INTELLIGENT SOURCING REPORT

IMPACT SOURCING

FOR REAL BUSINESS EFFECT

in association with

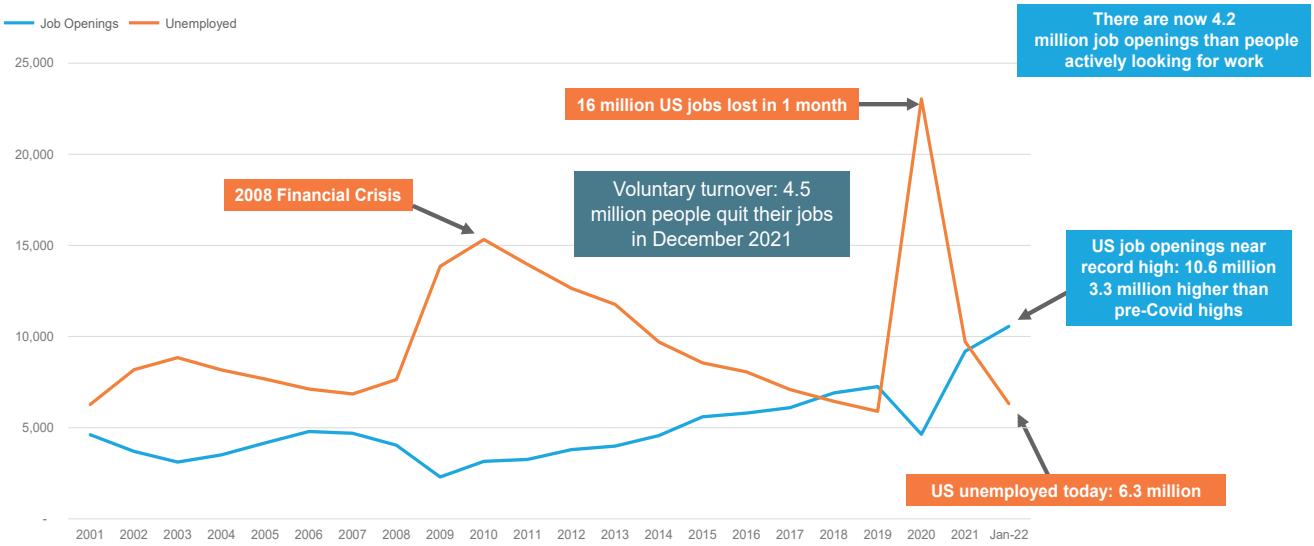
BPESA Business Process Enabling South Africa

Everest Group®

IAOP The Association with Collaboration at its Core.

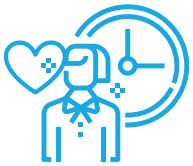
Televerde

The talent supply demand gap is getting worse in the US with employed workers now approaching pre-COVID lows, and yet job openings are still soaring



Source: Everest group / US Job Opening and Labor Turnover Survey January, US Unemployment Data, Bureau of Labor Statistics, January 2022

Embedding ESG into Business with Impact Sourcing



STABLE AND ENGAGED EMPLOYEES

Impact workers are more engaged and less likely to leave the organizations given the limited opportunities they would have outside

ACCESS TO UNTAPPED TALENT

Companies get access to qualified talent and certain investments in training can help them comeup to speed

SOCIAL IMPACT

Companies can contribute toward wealth distribution as they reassess parts of their value chain vs. assigning value to the final product

LONG-TERM COST SAVINGS

Low turnover and high engagement generates long-term savings as companies spend less time in recruitment and training activities

Source: Everest group

My favourite things

When I became editor of Intelligent Sourcing, then called Professional Outsourcing Magazine, people had one of two reactions. The first, which was an old joke even in 2014, was to ask whether I was on the staff or whether the publishers had outsourced the job to me. People thought this was vastly funnier than it was. The second was to criticize the outsourcing world because they believed it to be low-paying, exploitative and lining rich people's pockets.

This betrayed a limited understanding of how world economies work. Of course, everyone was looking for business benefits otherwise there would be no point in taking part and, quite naturally, businesses look for the best deals they can get. Cost is a major part of this and taking costs out in the form of moving entire task groups offshore can be a way of achieving this. As for exploiting people, I quickly came to grasp that someone could enjoy a vastly better lifestyle in, say, India or parts of Africa than they could in London on what my more naïve colleagues would regard as a very low wage (as a side issue it's interesting to watch some territories struggle to deliver the same savings as their economies grow, so salaries and needs increase with them).

The best way to stymie the "exploitation" argument, however, was definitely to explain impact sourcing to my colleagues, and that's why it's such a pleasure to be presenting this special report. Far from exploiting people, the essence of impact sourcing is to go beyond benefiting the client company and engaging with communities in which a BPO company deliberately works to address issues they may face. It's particularly prevalent in Africa, where I've been lucky enough to go and see it in action myself and talk to the participants.

Beyond its roots

It's not restricted to a single continent, however, and this is where it gets exciting. A while ago Intelligent Sourcing ran one of our Talking Sourcing events and one of our partners requested we stopped talking about impact sourcing because they didn't operate in Africa. So here's the news: there are plenty of examples of it outside that region. It's not just geography; a while ago in the magazine we spoke to a company that specializes in employing people from the neurodiverse community, whose gifts in terms of precision far outweigh any perceived disability they might have and which offers them fulfilling, gainful employment - this is in London. We have also covered enterprises in Baltimore that offer BPO services to address issues the region needs to look at.

This is why we have an article on Scotland in this report, looking at how the judicious use of impact sourcing can benefit a specific region while offering business benefit to the client. As you'll read in all of the overviews and perspectives we've commissioned and from all of the people I've interviewed for this report, the business ethic is vital in impact sourcing; no matter how much it may help a target group, if an impact sourcing engagement fails to deliver increasingly profitable business it's dead. This isn't charity, this is an equitable exchange of skills targeted in a particular way.

Guy Clapperton, Editor

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IS INTELLIGENT SOURCING

Intelligent Sourcing magazine is grateful to the numerous contributors in this publication. Many organizations have offered their time and many work from different data sets from disparate sources; there will therefore be some variation in factual figures as presented. The underlying trends, however, are consistent.

COVER IMAGE: DEPOSITPHOTOS / CARLOSCASTILLA

The time is now for impact sourcing

Impact sourcing and other concepts can sound like so many worthy buzzwords but **Rita Soni**, principal analyst, impact sourcing and sustainability research at the Everest Group, finds the substance.

Enterprises are embedding environment, social and governance (ESG) processes across their businesses as part of their creating ambitious sustainability targets. To achieve this, they are increasingly partnering with their service providers. Given this vital shift in the sourcing industry, we at Everest Group are exploring a range of impactful interventions such as enabling inclusion, climate change prevention and tech for good.

Under the overarching sustainability umbrella – and most relevant to the global services sector – is impact sourcing, a growing service provider business practice. It is defined as intentionally hiring and nurturing careers for people from marginalized communities who have traditionally had fewer employment opportunities. The concept began in the developing world, but has been adopted in developed countries as a robust method to create good livelihoods that are based on a concrete business case. It is this business case that is gaining traction today.

Based on our discussions with industry practitioners, we believe impact sourcing has four key benefits.

Accessing untapped talent

At its core, impact sourcing is about including those who have typically been excluded and, therefore, marginalized. Accessing, recruiting and retaining good talent can be challenging at the best of times. The current pandemic-driven talent wars are taking that challenge to the next level, as indicated by the US Job Opening and Labor Turnover (JOLT) report, which shows a a gap of 2.5 million people between job openings and unemployment. Because much of the gap is a result of demographic changes and cultural shifts, alternative talent must be part of the solution.

The marginalized communities of impact sourcing are a critical alternative, but they are often missing from the talent supply statistics, such as the JOLT unemployment figure. A Harvard Business School study quantified 27 million US "hidden workers" who are underemployed or unemployed. This group includes caregivers, veterans, immigrants and refugees, persons with disabilities, etc. But by investing in new recruitment strategies and training, companies can gain access to this qualified talent in a systematic way.

Creating a stable and engaged employee base

One of the (many) impacts of the pandemic has been the "great resignation", with employees around the globe leaving jobs in droves for greener work pastures, family or other obligations, or the desire to spend their time differently. Our research shows that impact workers have a 15-40% lower attrition rate than traditional BPO workers and are less likely to leave their organizations, whether due to limited opportunities in their locale or loyalty to the brand and/or its mission.

Furthermore, engagement is taking on a broader meaning in today's workforce. Beyond creative and fun work activities, engagement is about inclusion that is intentional. Many employees today want to work in a diverse environment where they are exposed to, and engage with, people from different backgrounds and abilities. Impact workers can significantly contribute to other employees' engagement, and their motivation levels can be catching.

Having social impact

While unemployment affects a wide range of groups worldwide, marginalized communities bear the brunt of it. The World Bank reports the 2019 share of youth not in education, employment or training (NEET) in major offshore locations like India, South Africa and the Philippines as 30%, 32% and 19% respectively, whereas in high income countries combined the level is 11%. The pandemic is highlighting

this disparity in an accelerated manner. The US workforce lost over 2.1 million women in 2020, according to the National Women's Law Center.

The United Nations established 17 Sustainable Development Goals (SDGs) in 2015, with specific indicators to meet those goals by 2030. Goal 8 is to "promote inclusive and sustainable economic growth, employment and decent work for all". One indicator for that goal, related to hourly wages, is particularly relevant to impact sourcing, which is to "achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities". With a deeper focus on models such as impact sourcing, that goal can be achieved.

And the benefit of jobs for impact workers extends to families and communities at large. Our research shows that the increase in income helps support three to four family members, and enables community investments as well. The Global Impact Sourcing Coalition (GISC) estimates that up to 15% of BPS jobs could be filled by impact workers. Finally, impact sourcing can create a pipeline of talent in a community, with employment serving as a stepping stone to broader development.

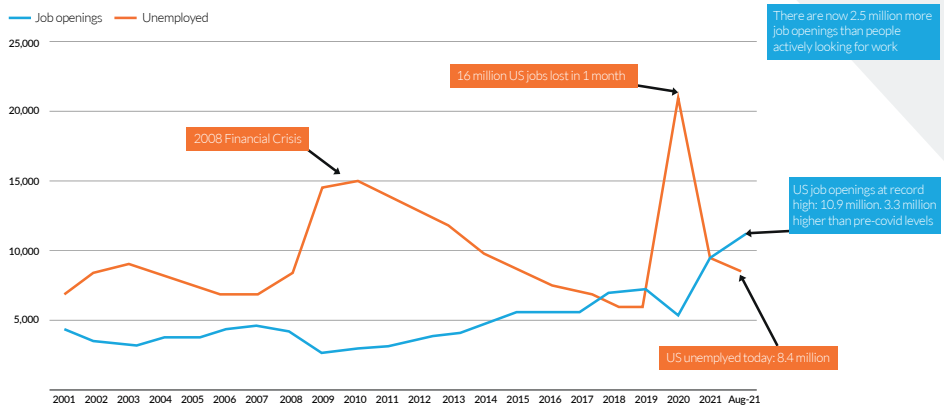
Creating long-term cost savings and benefits

The fourth benefit provides a clear business case for impact sourcing: cost arbitrage. Lower turnover and higher employee engagement mean lower recruitment and training costs. In some cases, the location itself can generate cost savings due to economic development incentives, lower facility costs and lower overheads. For example, in South Africa, lower costs are driven by lower turnover and some differences in salaries. Savings in India are driven by lower costs for talent and facilities in tier 3 or rural locations.

These business benefits are above and beyond proven, reliable service delivery. Organizations that are currently engaging with the impact sourcing model have demonstrated performance comparable to – or sometimes better than – traditional service performance.

Impact sourcing has a robust track record of meeting clients' SLAs and KPIs and their expectations. Where organizations have intentionally measured impact sourcing worker performance, there is evidence it is comparable. Even in cases where impact sourcing worker performance is not tracked, there is strong endorsement of performance being comparable to traditional workers.

The talent supply demand gap is getting worse in the US for both entry-level hourly roles and high-skill roles



Source: US Job Opening and Labor Turnover Survey, August 2021- US Unemployment Data, Bureau of Labor Statistics, August 2021

"The benefits of jobs for impact workers extends to families and communities."

Why the time is now

COVID has made organizations across the globe realize anew that their greatest asset is - and should be - talent. To win the long siege of the war for talent, companies need to intentionally focus on unlocking potential from untapped sources. This is where impact sourcing fits right in.

While there are some perceived concerns (lack of talent, data security and infrastructure) with impact sourcing, specialist companies have successfully mitigated these by focusing on skills development initiatives, replicating data security measures used in traditional sourcing and investing in robust infrastructures. Traditional service providers are tapping different marginalized groups in each of their geographies. With these business benefits, the myth that impact sourcing is a feel good, low scale and developing-country only strategy is unsubstantiated. We will be exploring these aspects in much more detail as part of our upcoming state of the market research; please contact us if you would like to participate or learn more.

A blueprint for real, sustainable change

South Africa has set a strong example of how impact sourcing can change communities for the good as well as boost the bottom line, says **Traci Freeman** of BPESA

In a world that has so many dire needs, each demanding attention, response and action, the UN's global sustainable development goals (SDGs) offer a focus that can provide meaningful impact on a broad community and leave a legacy of positive, sustainable change.

The SDGs are 17 interlinked initiatives designed as a "blueprint to achieve a better and more sustainable future for all". Many organizations, under their corporate social responsibility (CSR) mandate have adopted the development goals. The CSR approach for positive impact is the Triple P:

- Principles - Human rights, privacy and data protection, corporate governance and ethics, and responsible sourcing
- People - Employee policies, diversity and inclusion, and conduct with communities
- Planet - Environmental protection, resource efficiency and climate change mitigation

In 2016 South Africa was the proud host of the launch of the Global Impact Sourcing Coalition (GISC). It was born out of several years of testing an initiative for how best to support marginalized communities and engage individuals in meaningful work, offering employment opportunities that have a digital component and are digitally enabled. This was the Rockefeller Foundation's Digital Jobs Africa (DJA) initiative, which allowed it to stumble into the global business services (GBS) sector, including BPO and call centres, across a number of African countries. The DJA initiative covered a few of the SDGs, namely Goal 5 - gender equality, Goal 8 - decent work and economic growth, and Goal 11 - sustainable cities and communities.

Given the opportunity, South Africa's burgeoning BPO sector quickly embraced DJA, along with the opportunity to access talent needed by the many growing operators.

Impact sourcing, also known as socially responsible outsourcing, refers to that arm of the BPO industry that employs individuals from socioeconomically marginalized communities as principal employees in delivery centres to provide high-quality, information-based services to domestic and international clients and customers.

Fast forward five years and the concept of impact sourcing has been widely adopted across the GBS and BPO landscape. Many large global brands have embraced this as a standard and embedded this business practice across both source and delivery markets, from suppliers of service to buyers of service.

South Africa a shining example

In South Africa, where youth unemployment sits at a staggering 64.4%, inclusive hiring and impact sourcing is within its DNA. By way of example, inclusive hiring applies to a subset of impact sourcing in which the beneficiaries are aged between 18 and 34 years of age, living in a poor household and community with low or no levels of employment, attended a Quintile 1, 2 or 3 school and are therefore excluded from participation in the formal economy.

The South African GBS and BPO sector has embraced inclusive hiring to the extent that it is embedded into national government GBS incentives, and supported and funded by the Department of Trade, Industry and Competition (the dtic). The incentives mandate a minimum 20% inclusive hiring target, and this lever is endorsed by BPESA, the GBS sector association, and Harambee, its social partner and Rockefeller impact sourcing grantee.

Diversity, inclusiveness and transformation are the hallmarks of South Africa's labour market and economic development, which is reflected in the diversity of the GBS sector. Black people continue to make

"Diversity, inclusiveness and transformation are our hallmarks."

up 54% of staff servicing global markets, followed by coloured and mixed race (32%), Indian (10%) and white (4%), according to source data from DTIC and BPESA in the running quarterly GBS jobs reports.

For local and national economies, an increase in employed individuals adds to a national tax base, supports upskilling and boosts financial earnings, which translates into reduced strain on a country's fiscal and social welfare system. In Africa, calculations indicate that one employed person supports between six and 11 more individuals and adds one to two additional peripheral jobs, allowing more people to feed their families nutritiously, school young dependants and improve the general health, wellbeing and mental state of the individual and their immediate family.

Immense and scalable benefits

For impact sourcing to scale requires a number of willing actors to play their part. Such an ecosystem consists of the buyer, the third-party service provider and/or traditional BPOs, impact sourcing service providers and training organizations, and creates a continual, positive domino effect.

The buyer community, which seeks third-party suppliers or BPOs to service their clients and customers, mandates and influences the BPOs to ensure impact sourcing forms part of the standard recruitment and hiring programme. At the same time, the buyer community updates its own hiring strategies to embrace impact sourcing internally.

Third-party service providers or traditional BPOs engage in the intentional direct hiring of impact workers and work with specialist sourcing providers to open up talent pools of marginalized people that meet the buyer's mandate and achieve and exceed their impact sourcing targets.

Impact sourcing service providers hire only marginalized individuals as part of their business model. Training organizations focus on engaging underserved communities to assist in upskilling marginalized people to ready them for the GBS world of work and connect them to traditional impact sourcing providers and BPOs.

This broad community of stakeholders work in a mutually beneficial, symbiotic relationship to broaden their reach into previously untapped talent pools. This creates a bridge for many organizations into skilled but not previously accessed groups of people to bring them into the world of work. There are numerous heart-warming success stories of previously marginalized and unemployed or underemployed individuals who have broken into the dynamic world of GBS. Besides seeing up to a 200% increase in earnings, they have fast-tracked their own careers from entry level agent through to valued team leaders, trainers, MIS specialists, quality assessors and even executive positions.

Regional impact sourcing chapters

Since the launch of the GISC in 2016, BPESA has supported the Africa Chapter, Intelligent Sourcing in the UK the Ireland Chapter and IAOP the North America Chapter as well as a continuation of the Global Impact Sourcing Award. The focus is to ensure continued promotion and transparent embedded adoption of impact sourcing as a methodology to achieve a number of the SDGs, improve employee and customer engagement, reduce costs and increase profits, but most of all to make a sustainable difference to many amazing individuals.

Implementing impact sourcing takes a single step – a decision to hire differently. What is stopping you?

DEPOSITPHOTOS / PAULSTRINGER

Making an impact through impact sourcing

Capability BPO™, a proudly South African global business process outsourcing company, adopted impact sourcing in early 2014 through its partnership with the Harambee Youth Accelerator. Today, Capability BPO sees impact sourcing as a part of its growth strategy with initiatives such as Capability Impact. We interviewed founder and CEO, **Mark Essey** to understand more.

Intelligent Sourcing: What is Capability BPO's take on impact sourcing?

Mark Essey: Our research has shown that impact workers have a 15-40% lower attrition rate than traditional BPO employees with call centre experience, which in turn lowers the cost of hiring and training.

Unemployed employees demonstrate a higher motivational character and a positive mindset that leads to improved performance over a period of time. Our training interventions help skill these unemployed youth and provide them with the necessary skills and knowledge to enhance their performance, which in return ensures a sustainable income for their household. This creates opportunities for oppressed or excluded groups and assists towards a more stable global economy.

IS: How long has Capability BPO been an active participant in impact sourcing?

ME: We adopted the impact sourcing concept in 2014 through our partnership with Harambee Youth Accelerator. Since then it has become part of the way we work, and we have embedded it into our recruitment methodology.

IS: Why Capability Impact?

ME: We believe that we can add value to rural areas in South Africa and empower the youth and adults by educating, training and providing employment to the disadvantaged. This further provides an opportunity to access the untapped talent pool we have in South Africa.

Capability Impact is a start-up BPO contact centre set in the heart of Hazyview, Mpumalanga, near the Kruger National Park. We have partnered with the Good Work Foundation, a digital education non-profit organisation, and VillageUp, a social enterprise currently operating in the area, to recruit from the community and upskill them. Employees are taken through robust adult learning academies designed to make them valuable participants in the digital economy. Programmes include work-readiness, essential computer knowledge, life and emotional skills training, and more - all preparing them for the future world of contact centre work.

Our Hazyview Campus will bring high speed internet access to the community, empowering its development, and will enable the multiplier effect in equal work opportunities outside of major metro areas, creating sustainable livelihoods. This initiative offers the people of the Hazyview community an opportunity to earn and build transferable workplace skills. As a result, employees will improve their wellbeing, and the wellbeing of their families and communities around them. We are so excited about this initiative - a BPO call centre fully staffed through the local community.

IS: Why are you passionate about impact sourcing?

ME: We are passionate about people, and I strongly believe that the multiplier effect of those we impact can be applied. We are dedicated to the development of our employees and previously disadvantaged youth. We want to give hope and a possible career path within the BPO sector to those affected by poverty, unemployment and current challenges. Finding a job isn't always easy. We at Capability BPO want to provide a platform for the unemployed, provide them with the skills and behaviours to become work-ready and employable.

DEPOSITPHOTOS / CHUBAKASTER

IS: Why does impact sourcing make business sense for you?

ME: Capability BPO is committed to bringing Africa's untapped potential to the world, making a difference and impacting the lives of our people by equipping them with the necessary skills and training to gain employment.

We are passionate about making a difference to our employees and work hard at our culture, which ensures inclusiveness and is non-discriminatory. The continued success of our company depends on every employee feeling valued, respected and empowered to contribute fully.

Our country has a wealth of unemployed youth, skilled and unskilled, waiting to be given an opportunity. The global business sourcing sector is one of the fastest growing sectors in South Africa - as a BPO we can provide that opportunity. As I mentioned earlier, the employees who come from an impact sourcing hire are more tenured, more passionate and hungrier to succeed. It's a win-win.

IS: Who or what is your inspiration?

ME: The people of South Africa and that their generosity of spirit seems to know no end.

IS: What is your daily affirmation or favourite quote?

ME: The universe applauds action, not thought. Only actions will lead to results. Contemplation on its own will lead nowhere.

IS: Can you expand on some of your impact sourcing projects?

ME: During the period 2014-19 we employed 159 individuals via impact sourcing initiatives. Today, from this original initiative, we have 17 employees still active, with six promotions.

We participated in a BPESA work-readiness training programme towards the latter part of 2020 and closed off in May 2021. Of the 50 people who were part of this initiative, 48 completed the programme and placed within our business across various campaigns.

We have a cross-skilling project for youth previously employed in the hospitality and tourism sector, with one of the largest financial services businesses in South Africa. We have been successfully awarded with 20 candidates to be upskilled, trained and placed into the BPO sector by November 2021 for a 12-month contract.

Capability Impact is set to break even in Q1 2022.

IS: Give us an example of a success story.

ME: We have a few success stories across our business. However, I will elaborate on one. Thobeka Myeza applied for the opportunity with Harambee's Bridging programme and was successful in 2015. After completion of the programme, she was placed within our Collections business as a debt collections agent. She developed through the business and as a result was promoted to a team leader. She was awarded the best team leader of the year in 2019 and is currently undergoing the NQF Level 4 Learnership Programme in contact centre management as part of her internal development and career progression with us.

"We are passionate about making a difference to our employees."

Building a Future-Ready Workforce

Impact sourcing can help all sorts of communities including convicts. **Michelle Cirocco**, Chief Social Responsibility Officer, Televerde, explains

Impact sourcing and diversity, equity and inclusion (DE&I) are not new concepts, but they have gained a lot of traction over the last decade. Whether it has happened organically or by consumer and investor demand, many organizations are now prioritizing social good in their business strategies. A significant part of that focus is ensuring representation and opportunity for people from marginalized groups and underserved communities.

I know first-hand what it's like to be on the margins of society. It's deflating, disempowering and scary. More than 25 years ago, I began a seven-year prison sentence. I felt lost and hopeless. I was able to turn those feelings into motivation and eventually success, but only because I found opportunity and support while incarcerated. Most of the people affected by incarceration don't have access to what turned my life around: business skills training, mentorship and professional work experience.

I started my career at Televerde while incarcerated and, between then and now, I've earned an MBA, served as chief marketing officer, and now chief social responsibility officer for Televerde and executive director of Televerde Foundation. Today, I drive Televerde's purpose and pay it forward, helping other women affected by incarceration to rebuild and succeed when they re-enter their communities.

Through impact sourcing, companies aim to provide income and opportunity to people in places where both things are scarce. Unfortunately, a marginalized population of people who have been impacted by incarceration is not often considered. That's why what Televerde does is so important, and it's something sorely missing in the US - and really the world.

There's a massive stigma associated with prison labour. Its harshest critics associate it with corporate greed and see it as exploitative - a form of modern-day slavery. In some cases that criticism is deserved, but when done right providing meaningful work opportunities to the talent that lies within those prison walls can be transformative. Not only for the people impacted by imprisonment, but for their communities and society as a whole. With proper mentoring, training and experience, they will learn valuable skills, gain confidence and change the trajectory of their life upon their release - exactly the way mine was changed.

Our past and present

Televerde has more than 25 years of history as a provider of business solutions that include sales, marketing and customer success. In that time, we've earned trust from leading brands in several industries by delivering consistent results. Through partnerships with three departments of corrections in Arizona, Indiana and Florida, we provide opportunities for women who have been jailed in the US. In 2021, we expanded to Europe, employing women through the UK Ministry of Justice at HMP Styal, as we push to fulfil our mission globally.

The trust and reputation we have developed over the years with our partners could never have happened if we didn't produce results. The investment we make in our incarcerated workforce has produced some of the most skilled and motivated workers I've ever met. That's not just my bias talking, as many of our Televerde women go on to work for our clients after they are released from prison.

Nationwide in the United States, the recidivism rate is 76.6%, with two out of every three people being rearrested within three years of their release. Because of our focus on helping our women prepare for work and life outside prison, the overall recidivism rate among our graduates is 5.4%. We want them to be successful and ensure that they're prepared for their transition back into their communities. Televerde started providing workshops designed to prepare our graduates for re-entry and employment, and in 2020 the Televerde Foundation, which I oversee as executive director, was launched to expand the program.

The Foundation provides what's called the PATHS

"We aim to show the world what can be achieved with the right resources and mindset in place"

program: Prepare, Achieve and Transform for Healthy Success. This program focuses on personal wellness, workplace readiness, employment strategies, financial literacy, lifelong learning and mentoring. We have also co-developed programs with partners like Cisco, Amazon and Arizona State University to extend the professional development of our graduates, providing a stable runway back into their communities.

Planning for the future

Our Televerde model is built around a prison to workforce pipeline. We aim to show the business world what can be accomplished with the right resources and mindset in place. We do that by not only building a case for the social impact of our model, but by demonstrating a strong business case as well. And that business case continues to build.

DE&I initiatives have shot toward the top of many companies' priority lists, and 76% of job-seekers and employees said they consider the diversity of the workforce when considering job offers. While DE&I typically focuses on factors like gender, race, disability status, military service, and the LGBTQIA+ communities, inclusion must go a step further to include those with criminal backgrounds as well.

There is an incredible amount of untapped talent and potential in people who are in prison. With both DE&I objectives and the multitude of roles opening due to the Great Resignation in mind, it makes sense to consider these individuals when hiring. Doing so is doubly important because minorities and people in the lowest social classes account for a disproportionate amount of the incarcerated population.

What's more, a study using data from the US military suggested that people with lower social class origins are less self-centred, which sets them up to be more effective as leaders. And people from lower classes tend to have more empathy and treat people more equitably than those from privileged backgrounds. Hiring talent from the justice-impacted community is a way for companies to add important new perspectives and to better position themselves for future success.

Most of our Televerde graduates leave prison with significantly better career-readiness and job prospects than they had before they were incarcerated. The positive outcomes we can achieve are replicable, but that requires employers to change their policies along with their mindset. If you're not sure where to start, engage with your community and organizations that focus on second-chance hiring and professional development. In return, you may find some of your most dedicated and motivated employees.

Televerde's goal has always been to show the world that people should not be defined by their worst mistake. When we talk about second chance hiring, that second chance goes beyond just career opportunities. By providing opportunities for ex-prisoners to learn, grow and achieve both inside and outside prison, we can create a richer, more inclusive society. I'm proud to be in a position to help lead the way, changing hearts and minds one Televerde graduate at a time.

Many companies are facing difficulty attracting and retaining employees due to the Great Resignation. According to the US Labor Department, a record 4.3 million Americans quit their jobs in August and 4.4 million Americans quit their jobs in September. The trend has been getting worse, not better; pandemic restrictions are easing, wages are going up and there are plenty of positions open. This has empowered job seekers to leave the jobs they don't want to pursue opportunities they do, leaving many organizations wondering how to fill those open roles.

One way forward is to widen the lens through which we view talent.

The current unemployment rate for the entire United States is 4.6%, but the rate is much higher for workers impacted by incarceration. According to the Prison Policy Institute, before the pandemic there was a 27% unemployment rate for individuals affected by imprisonment, likely worsening since the pandemic hit.

About one in three Americans has a felony conviction, or an estimated 70–100 million people. That's 70–100 million people with varying backgrounds, abilities and valuable skillsets that we can no longer afford to overlook. People who have a criminal record can find it difficult to secure employment when a company asks about that in an application or interview. And it's impossible to pass a background check if one is required. Despite Ban the Box laws in 37 US states requiring employers to remove criminal-history questions from employment applications, justice-impacted individuals continue to find themselves jobless.

With so much change happening already, now is the time for employers to be open-minded about second-chance hiring. The manufacturing industry is helping to lead the way. Employers in that sector are expanding second-chance hiring opportunities, demonstrating how mutually beneficial those opportunities can be for both justice-impacted employees and the businesses that hire them.

DEPOSITPHOTOS / IGORVETUSHKO

Sourcing for impact is the future

Impact sourcing isn't about one country over and above all the others regardless of how sections of the media might portray it. In this article **Gary Bowie** of Scottish Development International (SDI) examines how it's worked in Scotland but first Ascensos explains its own scheme and the

Marginalized communities by their very nature are invisible to the wider world view.

Whether it's economic, political or social, the townships of South Africa or the coastal areas of the UK, the talents, possibilities and aspirations of the people who live there go undiscovered and unrealized. In South Africa, Statistics SA published its Quarterly Labour Force Survey for Q1 2021 in June this year, reporting a record unemployment rate of 32.6%. Between 2009 and 2018, 50% of coastal towns in the UK experienced a decline in employment compared with 37% of non-coastal towns.

In the UK, regional planners often overlook the high streets of once-vibrant seaside communities, while the people who have built their lives around them have limited career fulfilment with few opportunities for progression.

At the same time, the pressure on businesses that rely on access to a skilled workforce continues to mount in the wake of the pandemic and the UK's departure from the EU. The Recruitment and Employment Confederation reported there were 1.66 million vacancies at the end of August 2021, with expectations that the number was set to continue rising in the coming months.

Globally, however, the pandemic has resulted in job losses 14 times greater than that from the financial crisis in 2008, while it has also perpetuated "the great resignation" by management and executive level staff who have reassessed their work/life choices: what were once considered benefits of office life are now no longer relevant.

Concurrently, the post-pandemic interconnectedness of business and personal communications has driven a new sense of what local/global truly means. Specific to the workforce, work from home has rapidly evolved to "work from anywhere" while powerful tablets and smartphones have even disrupted the worker/laptop symbiosis of the past 20-plus years. This now means that access to talent on a global scale is a reality. Those marginalized communities at home and abroad are often as well connected as the urbanites of any major town or city in the developed world.

These circumstances have converged to accelerate the workforce's previously unheeded dissatisfaction with their work/life balance into a clearly audible call for change.

At the core of this demand lies both a challenge and an opportunity centred on employee engagement and empowerment, facilitated through a refreshed proposition of the employer/employee value exchange. This is industry 4.0 - a total realignment of what constitutes meaningful, relevant work and a rewarding (portfolio) career.

When current projections of the changing demographic of the workforce are added to the mix, the stark need for an ambitious and courageous rethinking of the way we work and where, and how to access talent is laid bare.

All this is creating a once-in-a-generation opportunity for versatile, imaginative businesses to unlock talent, help underserved communities and shape the future for hybrid working.

The leadership team at Ascensos has arrived at a solution from two distinct perspectives: accessing marginalized talent here in the UK to underpin its onshore "work from home" model, while establishing a South African operation to provide scale and resilience. Both solutions have made marginalized communities a primary focus for resourcing people and talent.

The vision for Ascensos Local counters the established model for outsourced customer management, which employs around 4% of the UK workforce. It does so through an approach to the work from home model that will enable good careers where they're needed most, while connecting closely with the communities where Ascensos Local operates, thereby benefiting the local economy and high street. Employees will enjoy direct engagement with peers and management while working in a meaningful career from

home. It resonates with the "'15-minute city", concept where everyone is within a short distance of essential services, their work and recreation, underpinning sustainability and reducing the impact of transport on the environment.

Ascensos South Africa will play its part in creating careers in a region that has seen significant growth and benefit from impact sourcing initiatives that continue to open up new career opportunities for some of the most marginalized people in society. Clients and their customers will benefit from the determination and commitment of business and public sector infrastructure established for the express purpose of supporting the thousands of highly educated young people in South Africa who enter the workforce each year.

The near future, however, concerns more than simply offering access to jobs in digital customer management. It also demands an ongoing reimagining of what working in our sector means and what being an employee in our industry entails. That has to respond to the wider challenge and opportunity of the technologically empowered 21st century combined with emotional intelligence and ethical considerations.

In this regard Ascensos Local and Ascensos South Africa represent more than the future for one company, it is answer to profound challenges around the future of work in the service sector.

Ultimately, corporate impact in the 21st century needs a new social contract, and the collaboration vital to a successful enterprise must recognize that life, as we now know more keenly than ever, is about human connections and community, meeting the needs of the wider society and ensuring the benefits of economic recovery are shared among all.

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SCOTTISH DEVELOPMENT INTERNATIONAL

Scotland: Opportunity for regions, employees and employers

Scotland has a compelling proposition for global business services operations. Many world-leading companies have chosen Scotland for access to our world-class talent, highly competitive cost base, excellent infrastructure and supportive business environment.

The business services sector continues to grow in Scotland, with more than 150,000 now employed across customer experience, shared services and BPO centres. Highlighting Scotland's strengths in this sector, the latest EY Attractiveness Study ranked Scotland as the best performing location in the UK, after London, for inward investment. And this has been the case for six out of the past seven years.

Glasgow and Edinburgh have traditionally been the largest delivery centres in Scotland, with smaller cities such as Dundee, Inverness and Stirling also attracting major investments. With the acceleration of digital technologies and remote working practices, employers now have the opportunity to recruit from alternative pools of talent and people can opt to live and work in more rural or remote areas.

A recent report by KPMG states: "Over time, the shift in business location could support the rise of several commercial hubs across Scotland – the increase in the concentration of firms and workers has the potential to make those companies located there more productive and enable these areas to serve as the engines of economic growth."

The majority of companies have responded to the pandemic well in Scotland, managing to move employees to work from home where business allows. Now that restrictions are easing both employers and employees are giving consideration as to how and where they want to work. The landscape has already changed and will continue to do so as options are explored.

Some companies and employees are finding that working remotely can be difficult. Managing teams, developing culture, providing support and developing working relationships can all be difficult from home. That's why some companies are exploring developing smaller hubs where people can work remotely, but also come into the office to work as teams and interact with colleagues.

Smaller towns and surrounding areas can also benefit and offer companies access to previously untapped talent. Stranraer in Dumfries and Galloway is the most recent example of just that. BPO firm Ascensos has developed its Ascensos Local model, which aims to create 100 new jobs for the town and surrounding area. More widely, the project will create local hubs across the UK that provide employment and benefits to local communities.

Talented employees across all sectors and stages in their careers will be attracted by a location that offers a healthy environment, quick and easy access to the great outdoors, plus cosmopolitan communities and diverse cultural attractions.

The good news is that Scotland delivers on all of this, and more. Our small country is well known for offering a fantastic quality of life, as a multitude of global surveys, polls, rankings and accolades will testify.

Where else can your employees walk through a UNESCO world heritage site on their way to the office, or work remotely from the rural highlands and islands in the morning and still be in the central belt by afternoon?

The opportunity is there for employers to look at new delivery models and locations across Scotland. Tapping into new and experienced pools of talent doesn't just benefit the employer and the employees, but also local communities where these opportunities would have been out of reach previously.

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Career opportunities through impact sourcing

Sitel Group® is one of the largest providers of customer experience (CX) services with 160,000 people across 50 countries, securely connecting best-loved brands with their customers more than 8 million times every day in 50+ languages. Here Catherine Trujillo, global CSR manager, and Lynn Thacker-Hart, director, strategic communications and process management, global sustainability council lead, discuss its programmes and the opportunities it offers

Successful companies seek innovation, whether that's developing new products or services or simply applying experience, design and technology to deliver greater efficiencies. Responsible business today is about much more than profit and loss; it's about people, the communities in which we live and work and our responsibility to the environment.

In a sense, rapidly developing technologies and social change mean that the pace of business improvement has sped up. But so too have our ethical responsibilities, particularly in how we support one another.

Make an impact

In a corporate context, one approach to that support is impact sourcing. This goes beyond talent sourcing because responsible companies want to be good neighbours in their communities and considerate corporate citizens in their business practices through corporate social responsibility (CSR).

Impact sourcing takes talent sourcing further by recognizing the importance and contribution of people to our companies, our communities and the world in which we live.

For the new recruit, impact sourcing offers a pathway to employment opportunities not previously provided, which is good for recruits, their families and their local communities. From our perspective, it has achieved more engaged employees and access to a virtually unlimited talent pool. Our approach has been to use intelligent recruitment with social purpose – and it works.

Our experience is that impact sourcing is an approach that more companies should adopt. This is not just because it gives access to a wider pool of talent, but because now, more than ever, it's the right thing to do and brings many benefits such as an increase in employee morale and the ability to connect with untapped talent.

The quickly evolving world of outsourcing has seen enormous change. These changes have inspired us to create new ways to provide career opportunities to new colleagues while serving the needs of consumers and businesses.

A fundamental aspect of this is the technology that increasingly allows us to offer homeworking opportunities to people who had previously been excluded from this type of employment. However, impact sourcing strategy goes further than simply working from home because, when it comes to growth, we're mindful to locate new centres in places where there are pools of talent. This makes commercial sense because we can draw on that talent.

At Sitel Group® we are committed to providing equitable and inclusive opportunities for our associates and in the communities where we live and operate.

By targeting recruitment activities in remote areas, or actively seeking potential associates who might be excluded from the job market, our efforts add a social and ethical dimension that can reap huge benefits for individuals and communities alike.

As a good corporate citizen dedicated to making a positive social impact, our focus spreads across numerous territories:

Europe

Within our EMEA operations, the First-Level Leader and Mid-Level Leader programmes offer opportunities to agent-level employees who have the potential to grow and develop their careers within the company. These virtual programmes have had a positive impact on turnover rate and deepened the manager-employee relationships based on shared experience.

In fact, approximately 85% of graduates from both programmes stayed with the company at least a year or longer. This longevity clearly demonstrates that investing in our employees not only has a positive effect for their career aspirations but also that we are holding onto our future leaders, reducing attrition, and saving costs.

Romania

Our Romanian operations are actively collaborating with the FUTURE programme. This initiative unites several Romanian universities, local companies and students. So far, the FUTURE programme has brought together 95 students, 52 university teachers and seven employee representatives for six months of online discussions and workshops.

During the meetings, they share experiences and aim to decrease the gap between college and career. This programme is a great opportunity for our business to help guide young talent from the early stages of their careers and to grow a pipeline of young professionals for the future.

Cyprus

In Cyprus, our impact sourcing strategy focuses on offering attractive employment experiences that include office locations in the heart of the city centre just steps away from sunny beaches, lively streets and nearby restaurants. Our Cyprus venues include modern technological infrastructure and are easily accessed via public transport. We also provide support in obtaining work visas, likewise employee accommodation, assistance with relocation and a higher basic salary is available.

France

Our impact sourcing strategy in France includes support from Pôle Emploi, an employment centre that assists job-seekers in their search for work and companies on their hiring strategy.

Another component of our strategy includes work-study contracts that provide training leading to a diploma or qualification - these are aimed at people under 30 who are in the process of entering the workforce. Supported by the French government, Sitel France represents 2% of our employees. Since 2012, approximately 3,000 work-study contracts have been created.

Other partnerships in France include integration contracts that combine training and/or professional support for the beneficiary as well as financial aid for the employer.

In addition to our broader partnerships in France, we have some specific to our sites in Wasquehal, Romainville, Blois and Troyes. Our efforts encourage the hiring of people who are located far from employment opportunities, facilitating access to employment for people with disabilities, professional immersions and providing retraining for those affected by economic layoffs and long-term unemployment.

Conclusion

So, outsourcing and customer care services support the needs of businesses and their customers, as well as contributing to families, communities and economies. Impact sourcing lies at the intersection between business need, good recruitment practice and social responsibility. It makes good business and ethical sense because, after all, we virtually know each other.

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Got a talent shortage? Impact sourcing can provide solutions

Impact sourcing is not just about benefits to a society, it can solve real business problems. **Sandy Frinton** of the IAOP outlines how her organization has recognized some schemes.

Individuals from marginalized communities who are typically excluded from employment, such as people with disabilities, older workers, those living in remote, isolated or depressed areas, or people who lack access to education, represent a massive potential workforce. These frequently omitted groups can include veterans, refugees, native populations, the incarcerated and neurodiverse individuals.

Forward-thinking companies who are tapping into this talent pool through the strategy of impact sourcing are realizing its substantial business benefits - including stable and engaged employees and long-term cost savings — while having a social impact as the icing on top.

"When we talk about the labour shortage, there are a huge amount of people left out of the statistics," said FOW21 panellist Rita Soni, Principal Analyst, Impact Sourcing and Sustainability Research, Everest Group. "The conversation about diversity, equity, inclusion and belonging (DEIB) can shift when we talk about impact sourcing."

Three myths busted

Common misunderstandings about impact sourcing were explored at the FOW21 event. The realities are:

1. Impact sourcing is not part of CSR and philanthropy. While an outcome of impact sourcing is social good, the impetus and reason for scale are business benefits.

2. Impact sourcing specialists are not too small for mainstream. Through unique partnerships between large providers and specialists, and also with the public sector, impact sourcing is being implemented at scale.

3. Impact sourcing is not just developing a country strategy. Robust examples of impact sourcing are being seen in both established markets in the US and Europe and emerging markets such as South Africa.

Recognizing excellence

As an outsourcing industry association, the IAOP has been a pioneer in the impact sourcing movement since its start. CEO Debi Hamill explains: "We are committed to advancing impact sourcing as a transformative business model as well as supporting companies that are putting impact sourcing into action. We are proud of our members' efforts and to be part of its progress."

Earlier this year, the IAOP formed a Centre of Excellence for Socially Responsible Outsourcing (SRO) and Impact Sourcing. That CoE has now launched the IAOP's Impact Sourcing Consortium, which will bring together the expertise of its membership, partners and the industry at large to offer webinars, podcasts, conferences, research and other learning and networking opportunities in this crucial area.

Started four years ago, the IAOP, in partnership with the Rockefeller Foundation, presents the Global Impact Sourcing Award (GISA) annually to organizations that are leaders in impact sourcing. Here's a look at the 2021 winners who are making a difference.

Eclaro – changing lives through education

Eclaro got involved in impact sourcing in 2013 when company co-founders Tom and Paul Sheridan saw an opportunity to better the lives of its talented workforce in the Philippines and the young people in the community.

A local college near their office was closing and they were asked to help provide scholarships for the remaining 15 students to finish their college education. Instead of helping just a handful, they purchased

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the entire non-profit school and have since helped educate thousands.

Now known as the Eclaro Academy, the accredited, technology-oriented academic institution has four campuses and more than 2,600 students. It serves students from kindergarten up to 12th grade, as well as offering college degrees in six majors and programmes for the hearing-impaired.

The Academy helps to provide the education needed for Filipino youth to find jobs at Eclaro or other companies. In the past three years, the New York City-based business and technology consulting firm has hired 175 impact workers and designed programmes to hire even more of these valuable employees in the future years.

Careerbox – transforming the lives of African youth and their families

Careerbox, a non-profit company, is helping connect talented young Africans, particularly women, from underprivileged townships with jobs.

Since its inception eight years ago, the organization has placed around 35,619 unemployed and previously disadvantaged candidates into permanent jobs with a sustainable income, It has proven to have a positive impact by changing the lives of 142,000 people in and around the local communities. Of those placed, 66% were unemployed women.

Techno Brain – making a difference in African communities

With Africa continuing to emerge as a burgeoning outsourcing destination, Kenya-based Techno Brain has been making a difference across the continent and around the world through its strong impact-sourcing focus, which reduces poverty through digital employment.

"We have a huge responsibility on our shoulders to keep providing opportunities for people who otherwise have limited prospects for sustainable employment," says Techno Brain BPO Director Vinay Subbaramaiah. "Let's keep the momentum going."

The company, established more than two decades ago, provides necessary training and development in digital skills by partnering with Microsoft and other global technology leaders, and assists individuals with employment. Not only has this improved the lives of individuals who otherwise have limited prospects for sustainable employment, it has also had a positive impact on the people around them.

IndiVillage – empowering rural India

IndiVillage has transformed villages in India by bringing digital jobs into rural areas. This has had a transformative effect, with employment opportunities for the marginalized, better healthcare, access to clean drinking water and standardized education.

Before the arrival of the BPO provider, young people had to leave home to find meaningful employment in India's cities to support their families. Now, hope has returned to the villages.

With its "business for good philosophy", IndiVillage follows a profit-for-all model, reinvesting profits into the rural communities where its employees live. It has impacted more than 35,000 lives since its inception through its centres in the Raichur district in Karnataka and Yemmiganur in Andhra Pradesh.

IndiVillage has focused on creating opportunities, particularly for women and youth. Of the employees it has trained over the years, 70% have been women. Its centres have reduced gender inequality by creating a safe workplace for women from the community, at times even counselling families and encouraging them to send women into the workforce.

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IAOP The Association with Collaboration at its Core.

Impacting more than geography

The traditional picture of outsourcing is of a business strategy undertaken to reduce costs, with impact sourcing typically used within underserved and developing nations. **Vidya Ravichandran**, president and founder of GlowTouch, points to something much bigger.

The global BPO market is expected to top $400 billion in the next few years, its growth fuelled by economics and practicality. The economic component is that a growing enterprise means job creation, and opportunities range from sales to service and support, to technology and other areas. The practical consideration is the importance that is placed on the customer experience or customer journey.

It is a myth that outsourcing is a cost-saving measure rather than a quality improvement tactic - it can be both. When companies hire a company like ours to provide customer care, they may well save money. However, they are also hiring subject matter experts and entrusting them with their most valuable asset - their customers. For the end-user, the question is not whether service and support are handled in-house or outsourced; it is did the interaction create a positive customer experience that reinforces trust in the brand?

As the name suggests, impact sourcing speaks to the potential economic impact that hiring (labour sourcing) has on individuals and the areas in which they live. In many respects, impact sourcing began organically as the outsourcing industry grew and became more specialized, growing from helpdesk teams that provided tech support to back-office work to knowledge-based analytics and data security.

Today, the practice is more focused and intentional, even strategic, with targeted efforts to recruit within populations where access to career opportunities is challenging. A quick internet search finds numerous stories about impact sourcing in Africa and Latin America.

As outsourcing becomes more commonplace, new employment opportunities for previously underserved populations worldwide have been created. Doing well in business serves as the conduit for doing good in the communities where we are located.

Beyond geography

Impact sourcing is most useful in what might be thought of as non-obvious places when seen in terms of creating opportunities where they are most needed. There are cases of high unemployment in some parts of Europe, for example, and this report contains information on what's happening in Scotland, which is probably not a country one would instinctively associate with call centres.

Closer to our own home, 40% of the working population has a high school education or less in the Louisville, Kentucky metropolitan area. Nationwide, 75 million Americans are classified as underskilled. There's a vicious circle as skilled vacancies go unfilled and economic growth is slowed, human potential is wasted, people go untrained and the cycle repeats. Part of our answer has been to join with KentuckianaWorks and the Code Louisville initiatives to address the skills gap and partner with an organization that places people who live in rural areas, like Eastern Kentucky, in remote work positions.

One benefit of the pandemic, if there is such a thing, is learning that contact centre work does not necessarily require a full-time presence within physical call centres. Impact sourcing can also transcend pure economics. There are initiatives within the neurodiverse community, such as Auticon in the UK, which employs people on the autism spectrum who have special needs regarding eye contact, lighting and other specific areas.

As you'll see from the boxout opposite, our passion includes reaching into populations that are overlooked for different reasons, such as military spouses and dependents. Numerous programmes involve hiring veterans, but very few consider military family members. Imagine having a career that is repeatedly sidelined because of a transfer. Typically, leaving town also means leaving behind a job. That no longer has to be the case; with remote work, a spouse's job is as portable as the household furnishings.

To work, the concept must make business sense. Impact sourcing has the unique effect of benefiting all parties - the BPO provider, the employee and the client whose programme is being served. The real test is performance; if we are using impact sourcing as a hiring mechanism and gaining new clients, then it's working. The influence of this approach also extends into the broader community as it provides something that can be scarce in disadvantaged areas - hope. There is work with growth potential in an expanding industry, and there is a training and coaching programme in place to create the conditions for success.

Career structures

A significant part of impact sourcing is helping people with limited skills and providing them with a career track. People who want to grow with the company can learn new skills and gain experience that leads to being qualified for supervisory roles. We take pride in promoting from within. We offer a career map with stable employment (we have a below-average attrition rate that our clients love), fair pay and professional advancement, and the social stability that comes with economic advancement.

There is genuine satisfaction in equipping people with the skills and tools they need to succeed. We can, of course, offer work in the traditional customer-facing services, but there are also opportunities in data processing, claims processing and analytics. When we think of outsourcing business processes, we take a holistic view that includes back-office work and technology services, including software and application development. When people see the opportunity for advancement, they are more engaged, and the more engaged an agent is, the more fulfilling the work will be. Our process empowers people to move from rote tasks to issues that require more complex problem-solving.

It's important to stress, as we do in our boxout on the SALUTE programme, that this is not done for the sake of appearance. Our mission is to offer excellence of service to clients cost-effectively. At the same time, clients are becoming more aware of social responsibility and who their contractors are. Businesses want to work with good corporate citizens, and while they want cost savings, they also want to work with providers who treat employees well and take care of end-users' needs.

Companies within the BPO industry are uniquely positioned to take further advantage of this recruiting and hiring strategy. The growth of outsourcing creates a greater need for human capital that, in turn, means looking into sometimes-untapped labour markets. The industry's stability suggests that the more successful providers will be the ones who create career paths for their employees rather than simply provide jobs. Attrition is a challenge and providing people with a meaningful roadmap where professional growth within the company is attainable gives people a reason to stay, promoting programme continuity and workplace stability that benefits clients and us alike.

More than soldiers

Many organizations help and employ military service people, whether they have reached the end of their term and are retiring, or have unfortunately suffered a career-ending injury. This is laudable, but it leaves out a vital constituency of the military family – the spouse or partner. SALUTE covers the extended families of service people, spouses in particular, plus reservists and active personnel.

Spouses often want to work, but frequent transfers can derail their careers. Our programme harnesses the concept of RemoteAbilityTM, making jobs portable so that moving does not mean leaving a job, providing an element of stability in their professional lives. We provide wages above the market minimum and a career path to develop talent. The goal is not just to hire from within this group but to keep these people, help them grow with us and be part of what we work to achieve for clients.

Our clients vary across industries – retail, insurance, technology, healthcare and other sectors – and while agents specialize in IT support, product questions, or sales information, they provide value to our clients in terms of customer retention and higher sales. This is where the view that outsourcing is all about cost misses the point. Customer service is extremely critical today, perhaps more so than ever before as consumers have so many more choices that are readily accessible.

A bad service experience does not just cause customers to leave; it also impacts a company's reputation, because consumers communicate with each other through social platforms and review sites. Our clients are experts in the product or service they provide; we provide value by being experts in the care of their customers. Our motto is "putting people first", and it is a factor behind our 95% employee retention rate and the number of clients who have been with us for ten years or longer.

Impact sourcing is an integral part of what GlowTouch does, impacting the client, the employee and the communities surrounding us.

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PUTTING PEOPLE FIRST

Sourcing for everybody's gain

In an exclusive extract from his forthcoming paper, *The Impact Sourcing Manifesto*, Google's **Alex Rochlitz** describes what he has learned in four years of impact hiring

Part 1: Impact sourcing, outsourcing and me

Before I begin let me say that I am not specifically an impact sourcing expert based on any conventional measure, like Malcom Gladwell's 10,000 hour rule. I was introduced to and started working on impact sourcing initiatives almost four years ago as a part-time project because my boss asked me to, although I knew right away it was an opportunity I couldn't pass on. There are many truly inspirational people (like Murali Vullaganti) who have fully dedicated large portions of their life to impact sourcing, or similar social impact initiatives. I am far from this special category of altruistic human beings; in fact most of my career in outsourcing (a practice I have very safely exceeded 10,000 hours with) has been spent consolidating jobs from western companies and shipping them offshore to service providers based in lower-cost locations. This type of practice is why the term outsourcing has become an honorary four-letter word (especially in places like Detroit where I grew up), and still today represents a large portion of the industry compared to pure growth creating net new jobs. I won't get into the global view of these transactions where jobs are created in a different, almost always more poverty-stricken place in the world. Nonetheless, outsourcing has traditionally focused solely on the pursuit of corporate profit and left millions of people unemployed (at least temporarily).

In seven years working as an outsourcing consultant I worked with hundreds of buyer clients, service providers and advisory partners and directors who helped mould modern outsourcing from the days when IBM salesmen sold data storage tape to clients out of the trunks of their cars. (I've heard more stories about Ross Perot and the wild west era of the mega deal than any 34-year-old reasonably should.) Not once did I hear the term impact sourcing, or a proposal that involved any flavour of social impact. Outsourcing is mainly done by companies in struggling industries who have no choice but to restructure; cost savings was by far the highest priority in nearly every transaction I helped execute for my clients. While impact sourcing can be cost-competitive, it is not free nor is it a turnkey solution for clients (yet). It takes work and dedication to make these programmes successful.

When I joined Google, impact sourcing was a new concept we were trying to get off the ground and I was tasked to scale and develop it. To say I was blown away that, with my background, this was the first I was hearing about it is an understatement, and I had no idea how to begin. I've come to understand that the tech industry is simply blessed with explosive growth and the money and resources to focus on these programmes that other companies just don't have, which is why you've seen firms like Microsoft and Bloomberg years ahead of most. Don't misunderstand me, I know my former clients and colleagues would jump at the opportunity to do this work; the reason I'm writing this is to help bring impact sourcing to the broader outsourcing community. I will show you that this can be done by any company, with any provider, with a minimal investment that will pay for itself if done correctly.

"While impact sourcing is cost competitive, it is not free."

Personal perspective

My contribution to the impact sourcing cause is not as an expert on the social uplift aspect of the impact sourcing industry; I have little understanding of what underprivileged groups are in most need of help and are best suited to perform BPO services. Nor is it as a shining example of success. I have stumbled through trial and error to develop our programme at Google and we still have a long way to go to

reach our goals. My aim is to push impact sourcing into the hands of the people and companies who can truly make it explode. I'm fortunate to have gained a broad understanding of the outsourcing lifecycle, the players, its evolution and its future. I strongly believe that impact sourcing needs to be firmly sown into this future or it will never achieve its potential. Impact sourcing must become a standard HR and procurement business practice as fundamental as dual journal entries are to accounting, QA is to software development, and legal review is to contracting. I know that it can be this and so much more and it is my sincerest hope this (forgive me) exhaustive manifesto helps to get it there. I call this a manifesto because though I speak with deep experience and passion, these are my own very unscholarly views (disclaimer).

DEPOSIT PHOTOS / SERGEYNIVENS

Part 2: A few critical gaps in how impact sourcing has been defined

Impact sourcing has been defined many times over through important publications like GISC's Impact Sourcing Standard, or simply the business model of companies like B2R and how their clients engage with them. Per the Standard:

> "Impact sourcing is a business practice where a company prioritizes suppliers that intentionally hire and provide career development opportunities to people who otherwise have limited prospects for formal employment."

Despite this rather straightforward concept, "what is impact sourcing" is a question I have continued to hear regularly from people who understand traditional procurement or outsourcing practices and seek to fit impact sourcing into the same model. Impact sourcing has not taken off as quickly as it should have. Since the Rockefeller Foundation and those involved officially named the concept in 2013, there are fewer than 100,000 impact workers identified by GISC globally out of millions of outsourcing jobs. GISC and other industry organizations took a huge first step in setting standards for impact sourcing; however, these concepts and definitions need to be expanded to factor in a broader scope and continuously updated to keep up with a constantly changing industry and global society. While it's expected new ideas or businesses will take time to become standard practice, there are a couple of reasons the approach and definition of impact sourcing in the past has hindered its growth.

Measuring outcomes

One reason is business people want to define outcomes in a black and white manner. The definition of impact sourcing above is a subjective statement that can mean different things depending on who is answering the question, where in the world we are talking about, or the point in time you are observing an individual's career journey. Unlike traditional diversity, equity and inclusion initiatives defined by firms e.g. hitting a percentage of female executives, or percentage of minority employees, impact sourcing has a much more broad and nuanced definition that makes tracking status more difficult. This is part of the brilliance of impact sourcing; it makes opportunities limitless and applicable to any social cause an individual or organization is passionate about, but creates a challenge for tracking progress and preventing companies from exploiting the cause (I'll expand on this later). The focus on tracking impact sourcing headcount has been very frustrating for me at times when I've been focused on creating real impact, but accurately measuring success is critical to bringing stakeholders and new players into the fold. How to track and report impact sourcing headcount has not been adequately established in the best possible way. Senior leaders at buyer and provider companies alike need to understand in simple terms what impact sourcing means, and have an equally simple way to define progress and measure ROI. I'll get into more details on what impact sourcing means later, but in one sentence: *Impact sourcing is a very deliberate and*

programmatic initiative by an employer to recruit and employ people who without this deliberate programme have little to no chance of employment with said employer, or for the role they are hired for.

One key piece of feedback I got from a wise boss of mine was tracking only static headcount figures is missing a big piece of the picture. If you're going to boil someone's life and career down to a headcount number, do them the courtesy to track the evolution of the process, e.g. total impact hires over time, and what are people doing after being given their first opportunity (hint: if things work correctly they are moving on, are no longer an "impact worker" and are joining the general population). This is most certainly reliant on having strong data, but even with a huge portfolio of vendors at Google I devised a way to reliably collect this fairly manually (hint number 2: outsource this task and let the vendor managers overseeing operations validate the details).

Another reason impact sourcing has developed slowly is for a large part it started and was modelled around grassroots organizations doing pure impact sourcing work, but largely excluding the traditional outsourcing model and the firms who employ 99.9% of the outsourcing industry. There is no need to define impact sourcing for a provider that does nothing else (I will define these firms as "impact providers", i.e. a service provider that employs only impact workers), and therefore a very clear detailed definition was not as important. However, as impact sourcing expanded to providers that employ hundreds of thousands of people, most of whom fit into traditional corporate backgrounds and hiring standards (e.g. college graduates), it became critically important to create more guardrails. Most of the big enterprise outsourcing providers don't have experience with this practice. In my experience, it took years working with individual vendor operations teams to get leadership commitment and learn together how to do impact sourcing from scratch. Hopefully, as providers expand their programmes you'll have an easier time getting started, but it isn't a switch flip solution for either party.

Part 3: Defining roles: the buyer, provider and advisor

When I first joined GISC and started learning about how other companies have approached impact sourcing, it was clear the industry put a lot of the onus on buyers to lead this charge. GISC in fact defines impact sourcing as a practice where "a company" (this can only mean buyer company) is "prioritizing suppliers that intentionally hire and provide career development opportunities..." In other words, impact "sourcing" is the procurement of services performed by impact workers, not the employment of impact workers itself. It makes sense to think about it this way; buyers have the money to spend and the influence over providers to engage in impact sourcing. I don't disagree that the buyer has an important role to play to promote and expand impact sourcing (AKA change the industry); however, downplaying the role of the provider and other outsourcing industry participants (like advisors and consultants) is really limiting for a few reasons.

1. This is assuming that impact sourcing is primarily being done by niche impact providers who need to be prioritized, not all outsourcing providers. Impact sourcing doesn't require buyers to hire new suppliers; existing suppliers can be influenced to start new programmes of their own. In a way, isn't this even more impactful? As a side note, I get nervous when I talk about the impact sourcing opportunity with larger suppliers as my priority, fearful that I am implying that smaller impact providers should not be supported. This could not be further from the truth. We need impact providers to flourish and to teach the outsourcing industry (especially big providers) how to do impact sourcing correctly and with the biggest societal uplift. However, I have a different idea for how to promote them that solves several key challenges they face (I'll get into this later).

"Tracking only static headcount is missing a big part of the picture."

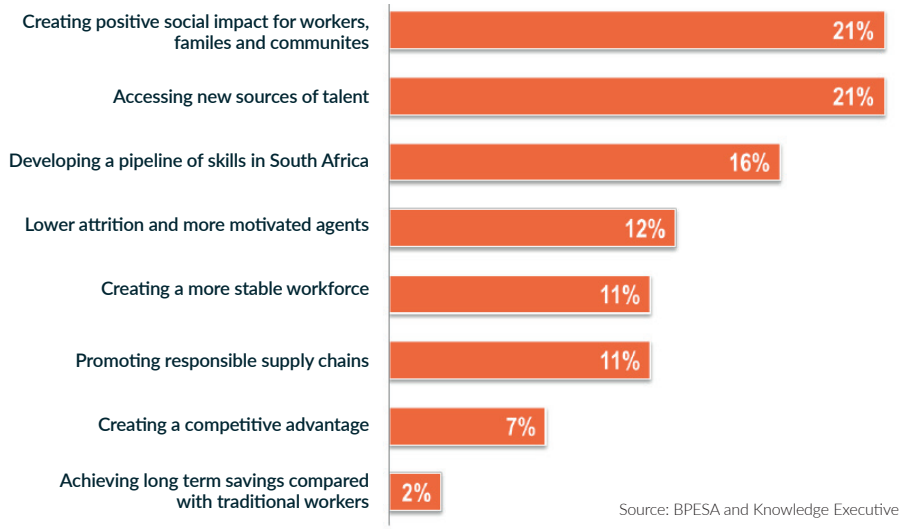
2. Thinking about impact sourcing in this singular dimension excludes the utopian dream of what impact sourcing can become, not just an outsourcing practice but the way every company approaches recruitment, training, and employee support. Microsoft is doing this already and not for entry-level customer service or content management roles; it is hiring engineers to work at one of the most prestigious technology companies in the world. Impact sourcing is not about hiring for low-skilled roles (although this is the low-hanging fruit to use an awful business term), it's about removing all bias from the recruitment process.

3. Finally, outsourcing providers do not need their clients to ask them to engage in impact sourcing. In most cases, they can hire whoever they want as long as service levels are maintained. This may be the most important point I can make. Large providers, whether they work in partnership with impact providers or develop their own programmes from scratch, don't need their clients to ask for impact sourcing; they are already the most capable recruiting and training entities in the world.

This is an edited excerpt from Alex Rochlitz's forthcoming paper, The Impact Sourcing Manifesto.

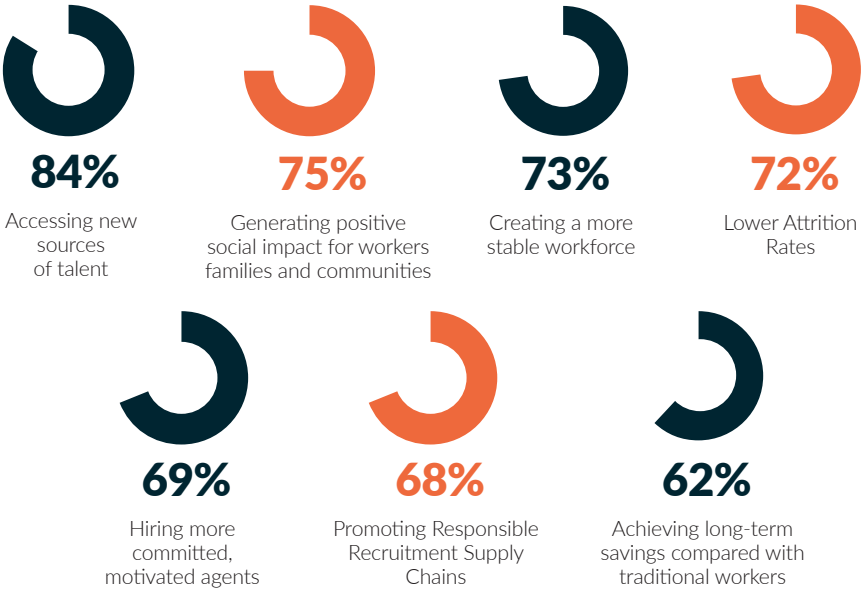
South Africa GBS National Quantification and Investment Report 2021/22

Top reason outsourced and captive/ in-house GBS/BPO providers have adopted inclusive hiring or impact sourcing



Source: BPESA and Knowledge Executive

Business Drivers for Impact Sourcing in the South African GBS Sector



Source: Everest Group, Global Impact Sourcing Coalition (GISC), Knowledge Executive

Impact Sourcing in South Africa

$851m

annualised contribution to export revenue 2018 – 2021

Female workers account for

65%

of customer service agents and knowledge workers in the sector

Government incentives for the GBS sector via the South African Department of Trade, Industry and Competition – the dtic, require a minimum

20%

inclusive hiring focus of all new employees

Inclusiveness and diversity reflect across the South African GBS sector, where

54%

of workers in the GBS sector are Black,

32%

Mixed race,

10%

Indian (South African Indian, of Indian decent) and

4%

Caucasian (White of European decent)

Source: BPESA and Knowledge Executive

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