Impact Sourcing Definition

Impact Sourcing (IS) is a business process service delivery model that provides employment opportunities to previously unemployed youth who have not been meaningfully engaged in the formal economy

Impact Sourcing Worker Characteristics

- First time job seekers, unemployed youth

- Economically disadvantaged; located in low income areas or areas with limited opportunities

- Socially disadvantaged; minority groups (cultural, ethnic, regional, religious)

- Differently-abled or diagnosed with health-related disadvantages limiting their opportunities to find formal employment

Business Case:
Impact Sourcing in South Africa

access to a large, untapped talent pool

Performance comparable with traditional workers

Stable workforce

Cost savings compared to traditional workers

Competitive advantage for business in South Africa

Social impact

Training Academies Are an Integral Part of the Impact Sourcing Ecosystem in South Africa

South Africa has a mature ecosystem for impact sourcing with several specialized training academies that support BPO companies and buyers in intentional adoption of impact sourcing

Introduction

Training academies are an integral part of the impact sourcing talent development ecosystem in South Africa. They support both global and domestic companies for intentional hiring of IS workers for BPO services, particularly contact center services.

There are three main areas in which training academies have proven to be a valuable partner to employers:
1. Identification and selection of IS workers
2. Providing work readiness training/learnership
3. Addressing challenges associated with IS workers

Finding the Right Talent

While South Africa has a large pool of potential IS workers, identifying the right type of workers who match employers' job/skills requirement can be a challenging.

These training academies have dedicated teams to help companies identify candidates who are suitable for BPO jobs. Most of the training academies work closely with communities where large numbers of potential IS workers reside, allowing them direct access to potential IS workers.

Further, these academies have a **two-step filtering mechanism to screen candidates that fit the job/employer requirements**.

Step 1 comprises a psychometric evaluation, a basic aptitude test, and an assessment of communication skills to filter out candidates who may not be suitable for the BPO sector, and contact center services in particular. The parameters assessed include work readiness, capacity to learn, suitability for entry-level jobs, commitment, and desire for employment in formal settings, among other things.

Step 2 comprises a rigorous "profile matching" exercise based on skills/job requirements of each employer to identify best-fit candidates.

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Most of the academies work in close collaboration with employers to customize their talent sourcing and training model to match each employer's needs. For example, one of the academies is now working with a leading global contact center service provider to train talent specifically for serving international BPO operations. Further, these academies have developed niche capabilities to address employer requirements/challenges associated with IS workers.

This targeted candidate recruitment helps reduce the number of drop-outs resulting from profile mismatch, which impacts attrition among IS workers. The shortlisted candidates then go through work readiness training.

Training is the Key

As companies are increasing their intentional hiring of previously unemployed IS workers, they have realized that it is important to provide a basic training/bridging program to help IS workers become employment ready.

Bridge programs and simulated call center training

The training academies offer a variety of training programs, depending upon employer requirements. Academies have developed specialized training courses focused on the development of both technical skills (computer skills, language, and communication) and soft skills (behavior, adapting to a corporate environment). These training sessions are helpful in imparting mathematical and conversational English skills, typing skills, chart-reading, and basic interview skills, and also help IS candidates in creating email IDs and building resume/CVs.

Once the selected IS candidates have gone through work readiness training, they are hired into entry-level positions with perspective employers in the BPO industry. There are instances in which some companies are also collaborating with training academies to create industry-specific skills development programs to reduce the time-to-competence for IS workers. Further, some companies put workers through a learnership program for robust industry-specific skills development.

Some training academies have also setup internal contact centers where IS workers are exposed to a simulated BPO environment, and their performance is evaluated on similar parameters (KPIs on adherence, timeliness, and performance) as they would be in a corporate environment. This simulation plays a vital role in acclimatizing IS workers to the BPO environment and preparing them for real jobs.

Support to learnership programs

Some training academies also help companies in learnership program planning and execution, including support for designing the training curriculum, sourcing IS workers, and program administration.

These training programs have a direct bearing on IS worker fit into their new work environment. **Employers have recognized these programs as a key driver for better commitment and work ethic, lower attrition, and relatively higher motivation among IS workers.**

> *"After these IS workers have been through the training programs with academies like Harambee and Maharishi Institute, it is difficult to distinguish between these workers and regular workers. Only thing that stands out is their positive behaviour and commitment towards the employer."*
>
> *– Coracall*

> *"Youth unemployment is a huge issue in South Africa. Via the work we do (with IS training academies), we hope to create substantial employment for youth and this will help create a more socially inclusive and cohesive environment."*
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> *– Leading South Africa-based bank*

High Cost, But High Returns

As the IS candidates hired from training academies undergo a rigorous screening and training process, the fee charged by training academies, in many cases, is higher than companies' normal recruitment cost. In fact, many companies have indicated higher upfront costs (up to 2x in some cases) as an inhibitor to IS adoption.

However, for the companies that have been hiring IS workers from these academies for some time, the investment has paid off. IS workers, though relatively costly to recruit, provide several benefits to employers. Attrition among these workers is significantly lower than traditional workers, which results in lower cost of recruitment and training in the long term. The majority companies believe they are able to recover the upfront costs within 6-12 months of hiring IS workers. The IS workers provide BPO companies with net cost savings in the long term. *(refer to Business Case for Impact Sourcing for details)*

Addressing Unique Challenges Associated with IS Workers

In addition to supporting employers in identification, selection, and training of IS workers, the academies have also been instrumental in helping companies address unique issues associated with IS workers.

Example 1: Based on feedback from employers, IS workers found it difficult to take more than two taxis to get to work on a daily basis, ultimately impacting their retention. To address this challenge, training academies now prioritize workers who reside within a specific distance from prospective employers, positively influencing IS worker employment longevity.

Example 2: In some instances, training academies provide an advance salary/stipend for IS workers during the first month of employment to help them support their basic living expenses. This practice was introduced after realization that lack of sufficient funds to address basic needs (e.g., taxi expenses) during the first month of employment was impacting IS worker ability to adhere to attendance requirements. The employer later reimburses the funds.

These ad-hoc solutions, facilitated by training academies, play a critical role in helping IS workers settle into the job.

Conclusion

The majority of BPO companies and buyers have had positive experiences in of working with training academies in South Africa. As companies are expanding their impact sourcing initiatives, they are increasingly engaging these training academies to hire suitable employment-ready candidates in an intentional manner.

About Harambee / ISA / Careerbox / EOH

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ISA: http://maharishiinstitute.org/
Careerbox: http://www.careerbox.co.za/
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About This Joint Project between Everest Group and The Rockefeller Foundation

The Rockefeller Foundation has funded Everest Group to refresh the business case for impact sourcing originally created by Everest Group in 2014. The refresh is focused on South Africa but the elements are applicable globally. The assessment includes fact-based substantiation of the business case for the IS model to accelerate adoption of impact sourcing. Everest Group is also creating case studies to raise awareness of IS in enterprise buyer and BPO communities. Increase in IS adoption is expected to create employment opportunities for currently unemployed, but high potential youth, improving their lives and the lives of their families and communities.

About The Rockefeller Foundation

For more than 100 years, The Rockefeller Foundation's mission has been to promote the well-being of humanity throughout the world. Today, The Rockefeller Foundation pursues this mission through dual goals: advancing inclusive economies that expand opportunities for more broadly shared prosperity, and building resilience by helping people, communities and institutions prepare for, withstand, and emerge stronger from acute shocks and chronic stresses.

About Everest Group

Everest Group is an advisor to business leaders on the next generation of global services with a worldwide reputation for helping Global 1000 firms dramatically improve their performance by optimizing their back- and middle-office business services. With a fact-based approach driving outcomes, Everest Group counsels organizations with complex challenges related to the use and delivery of global services in their pursuits to balance short-term needs with long-term goals. Through its practical consulting, original research and industry resource services, Everest Group helps clients maximize value from delivery strategies, talent and sourcing models, technologies and management approaches. Established in 1991, Everest Group serves users of global services, providers of services, country organizations and private equity firms, in six continents across all industry categories. For more information, please visit www.everestgrp.com.

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