to pay its staff generous wages. Indeed, our analysis estimates that Reckitt's workers are paid around nine times the average full time employee salary in India.<sup>5</sup> It also contributes to the United Nation's Sustainable Development Goal of providing "Decent Work and Economic Growth" (Goal 8).

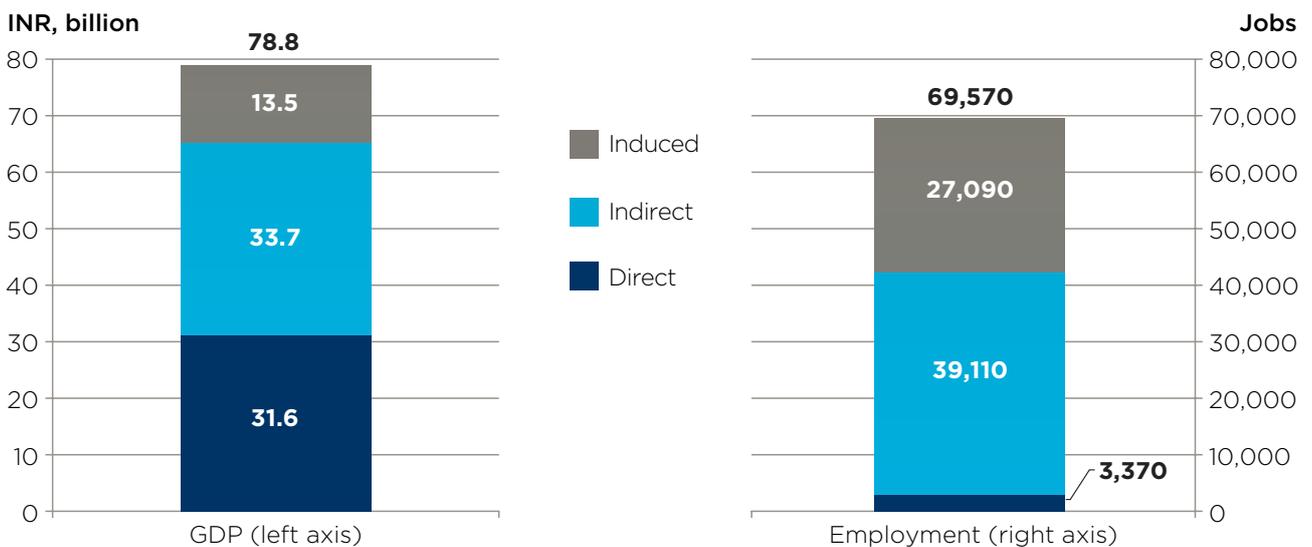
**Reckitt's operations also support well-paid employment across India.** We estimate that Reckitt supported 3,950 jobs across its indirect and induced footprint that paid more than INR495,000 per year, a wage which is more than double the Indian average.<sup>6</sup> This well-paid employment is equivalent to 6% of Reckitt's indirect and induced employment impact, broadly in line with the share of well-paid employment (7%) across the Indian economy.

× 21

→

For every 100 jobs created by Reckitt, 2,000 other jobs are supported elsewhere in India.

**Fig. 1: Reckitt's total economic footprint in India, 2021**



Source: Oxford Economics Note: GDP figures rounded to the nearest INR100 million; employment figures rounded to the nearest 10 jobs

<sup>4</sup> See footnote 3.

<sup>5</sup> Oxford Economics estimates the average Indian wages to be approximately INR180,000. This was calculated using national statistics and estimations that take into account differences between employee and self-employed wages in India.

<sup>6</sup> See footnote 5.

**Women are important to Reckitt.** Reckitt employed and supported a total of 16,450 jobs for women in India in 2021 across the direct, indirect and induced channels.

**In addition, Reckitt provides direct employment for women who are young adults.** Almost a third of the women Reckitt employs are under 30 years old. This is important as the unemployment rate for women (30%) in this age range is higher than the average across both genders (23%).<sup>7</sup> These employment opportunities will empower women in India.

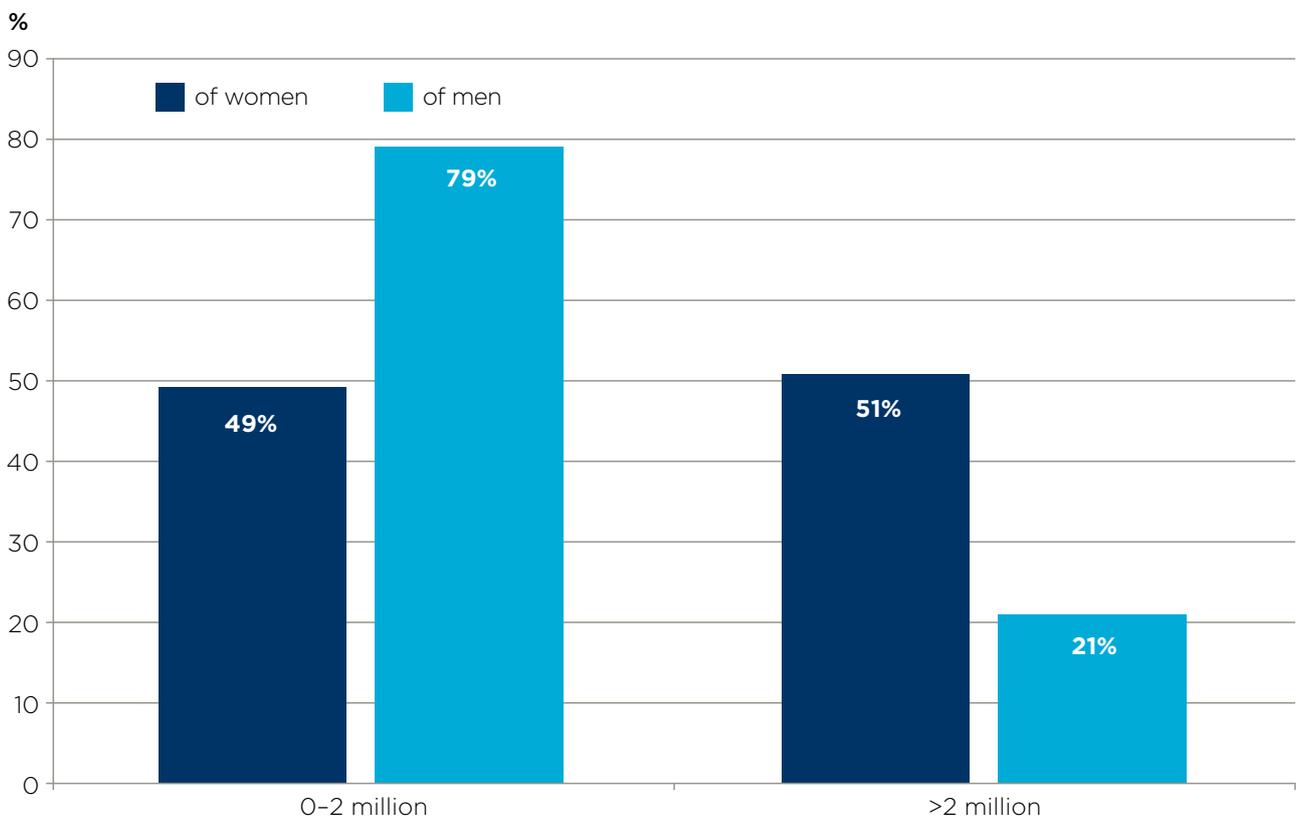
**Reckitt also employs women in the higher paid jobs of its company.** Over half (51%) of the women employed by Reckitt earned more than INR2 million in 2021, more than double the 21% share of men earning over INR2 million (Fig. 2).

This reflects the gender distribution of staff across functions, as men who work for Reckitt are more concentrated in manufacturing roles, whereas women are more typically found working in the corporate offices. This is also in line with Reckitt's global initiative to provide senior management opportunities for women.

**Reckitt is committed to career progression for women.** Women in management are given specific leadership training and all managers are informed about gender inclusive practices.

**Finally, the economic activity supported by Reckitt in 2021 generated a total of INR28.2 billion in government receipts in India,** meaning INR1 in every INR830 of revenue collected by the Indian government can be attributed to Reckitt's activity in 2021.

**Fig. 2: Proportion of men and women Reckitt employees by salary band**



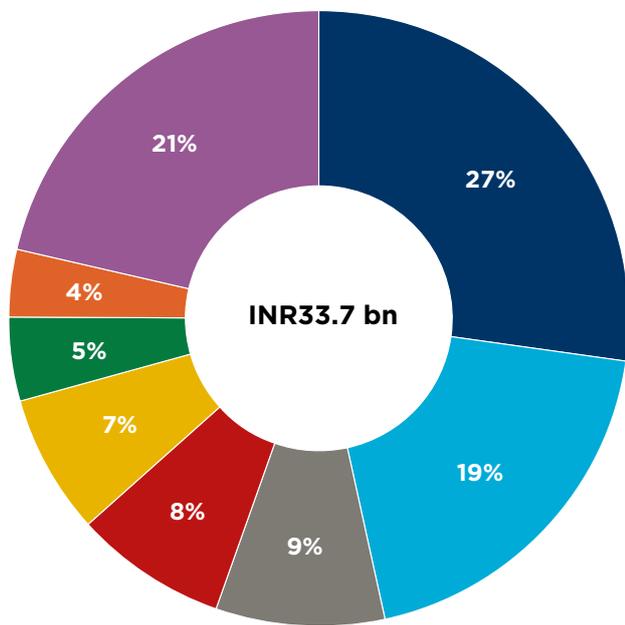
Source: Oxford Economics

Note: Currency is in INR

**RECKITT’S SUPPORT TO LOCAL COMMUNITIES**

Reckitt’s products support the health, hygiene, and nutrition of consumers across India. Its products are distributed to and sold in 5.5 million retail outlets across the country.

**Fig. 3: Reckitt’s indirect contribution to Indian Gross Domestic Product (GDP), 2021**



- Chemicals and pharmaceutical products
- Professional and business support services
- Wholesale and retail trade; repair of motor vehicles
- Agriculture, forestry and fishing
- Transportation and storage
- Rubber and plastic products
- Financial and insurance activities
- Other

Source: Oxford Economics

Reckitt is committed to supporting companies in India. Over 95% of its procurement spending was spent within India in 2021. Furthermore, more than 90% of the businesses that supply Reckitt with raw materials, packaging materials, and co-packing goods are Indian-owned and are spread across 22 different states.

Reckitt’s supply chain spending is supporting a wide range of jobs and giving opportunity to a diverse set of industries. The contribution to GDP from Reckitt’s supply chain spending is split across many different industries, including chemicals and pharmaceutical manufacturing and professional and business support services (as seen in Fig. 3).

**over 95%**  
of Reckitt’s supply chain spending is spent within India.



## RECKITT'S INVESTMENT IN UPSKILLING ITS STAFF LOCATED IN INDIA

Reckitt is also committed to investing in the career development of all staff with a diverse range of training schemes. Investing in the career development of Reckitt's workforce can provide many benefits to its employees including increased skills, higher satisfaction and confidence, faster career progression, and thus higher wages. There is also a focus on empowering leaders who are women. In addition, all managers receive training on the importance of gender inclusion within their teams.

“ The training was quite interactive and intuitive. Based on personal experiences, daily situations, and their related way out. The concepts shared were great. ”

*Reckitt employee*

Reckitt's investment in upskilling its employees boosts their human capital, which increases wages. This contributes to economic and social development in India.

Reckitt is also working to reduce various skills gaps across India, such as:

- Increasing the skills of women in the labour force;<sup>8</sup>
- Providing opportunities for manufacturing workers by training all factory staff in industry specific knowledge;<sup>9</sup>
- Investing in the soft skills of staff at Reckitt India by training staff across all functions on relevant skills such as problem-solving;<sup>10</sup> and
- Contributing to the technological skill capacity of India by training sales and finance employees.<sup>11</sup>

## RECKITT'S WIDER ECONOMIC IMPACT

Reckitt also invests in the productive potential of the Indian economy by investing in Research and Development (R&D). Most notably, Reckitt has three R&D facilities in India, which are located in Gurgaon, Baddi, and Mysore. For instance, the R&D facility in Gurgaon **employs over 170 scientists** and houses Reckitt's Entomology 'Centre of Excellence' for the prevention of insect/vector-borne disease transmission, which is rising due to climate change. In particular, the entomology laboratory is a one-of-a-kind for Reckitt in India, collaborates with **six leading Indian universities and institutes** and has led to **18 product innovations, 13 granted patents, and 12 published scientific articles**.<sup>12</sup>

All of this work is contributing to reducing the devastation of vector-borne diseases in India and worldwide, with collaborations in Brazil and Australia. This Centre of Excellence will contribute to long-run economic growth and improve public health in India, as well as the human capital of the local communities in Delhi and Gurgaon.

<sup>8</sup> As identified by the World Economic Forum, 'The 3 challenges to skill development in India - and how to tackle them', 2019

<sup>9</sup> As identified by the Ministry of Skill Development and Entrepreneurship, 'Schemes & Initiatives through NSDC', 2019

<sup>10</sup> As identified by Wheebox et al, 'India Skills Report 2021', 2021

<sup>11</sup> As identified by Wheebox et al, 'India Skills Report 2021', 2021

<sup>12</sup> Universities and institutes include the University of Delhi, Mohanlal Sukhadia University, RV College of Engineering, Institute of Chemical Technology, Indian Institute of Chemical Technology, and CSIR- Institute of Genomics and Integrative Biology.

## RECKITT'S SOCIAL IMPACT INITIATIVES

**Reckitt contributes to wider social development in India through social impact initiatives that are designed to help people in India lead healthier and more hygienic lives.**

Having a healthier population allows individuals to live more fulfilling and happier lives. It also means that more people are able to work and study, which increases the human capital and productive potential of the Indian economy. Also, people will have higher standards of living, which improves mental health and societal cohesion, overall leading to a happier society.

**Reckitt's social impact initiatives lead to overall improvements in health, hygiene, nutrition, gender inclusion, and economic equality and have so far informed 237 million people in India.**

Four such programmes are analysed in this report as seen below, and the following page displays recognition from government officials and important stakeholders on the good work done by Reckitt via these initiatives.

- **The Dettol Banega Swasth India Campaign** – works towards improving the behaviours around health and hygiene of the Indian population;
- **The Dettol School Hygiene Education Programme** – teaches children hygiene behaviours like hand washing that they can use at home, at school, within neighbourhoods, personally, and during illness;
- **The Reach Each Child Programme** – pursues the important task of caring for mothers and children in the first 1,000 days of life, to end deaths and illness from malnutrition; and
- **The Harpic World Toilet College Programme** – focuses on improving the livelihoods and dignity of India's frontline sanitation workers to enhance overall sanitation and waste management standards in India.

**Reckitt's programmes and campaigns have endorsements from important public figures and institutions across India.**

The digital methods used to encourage better nutritional practices for children and mothers as part of the Reach Each Child Programme have been endorsed by the Government of India's public policy think tank, NITI Aayog. Such methods have meant 6,500 children have been saved from death and malnutrition. Her Excellency Anandiben Patel, Governor of Uttar Pradesh, has also emphasised the importance of the Dettol Banega Swasth India Campaign in creating a sustainable India.

**Reckitt collaborates with many stakeholders to implement its initiatives.**

The Harpic World Toilet College partners with Gramalaya, an NGO dedicated to promoting water, sanitation, and hygiene to people in India, to eliminate scavenging and improve the dignity and wellbeing of India's sanitation workers. In addition, the success of the collaboration between Reckitt and Plan International in rolling out the Dettol School Hygiene Programme has led to over 20 million school children in India being taught better hygiene practices.



## THE APPRECIATION FOR RECKITT'S WIDER SOCIAL IMPACT INITIATIVES

*“ Through effective collaborations we can make large strides in our efforts towards creating a sustainable India. Together, we have to work towards educating the children to ensure that they will lead better and healthier lives. The people's movement started by Honourable Prime Minister Shri Narendra Modi has given a golden opportunity to all in India to see a dream of nation which is Swaachh and Swasth. I extend my best wishes for the [Dettol Banega Swasth] programme. ”*

**H.E. Smt Anandiben Patel, Governor, Uttar Pradesh**

*“ The partnership between All India Imam Organization and Reckitt has been phenomenal. With this association we have managed to reach children in over 500,000 madrasas. Dettol's Hygiene curriculum has ensured better hygiene habits, helped prevent the spread of disease and has led to improved health in growing children. ”*

**Dr Imam Umer Ahmed Ilyasi, Chief Imam of All India Imam Organization**

*“I truly believe that cleanliness starts at home. If each one of us maintains a healthy and hygienic lifestyle, we are bound to be a progressively healthy nation. We all must come together and create a movement that leads towards a clean and healthy India. Dettol Banega Swasth India is one such programme that is focused on improving the lives of millions across the country by educating the change agents of the future— children—on basic health and hygiene habits. GIWA is proud to be partnering with Dettol Banega Swasth India towards this noble and vital mission. ”*

**HH Pujya Swami Chidanand Saraswatiji, Co-Founder, Global Interfaith Wash Alliance (GIWA)**

*“ Malnutrition is a serious health concern in most developing countries including India. Extensive nutrition and health education and intervention programmes need to be implemented to support the government in ensuring a better future for our future generations. I am delighted to see Reckitt's Reach Each Child initiative that aims to reach every child in its fight against malnutrition. The programme focuses on two essential and crucial factors—cleanliness and hygiene— which has been able to have a significant impact on one of most difficult public health concerns of the country, which is childhood nutrition. Programmes such as this will make a huge difference in building a healthy nation. ”*

**Dr Indira Chakravarty, Padma Shri Awardee, Public Health Specialist & Environmentalist**

“ Sanitation is at the core towards building a healthy life. It is unfortunate that India continues to face cleanliness and sanitation issues due to various reasons. Sanitation workers work in unhealthy and hazardous working conditions putting their lives at risk. The need to improve the lives of these workers is critical. It is heartening to see Harpic World Toilet Colleges across India working relentlessly towards transforming the lives of thousands from manual scavenging to leading a better and more dignified life. ”

**Mr. Sai Damodaran (Padma Shri Awardee), Founder and CEO, Gramalaya**

“ Plan India is immensely proud of its enduring partnership with Reckitt on the Dettol Banega Swasth India project. This year, the project has improved hygiene practices with more than 20 million school children contributing to their healthy and sustainable future. Children are the future of our country, and the Dettol School Hygiene Education programme has helped create awareness and foster behaviour change for best hygiene practices among children and adolescents. I am happy to learn that the purpose initiatives of Reckitt are allocated to support an important social cause in multiple states of India pivoted on building sustainable growth for the future of the nation. ”

**Ms Rathi Jha, Board Member, Plan International**

“ Plan India in partnership with Reckitt has been at the forefront of using innovative behaviour change communications strategies to promote positive hygiene behaviour by hosting engaging activities with children and adolescents from poor and vulnerable communities in the states of UP, Bihar, and Uttarakhand. I am happy to learn that the Dettol Banega Swasth India campaign is designed to create awareness on environmental sanitation and personal hygiene to achieve public health outcomes for millions of children, adolescents, and young people from poor and middle-class families in our country. The use of creative formats, like comics, games, and wall paintings guided by culturally adaptive behaviour change communication will ensure lasting changes and sustainable impact on their lives and that of their peers. ”

**Mr JVR Prasada Rao, Board Member, Plan International**

“ We share Reckitt’s philosophy of creating a cleaner and healthier India. Our partnership with Banega Swasth India for over eight years has been about educating Indian citizens about the importance of cleanliness, health, hygiene, and nutrition. We face challenges every single day, but we need to come together to build a more sustainable and healthy future. Having a healthier India is the only way to build a prosperous India. ”

**Dr. Prannoy Roy, Executive Co-Chairperson, NDTV**

**RECKITT'S ECONOMIC AND SOCIAL IMPACT CONTRIBUTES TO 13 OF THE UNITED NATION'S (UN'S) SUSTAINABLE DEVELOPMENT GOALS IN INDIA:**

<b>What Reckitt does:</b>	<b>How this meets the UN's SDGs:</b>	<b>Which UN SDGs does this contribute to:</b>
<p>Reckitt's operations in India contribute billions to India's GDP and government tax receipts.</p> <p>Its products also support people's health, hygiene, and nutrition in India.</p>	<ul style="list-style-type: none"> <li>• Funding government social programmes</li> <li>• Producing quality health, hygiene, and nutrition products for Indian consumers</li> <li>• Injecting money into the Indian economy</li> </ul>	
<p>Reckitt employs thousands of workers in India. It also pays its staff well and provides quality training programmes.</p>	<ul style="list-style-type: none"> <li>• Providing employment opportunities in India</li> <li>• Promoting a gender diverse workforce</li> <li>• Supporting well-paid employment</li> <li>• Investing in upskilling its staff</li> </ul>	
<p>Reckitt's supply chain supports Indian owned businesses across a wide range of states and sectors in the country.</p>	<ul style="list-style-type: none"> <li>• Supporting economic activity in local communities for local firms</li> <li>• Stimulating business in different local economic sectors</li> </ul>	
<p>Reckitt invests in the wider economic capacity of the Indian economy through its R&amp;D and Covid-19 efforts.</p>	<ul style="list-style-type: none"> <li>• Committing to R&amp;D innovation</li> <li>• Helping the Indian economy bounce back better after Covid-19</li> </ul>	
<p>Reckitt's Dettol Banega Swasth India Campaign improves health and hygiene behaviours in India.</p> <p>It does so by providing the population with hygiene education information across multiple channels.</p>	<ul style="list-style-type: none"> <li>• Working with many different Indian stakeholders</li> <li>• Using multi-dimensional methods to educate the Indian population on better healthcare and hygiene habits</li> <li>• Empowering all community members to get involved</li> </ul>	

What Reckitt does:	How this meets the UN's SDGs:	Which UN SDGs does this contribute to:
<p>Reckitt's Dettol School Hygiene Programme specifically targets improving hand washing practices amongst children in schools in India.</p> <p>The programme educates children in their classrooms about the importance of handwashing and encourages them to continue the practice at home.</p>	<ul style="list-style-type: none"> <li>• Educating children on hygiene practices</li> <li>• Supporting children in local communities</li> <li>• Collaborating with external organisations on the programme</li> <li>• Reducing school absenteeism</li> <li>• Helping girls with menstrual health and hygiene</li> </ul>	
<p>Reckitt's Reach Each Child Programme pursues the important task of caring for mothers and children in the first 1,000 days of life to end deaths and illness from malnutrition.</p>	<ul style="list-style-type: none"> <li>• Providing cash assistance to families in need</li> <li>• Reaching tribal and indigenous communities with information on health and nutrition</li> <li>• Educating children and women on hygiene practices</li> <li>• Providing work opportunities for community nutrition workers</li> <li>• Supporting women and mothers in local communities</li> </ul>	
<p>Reckitt's Harpic World Toilet College focuses on improving the working lives of India's frontline sanitation workers by improving overall sanitation and waste management standards in India.</p> <p>The programme provides technical and financial support, and employment opportunities for these key workers.</p>	<ul style="list-style-type: none"> <li>• Providing placement opportunities for sanitation workers</li> <li>• Raising a Covid-19 fund to support vulnerable sanitation workers</li> <li>• Improving working conditions for sanitation workers on hygiene and the use of equipment and technology</li> <li>• Training sanitation workers</li> <li>• Providing clean water and sanitation</li> <li>• Supporting sanitation workers in local communities</li> <li>• Working with other organisations to achieve goals</li> </ul>	





आप सुरक्षित,  
ग्राहक सुरक्षित,  
तभी होगा रोजगार सुरक्षित

మీరు సురక్షితం. కొనుగోలుదారులు సురక్షితం.  
అప్పుడే ఉపాధి సురక్షితం.

 BANEGA SWASTH INDIA

National Association of Street Vendors of India  
HYDERABAD NASVI - TELANGANA

# APPENDIX: METHDODOLOGY

These pages explain the economic and social impact modelling approach used in our analysis, and the steps and assumptions used. The modelling is underpinned by Oxford Economics' bespoke Global Sustainability Model (GSM). The modelling underpinning the economic and social impact analysis in India from the GSM are based on data from the OECD, the International Labour Organisation, the Government of India's National Statistics Office, the Reserve Bank of India, the Labour Bureau Government of India, the National Sample Survey Office, and Eurostat.

## OVERVIEW OF ECONOMIC IMPACT ANALYSIS USING THE GLOBAL SUSTAINABILITY MODEL

This report analyses Reckitt's economic impact in India across three core channels using the GSM. These are as follows:

- **Direct Impact**—This is the economic impact that Reckitt's direct business activities generate by spending on operational costs and creating profits.
- **Indirect impact**—This is the economic impact that Reckitt generates through spending on procurement across their Indian supply chain.
- **Induced impact**—This is the wider economic impact that India experiences from further rounds of spending and employment opportunities, which are funded by Reckitt's employee wages and the income of supply chain workers.

The economic impact created and supported for each of these channels is measured across three metrics:

- **Gross value added contribution to GDP**—This is the contribution that Reckitt makes to Indian GDP.
- **Employment**—This refers to headcount or the number of jobs that Reckitt supports.
- **Government receipts**—This includes all taxes that are generated from activity and employment supported by Reckitt.

## OVERVIEW OF SOCIAL IMPACT ANALYSIS USING THE GLOBAL SUSTAINABILITY MODEL

We analyse the social impact of the employment opportunities that Reckitt supports, using our GSM to estimate Reckitt's employment impact in the indirect and induced channels by income, age, and gender, along with Reckitt's own workforce data.

## THE STEPS AND ASSUMPTIONS IN OUR ANALYSIS

### Direct Impacts

Reckitt provided detailed information to Oxford Economics on its revenues, spending by category including tax payments, accounting profits, and employment headcount. Oxford Economics then calculated the company's direct economic impact in India as follows:

- **Direct GDP** is the sum of employee salaries, employers' social contributions, and the gross accounting profits measure EBITDA.
- **Direct employment** is simply the number of staff directly employed by the Reckitt group across India.
- **Direct government receipts** comprises of corporate tax, sales taxes, and employees' individual income tax.

### Indirect and Induced Impacts

This was calculated using the GSM, which is a bespoke input output model covering 96 countries and a "rest of the world" category. Each country's economy is split into 36 industries that are defined by the ISIC Revision 4 classification.<sup>13</sup>

The model utilises techniques originally developed by the Nobel Prize winning economist Wassily Leontief. These techniques allow us to trace supply chain and consumer spending within countries and across their borders.<sup>14</sup> Because money cycles through the economy via multiple levels of supply chain relationships, our model calculates a 'multiplier effect' for a given spend impetus.

The main input into the GSM is the OECD's Inter-Country Input-Output tables. These tables estimate how the world's major economies and industries interact with each other in a single year.

Reckitt provided detailed data on its purchases from third party businesses based in India, by type of product supplied. This data was 'mapped' by Oxford Economics onto the industry of supplier and fed into the model. This allowed the total gross value of sales throughout the Indian-based supply chain to be calculated. Indirect GDP was calculated from there, using the GDP-to-output ratios implicit in the model for each industry, and indirect employment from there, using the GDP-to-jobs ratios.

As Reckitt also uses contract workers in its supply chain, Oxford Economics assumed that all employment opportunities supported in the first round of the indirect impact channel are formal employee jobs. This is because Reckitt's direct employees are employed on a formal (employee) contract basis, which we would expect to be the case for its contract workers and immediate suppliers. The rest of the jobs supported in the indirect impact channel follow the usual structure of the Indian labour market.

In addition to the procurement spending data, Reckitt provided an overall figure for total gross employee compensation, which was transformed to net compensation using local ratios provided by Reckitt. This was then mapped using the GSM to quantify the GDP, employment headcount, and government receipts supported by the wage spending of Reckitt's supply chain employees and own direct employees. This was adjusted for household savings and consumption taxes.

### **Social Impacts**

The indirect and induced employment splits by wage, age, and gender were also calculated using the GSM, which uses proportional country and industry averages.

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<sup>14</sup> Wassily Leontief, (1986), Input-output Economics.



## ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 100 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Melbourne, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 450 full-time staff, including more than 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 2,000 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.



## ABOUT RECKITT

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\* Reckitt is the trading name of the Reckitt Benckiser group of companies

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