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Impact Sourcing for Sustainable Development and a Brighter Future: Impact Sourcing State of the Market 2023

December 2023

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- Software Product Engineering Services
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- Introduction

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02
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03
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04
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Proprietary contractual database of over 120 impact sourcing specialists' contracts (updated annually)

Primary research conducted of 25+ impact sourcing specialists and traditional service providers with impact sourcing programs

Growing repository of existing research in impact sourcing

Over 30 years of experience advising clients on strategic IT, business services, engineering services, and sourcing

Executive-level relationships with buyers, service providers, technology providers, and industry associations (IAOP, BPESA, NASSCOM)

This report is based on two key sources of proprietary information

- Proprietary database of IT/BPO services contracts of service providers as well as impact sourcing specialists
- The database tracks the following elements of each contract:
  - Enterprise details including size and signing region
  - Contract details including service provider, contract type, TCV and ACV, service provider FTEs, start and end dates, duration, and delivery locations
  - Scope details including share of individual enterprise locations being served in each contract, Line of Business (LoB) served, and pricing model employed

- Proprietary database of global IT/BPO service providers and impact sourcing specialists
- The database tracks the following for each service provider:
  - Revenue and number of FTEs
  - Number of clients
  - FTE split by different LoBs
  - Revenue split by region
  - Location and size of delivery centers
  - Technology solutions developed

- **Service provider briefings**
  - Vision, purpose, and strategy
  - Annual performance and future outlook
  - Key strengths and improvement areas
  - Market trends and impact created

- **Buyer reference interviews, ongoing buyer surveys, and interactions**
  - Drivers and challenges for adopting impact sourcing services
  - Assessment of service provider capabilities
  - Emerging priorities
  - Lessons learned and best practices adopted

Key participants

Confidentiality: Everest Group takes its confidentiality pledge very seriously. Any information we collect that is contract specific will only be presented back to the industry in an aggregated fashion

Introduction

With the rising interest in sustainable and responsible business practices, impact sourcing is gaining popularity among both enterprises and service providers. The benefits of impact sourcing such as access to untapped talent pools, improved retention rates, and stronger employer brands are becoming more apparent with time. Providers are investing in underserved regions, collaborating with local authorities, non-profit organizations, educational institutions, and talent acquisition agencies to offer job opportunities to individuals from disadvantaged communities. Additionally, government policies mandating employment, incentives, and tax benefits, along with increasing recognition and adoption of Environment, Social, and Governance (ESG) norms and UN Sustainable Development Goals (SDGs) have spurred businesses to enhance workforce diversity. This report primarily aims to inspire and equip enterprises and service providers to take their talent strategy to the next level by incorporating impact sourcing and other inclusive talent management strategies within their organization, using the insights and knowledge provided herein.

In this report, we analyze the impact sourcing market and share insights about on-ground developments. We focus on:

- The concept of impact sourcing and the comprehensive impact sourcing market landscape, including market size, trends, and talent portfolio
- Talent management practices for impact sourcing across the hire-to-retire cycle
- Enterprise' take on impact sourcing and case studies on some of the impact sourcing engagements
- The role of technology on the impact sourcing market and the future of impact sourcing programs

The scope and methodology of this report includes:

- The primary focus of this report is on impact sourcing programs of both impact sourcing specialists and traditional service providers
- The methodology encompasses primary and secondary data collection, interviews with market participants (enterprises, traditional outsourcing service providers, and impact sourcing specialists), and fact-based research

Scope of this report

Geography
Global

Industry
All industries with focus on impact sourcing talent strategy

Services
Information technology services, business process services, engineering services, and others

02

Summary of key messages

Executive summary

Executive summary

The business case for impact sourcing as an option to tap into alternative talent pools while making a positive contribution to the socio-economic landscape is strengthening among the enterprise and provider community

Impact sourcing's benefits are starting to become more apparent

Impact workers offer lower levels of absenteeism and attrition rates as compared to the traditional global services workforce. Along with offering a competitive and cost-effective alternative to traditional outsourcing engagements, they prove to be more engaged and stable. Moreover, a greater focus on having a business for a purpose and embracing shared values among customers and investors has encouraged enterprises to make a shift toward impact sourcing.

The impact sourcing market has scaled upwards to a workforce base of 420,000 - 450,000 FTEs with specialists recording impressive growth in the last two to three years

The majority of impact workers are employed by large traditional service providers. Though the market size of impact sourcing specialists is small, they are showcasing a tremendous growth rate in revenue as well as the number of FTEs with a good mix of clients across geographies, industries, and LoBs. Enterprise conversations suggest that in most cases, satisfaction scores of impact sourcing specialists are largely at par with traditional outsourcing vendors.

Impact sourcing specialists are delivering across a diverse spectrum of services ranging from back-office support to data labeling and annotation

Impact sourcing specialists are delivering across a diverse spectrum of services ranging from BPS services such as customer service, content moderation, and back-office support to IT services such as software development, AI modeling, and data annotation. A significant number of impact sourcing specialists are focusing on digital domains with accelerated demand for data labeling and annotation services with the rising AI/ML adoption globally.

Women and unemployed youth from rural and marginalized communities form the largest segments of the impact sourcing workforce, being employed by providers

Traditional IT/BPO service providers exhibit a higher women representation in their workforce compared to impact sourcing specialists. Currently, 56% of the impact sourcing workforce is female, owing to the immense support provided by private and government sectors, organizational policies and female hiring mandates, and the specific focus on this group by providers due to the various socio-economic benefits gained from female employment.

Executive summary

Providers are forming strategic partnerships and utilizing technology for talent sourcing, training, and performance management; generative AI can potentially change the nature of work available for impact workers in the future

Providers have developed relevant organizational policies through the hire-to-retire cycle for impact workers

Providers have developed specific partnerships with Non-Governmental Organizations (NGOs), local centers, government bodies, etc., for identifying, training, and recruiting impact workers, along with providing logistics, amenities such as appropriate food options, day care centers / nursing rooms, onsite medical care, counseling and recreational services, and dedicated prayer spaces, as well as outplacement opportunities.

Buyer feedback on the services being delivered by impact workers is largely positive; however, there are minor differences in feedback for specialists vs. traditional providers

The general sentiment of enterprises remains highly positive toward impact sourcing. The typical cost benefits continue to be the primary driver of adoption for most enterprises. However, almost one-third of enterprises highlighted that the domain expertise of impact workers needs improvement, especially among specialists.
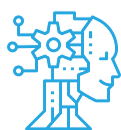
While generative AI (gen AI) presents opportunities to optimize and improve operations, providers are working toward minimizing the threat it poses in certain sectors and job roles

There is a cautious exploration of the benefits that generative AI brings to the table. Many service providers are working on finding solutions and use cases to leverage generative AI as a supporting technology for impact workers and not as a replacement.

Service providers are expanding delivery capabilities, investing in digital tools, forming talent-sourcing partnerships, and enhancing employee well-being to boost service quality and grow their impact sourcing initiatives

Service providers are expanding their impact sourcing programs by leveraging training, technology, and reporting tools to enhance the skills, effectiveness, and tracking of impact workers while creating awareness of its multiple benefits.

03

Introduction to impact sourcing

- Definition of impact sourcing
- Key drivers of impact sourcing
- Overall ecosystem of the impact sourcing market

Definition of impact sourcing
Though impact sourcing may take different definitions and objectives, the overall purpose remains the same

Definition

Impact sourcing: business practice to intentionally hire and provide career development opportunities to people from marginalized communities while meeting objectives such as:

- Maintaining service quality and cost at parity with traditional BPO/ITS service providers
- Fulfilling CSR, Environmental Social Governance (ESG), and diversity objectives of both the business and their clients
- Leveraging the uniqueness of the target marginalized group such as detail orientation of youth on the autism spectrum or diversity of perspective for AI/ML data services

Target groups

NOT EXHAUSTIVE

Economically disadvantaged groups	Socially marginalized groups	Under/unemployed groups	Other groups with unique factors of employability
• Below or near national/global poverty lines • Women • Generational/systemic poverty • Marginally housed	• Minority or marginalized communities based on culture, ethnicity, religion, location, etc. • LGBTQ+ • Survivors of gender-based violence	• Persons with disabilities (physical, neurodiverse, etc.) • Older adults • Veterans and military spouses • Incarcerated / criminal record holders	• Refugees or migrants • Rural/small-town residents • Single parents

Key drivers of impact sourcing

Impact sourcing is a proven approach to gain a competitive business edge and talent advantage while creating a positive social impact

Talent advantage

- Access to untapped talent
- Stable and engaged workforce

Business edge

- Long term cost savings
- Reliable service delivery
- Improved brand equity

Corporate citizenship

- Positive social impact
- Environment impact
- License to operate

> …every time we've asked for something they've delivered or given us more…they're always thinking 2 steps ahead of us…
>
> – Fortune 500 health insurance company

> …the attrition rate of the impact sourcing workforce is almost half as much as the traditional workforce…
>
> – Leading impact sourcing specialist

Overall ecosystem of the impact sourcing market

A meaningful collaboration among the various impact sourcing stakeholders such as workers, employers, and enablers is required to drive both social and economic benefits

NOT EXHAUSTIVE

☐ Primary focus of this report

Impact sourcing employers	Impact sourcing specialists	Traditional outsourcing service providers	Enterprises (including Global Business Services (GBS) / shared services)		
	ADEC INNOVATIONS — WHERE IMPACT MATTERS	foundever™ · TCS TATA CONSULTANCY SERVICES	amazon · Google		
	B2R · DDD Changing How the World Works.	Teleperformance each interaction matters · WELSEND	Microsoft · TATA		
	iMerit				

Impact sourcing enablers	NGOs and training institutes	Government and industry associations	Certification and international bodies	Recruitment service providers	Employer of Record (EOR) service providers
	Andela. · Anudip Life. Transformed.	BPESA Business Process Enabling South Africa · itida	Certified B Corporation · ISO · UN GLOBAL COMPACT	Kelly · ORION TALENT	atlas · deel.
	NASSCOM FOUNDATION · skoll FOUNDATION	MDES Mississippi Department of Employment Security · IAOP	WEConnect INTERNATIONAL	peoplescout A TRUEBLUE COMPANY	Velocity Global

Impact sourcing workers	Economically disadvantaged group	Socially marginalized group	Under/Unemployed groups	Other groups with unique factors of employability

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Overall ecosystem of the impact sourcing market

The approach to impact sourcing is similar in many ways for specialists and traditional service providers; however, there are unique perspectives that both the groups bring to the table

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Impact sourcing specialists

FiveS Digital NextWealth (HUMAN TOUCH TO DIGITAL PROCESSES) Outsource Global sama VINDHYA (FIDELITY | QUALITY | HUMANITY)

- Impact sourcing specialists ingrain social impact and empowerment within their vision and mission

- Their operational presence is stronger in geographies that have a higher concentration of underserved communities that each specialist is focusing on

- Specialists tailor organizational benefits, practices, and policies, such as outplacement opportunities and counseling services, to impact workers and their unique needs, creating a culture of empowerment and collective development to serve and celebrate the communities that they focus on

Traditional service providers

alorica conectys (global BPO solutions) EXL hgs SIGMA CONNECTED

- Traditional providers are as invested in the cause as specialists are; however, the efforts are largely inward-looking

- They consider impact workers the same as non-impact workers and their policies are applicable to all employees

- Since impact sourcing is an addition to the usual talent management practices, demonstrating intentionality is of greater importance for increased brand awareness among the broader services community

Themes that are consistent across both groups

Focus on training and upskilling tailored to the needs of the impact workers, enabled by cohesive technology solutions

Strong partnership ecosystem of local NGOs, government bodies, and other enablers

Commitment to creating a culture of harmony and fairness

Celebrating success stories from the impact ecosystem and making it mainstream

Overall ecosystem of the impact sourcing market

The ecosystem is broadening with new sets of enablers/participants taking an active interest in providing sustainable and socially impactful talent services

NOT EXHAUSTIVE

Staffing and recruitment service providers with a focus on alternate talent pools, exclusively or additionally

inngen   **Kelly**   **n2s**   **ORION TALENT**   **peoplescout** A TRUEBLUE COMPANY

Employer of Record (EOR) service providers

atlas   **deel.**   **Velocity Global**

- There has been a significant increase in alternate talent pool hiring services from traditional staffing and recruitment outsourcing firms, especially in the US
  - Traditional as well as specialist providers now offer dedicated veteran hiring and sourcing services for enterprises
  - There is also a slow emergence of second-chance hiring as well with many leading enterprises trying to pilot such programs internally. Some leading service providers are also trying to create solutions to cater to the justice-impacted candidate community, such as the Kelly's Kelly33 program
  - Randstad and ManpowerGroup have created dedicated programs to provide gainful employment opportunities to people with disabilities both internally as well as with their clients

- In other parts of the world, specialists such as Inngen are acting as facilitators to help enterprises hire remote IT talent from the Sub-Saharan markets and further their impact sourcing agenda

- A similar trend is also seen in the EOR space, where providers are trying to propagate the business case of leveraging EOR services to employ talent in untapped communities and developing regions such as Africa and Southeast Asia
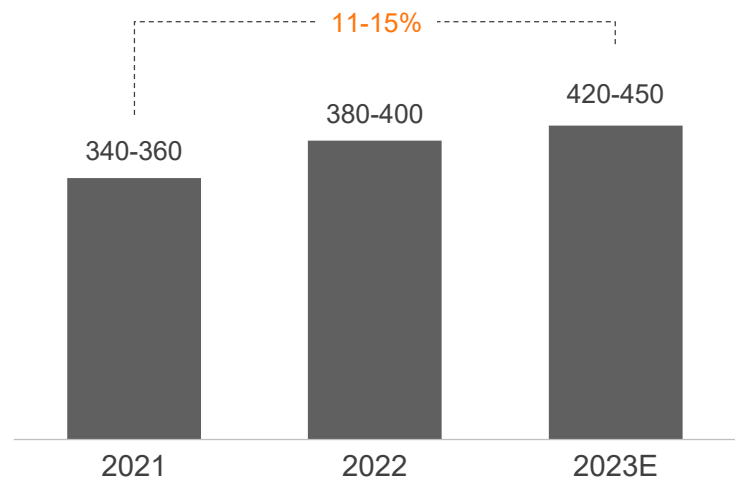
04

Impact sourcing trends

- Impact sourcing workers | market size
- Impact sourcing market | business lines
- Impact sourcing market | buyer sizes
- Impact sourcing market | industries
- Impact sourcing talent distribution | target communities

- Impact sourcing workers | sourcing models
- Impact sourcing talent distribution | age groups
- Impact sourcing talent distribution | gender
- Impact sourcing talent distribution | delivery footprint
- Impact sourcing market | client geographies

# Impact sourcing workers | market size

While traditional service providers contribute significantly more to impact worker hiring volumes, impact sourcing specialists have continued to experience healthy workforce growth

Number of impact sourcing workers[1]
'000s of FTEs, 2021-23E

CAGR 2021-2023E

E = Estimate

```
            11-15%
    ┌----------------------┐
                              420-450
              380-400
  340-360
  ┌──────┐  ┌──────┐  ┌──────┐
  │      │  │      │  │      │
  │      │  │      │  │      │
  │      │  │      │  │      │
  │ 2021 │  │ 2022 │  │2023E │
```

By headcount[1]
'000s of FTEs, 2023E

100% = 420-450

Specialists

10-12%

88-90%

Traditional service providers
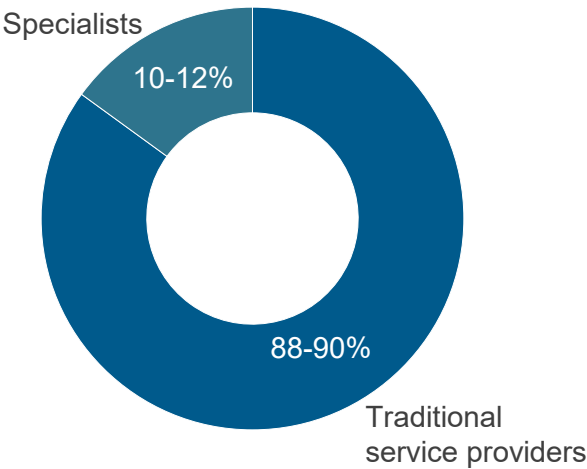
- The impact sourcing FTE market is heavily dominated by traditional service providers as impact sourcing specialists are smaller providers with delivery locations in a few cities/states, usually within one or a few countries, whereas traditional providers have the advantage of scale and a worldwide delivery footprint through which they can hire impact workers globally

- The revenue of impact sourcing specialists grew by over 100%[2] in 2022 and is expected to grow even further by the end of 2023, due to the increased awareness about impact sourcing

- The proportion of impact workers as part of the total workforce has risen from 12%[2] in 2021 to 26%[2] in H1 (January to June) 2023 for some of the largest traditional service providers because of the increasing demand by enterprises for offshoring in places such as Africa and India, where there is a higher share of impact workers

1   Includes impact workers employed with traditional outsourcing service providers as well as impact sourcing specialists
2   Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Primary and secondary data collection; interactions with market participants (enterprises, traditional outsourcing service providers, and impact sourcing specialists) Everest Group (2023)
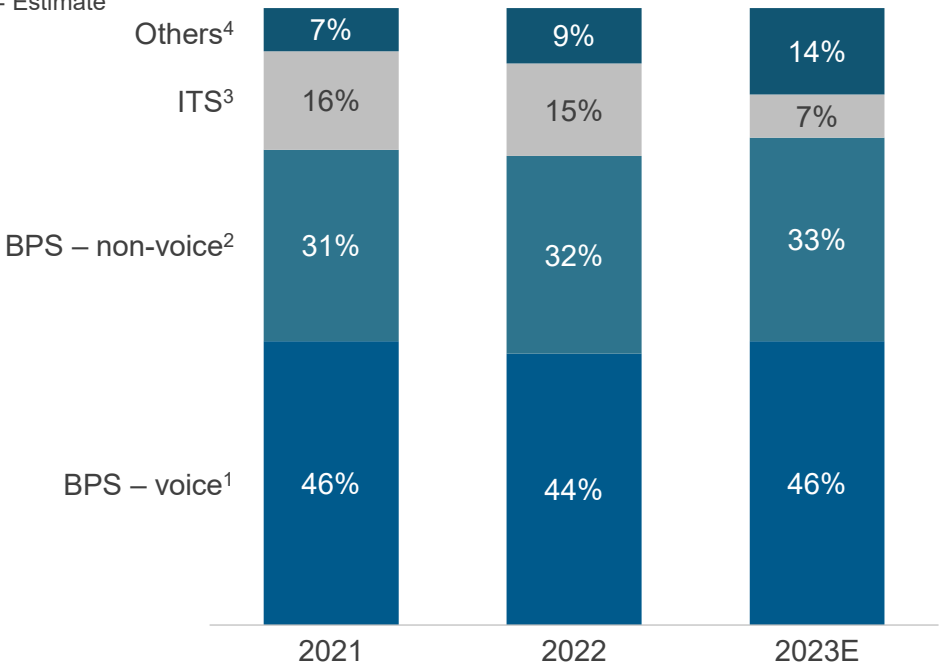
Impact sourcing market | business lines

BPS (voice) and BPS (non-voice) segments account for the highest share of impact sourcing revenue and workers primarily due to the significant number of impact sourcing programs across the CXM industry

Revenue split by business line
% of revenue; 2021-23E

E = Estimate

	2021	2022	2023E
Others[4]	7%	9%	14%
ITS[3]	16%	15%	7%
BPS – non-voice[2]	31%	32%	33%
BPS – voice[1]	46%	44%	46%

- The breakdown of revenue across business lines in the impact sourcing market reveals that BPS (voice) leads the way, experiencing a 15-20% growth in 2021-22. This growth is attributed to the ease of training entry-level impact workers in voice-based interactions

- Similarly, BPS (non-voice) also saw substantial growth at 20-25% in 2021-22 and is projected to continue growing through 2023. However, there may be a slight slowdown in growth due to demand-side pressures affecting both voice and non-voice segments

- In contrast, ITS is lagging as the complexity of core IT jobs such as software development and testing necessitates advanced skills and training, thereby limiting its growth

- Almost two-thirds of the impact workers are performing BPS (voice) roles, followed by BPS (non-voice) roles

- There is an increase in revenue from data annotation service providers since many firms are taking up digitization projects along with data analysis services, for which data collation is important. Data annotation and other data services are the entry-level roles that impact workers currently participate in, but they may be impacted in the future with the adoption of generative AI as the nature and complexity of the work available might change significantly

- Some providers indicate that they have employed impact workers in the areas of healthcare, industrial goods, back-office processes, etc.

1   Business Process Services (BPS) voice: contact center services such as agent- and IVR-supported voice operations
2   Business Process Services (BPS) non-voice: finance and accounting, document management, contact center services (e.g., email, self-service bots, chat, and social media), multi-process HR outsourcing, procurement, marketing, and recruitment
3   Information Technology Services (ITS) cloud, network, security, workplace, application development, modernization, automation, DevOps, APIs, microservices, and quality assurance
4   Other services include data annotation, data labeling, AI modeling, and other data-related services
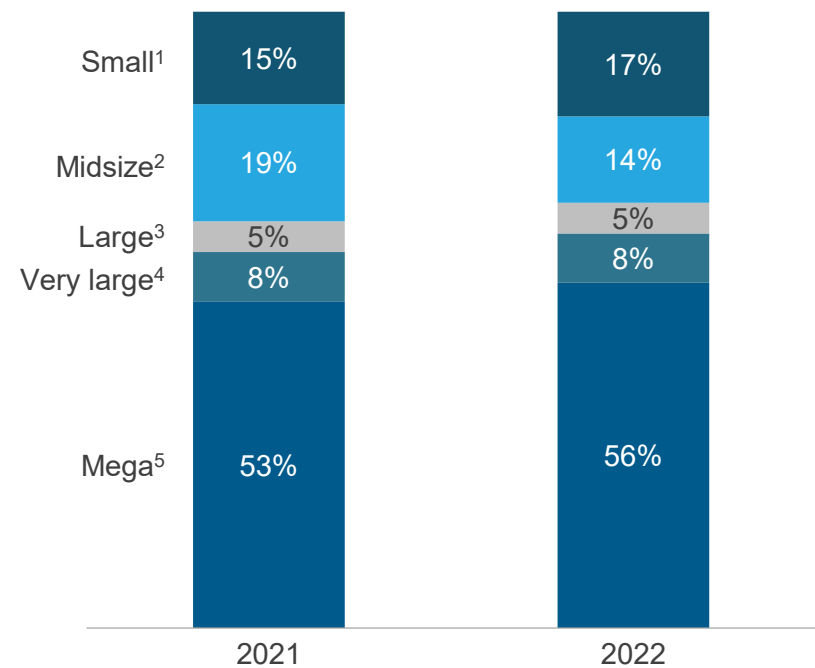Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

Impact sourcing market | buyer sizes
Mega buyers realize a part of their ESG goals through impact sourcing, contributing to more than half of the impact sourcing revenue

Revenue split by business line
% of revenue; 2021-22

- Mega buyers contribute more than 55% to the share of impact sourcing revenue, as such firms have many sustainability obligations, and impact sourcing is one way to fulfill some of them

- Very large and large buyers' shares have remained stable in 2022. As providers focus on getting business from larger firms amid recessionary pressures, as well as increasing their wallet share and contract sizes, their share within the impact sourcing market is also expected to increase

- Notably, the revenue from small buyers has also increased, indicating that smaller firms also like to partner with impact sourcing specialists for myriad business benefits, whereas the revenue from midsized buyers has slightly decreased

- The majority of the small, midsize, and large buyers prefer to partner with impact sourcing specialists whereas very large and mega buyers prefer traditional providers with impact sourcing programs, highlighting the strength of their relationships with their existing providers. This is because of the expansion and consequent success of impact sourcing programs by the traditional providers along with better recognition and awareness of such programs among global, mega buyers

1   Small – revenue < US$100 million
2   Midsize – revenue US$100-250 million
3   Large – revenue US$250-500 million
4   Very large – revenue US$500 million-2 billion
5   Mega – revenue > US$2 billion
Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

Impact sourcing market | industries

The technology sector has the highest share of impact sourcing revenues followed by telecom and media; expected to continue growing at a fast pace in 2023, buoyed by new AI services such as data annotation and data labeling

Revenue split by industry spread
% of revenue; 2021-22
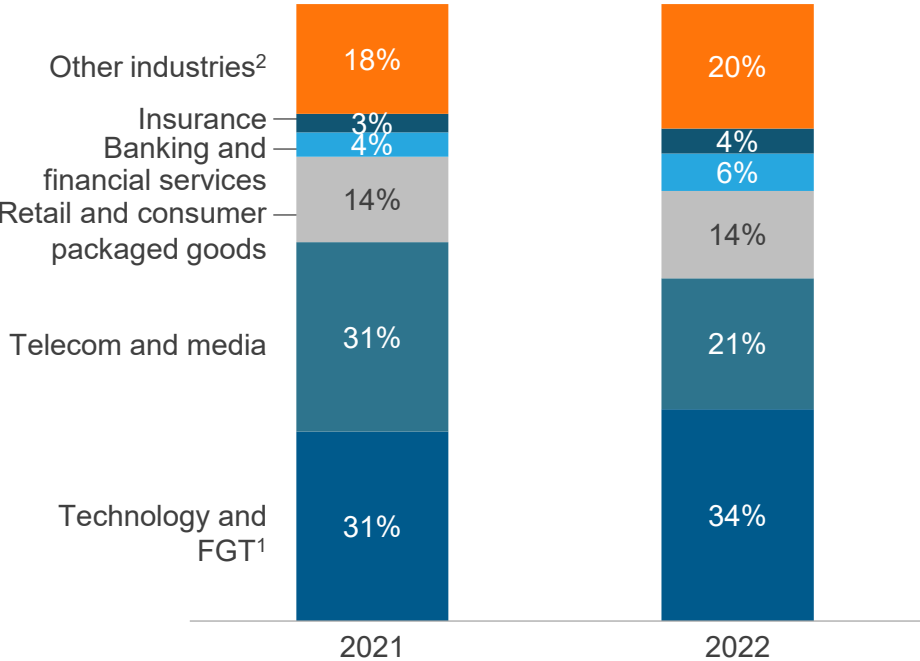
- The technology and Fast Growth Tech (FGT) segments have consistently accounted for the highest share of impact sourcing revenue for providers at one-third of their total impact sourcing revenue and it is expected to grow even further in 2023 due to data annotation and AI services gaining popularity among service providers

- Telecom and media emerged as the second prominent sector at 21% revenue share, experiencing a steep decline from 31% in 2021. It is expected to further decrease in share as telecom firms further digitize, shifting from telecalling and telemarketing to chatbots and IVR calls

- The retail and consumer packaged goods sector maintained its 14% share of revenue owing to the consistent demand of impact sourcing workers in BPS (voice) and non-voice roles relating to order fulfillment and transaction processing and the rise of e-commerce marketplaces

- Energy and utilities, BFSI, and travel and hospitality were among the smaller sectors experiencing an increase in their revenue shares, due to greater outsourcing by these enterprises in 2022

1   Fast Growth Tech (FGT)
2   Other industries include energy, manufacturing, government sector, healthcare, travel and hospitality, logistics, and professional services
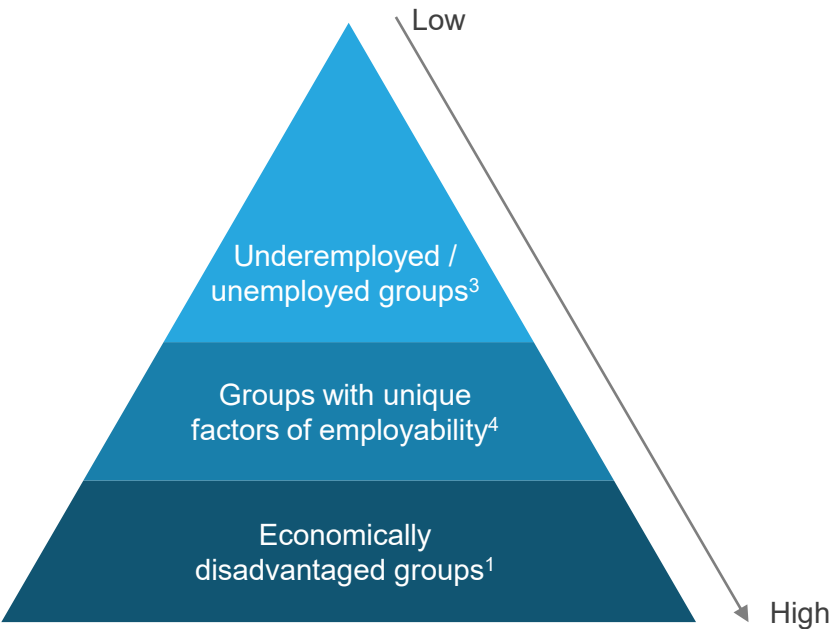Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

Impact sourcing talent distribution | target communities
Economically disadvantaged groups formed the largest part of the impact sourcing workforce in 2022

Impact workers' split by target communities
Top three target communities; 2022

Low

Underemployed /
unemployed groups[3]

Groups with unique
factors of employability[4]

Economically
disadvantaged groups[1]

High

- The economically disadvantaged segment forms the majority of the target communities in the impact sourcing space, within which women formed the largest part at 60% of the overall impact sourcing workforce. The proportion of women in the impact sourcing workforce is expected to continue growing at a fast pace due to diversity mandates in corporates

- After women, people below or near national/global poverty lines constituted the second-largest subgroup of impact sourcing workers within the economically disadvantaged group

- Rural/Small-town residents from developed and developing regions of the world also formed an significant part of the impact sourcing workforce. They are mostly present in cities and towns of Colombia, India, the Philippines, South Africa, and even rural parts of the US

- Refugees and people returning to work after a break were also hired within the group with unique factors of employability. Provider firms such as Teleperformance and Sigma Connected specifically hire from these categories

- Older adults were another important subgroup within the underemployed/unemployed group due to greater recognition of the extending retirement ages and lifespans globally

- The socially marginalized community[2] was another focus group with minority or marginalized communities and LGBTQIA+ impact sourcing workers

- Across these groups, there was a considerable overlap. For example, people from economically disadvantaged backgrounds were usually present in rural/small towns and were in need of employment in their vicinity; women were key hires across all groups

1   Economically disadvantaged groups include people below poverty lines, women with no/limited economic options, those suffering from systemic/generational poverty, and marginally housed individuals
2   Socially marginalized groups include marginalized/minority communities based on culture, ethnicity, religion, and location, and from the LGBTQ+ community and survivors of gender-based violence
3   Under/Unemployed groups include Persons With Disabilities (PWDs), older adults, veterans and military spouses, and incarcerated or criminal record holders
4   Other groups with unique factors of employability include refugees, migrants, rural/small-town residents, and single parents
Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

# Impact sourcing workers | sourcing models

Many providers engage in direct hiring to maintain quality of talent; although some partner with recruitment agencies to hire and train certain groups of impact workers, such as people with disabilities and youth from rural regions
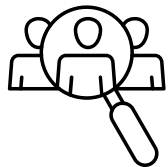
Direct hiring

- Providers generally adopt direct hiring models through specific screening programs involving social and economic criteria. Post onboarding, these workers undergo further training. Providers with centers in rural and/or economically disadvantaged areas usually receive candidates as walk-ins and applicants directly in their centers

- As many as 90% of the firms hired directly in 2022 and the same is expected to be the case for 2023, because to understand the reskilling/training needs of impact workers before deploying them to client projects, the firms need to understand the talent pool thoroughly. Along with training, longevity of projects, buyer satisfaction, transition of roles, and just-in-time training can be better monitored for the direct hires

  For example, Sama has built relationships in communities where formal work opportunities are limited (e.g., informal settlements) in collaboration with NGOs over the course of several years. It has a strong network of promoters and a steady stream of applicants. When candidates apply, they are asked a series of questions that help it assess the potential impact a job will have on that individual. It is committed to ensuring that at least 80% of its entry-level workforce demonstrates potential impact
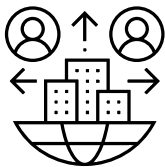
Partnership-based hiring

Providers hire through partnerships when they need to extensively collaborate with impact sourcing enablers to target specific segments of the impact workforce such as persons with disabilities (physical, neurodiverse, etc.), older adults, refugees, and low-income communities. Some providers also prefer hiring through partners who might better understand the backgrounds and motivations of impact workers and who can guide them along their career path

For example, in Vindhya's rural center in Krishnagiri, India, its employees are the primary breadwinners for their families, and to identify them, it has tied up with local colleges, training centers, NGOs, and skilling academies to conduct job camps, and thus increase its reach. iMerit also partners with Anudip Foundation and Deshpande Foundation to train and recruit impact workers

Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

Impact sourcing talent distribution | age groups
About 70% of impact sourcing workers are less than 30 years old; the majority consists of university graduates with one degree while some are high school graduates

Impact workers' split by age groups
Top three age groups; 2022

Low

20-30 years

<20 years

30-40 years

High
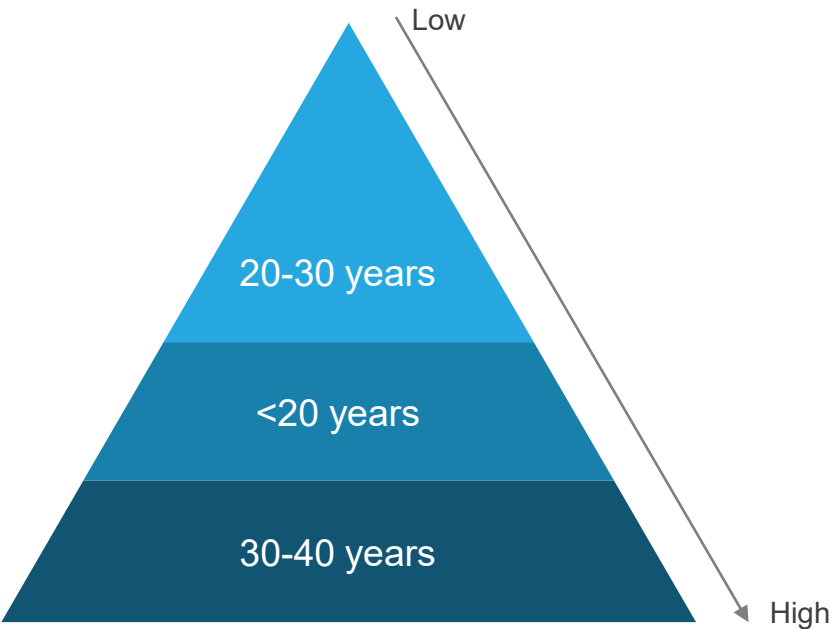
- Unemployed youth from remote locations form the major chunk of the impact sourcing workforce
- As much as 70% of the impact sourcing workers fall in the under-30 years age bracket, as providers often employ university graduates for entry-level roles
- Many firms pre-train university students by offering skills training, internships, and learnerships, eventually hiring them for jobs. This helps them assimilate into the culture and workforce better. Providers have experienced benefits such as efficient delivery, longer employee retention, and the ready availability of skilled talent
- The expansion of job opportunities has led to notable transformations, such as a higher marriageable age among rural women, economic advancement in disadvantaged households, and elevated educational levels in the regions surrounding these employment areas

Notable example:
B2R Technologies collaborates with CHIRAG, Laxmi Ashram, and Sshrishti to enhance the digital skills of the youth in rural Uttarakhand, India. It provides job opportunities to young people in rural areas through its rural BPO model. As a result of the initiatives taken in rural empowerment, the average age of marriage for women in the region has increased from 17/18 to 23/24 years from 2009 to 2023.

Note: Based on data collected from 16+ providers employing 185,000+ impact workers
Source: Everest Group (2023)

Impact sourcing talent distribution | gender

More than half of the impact sourcing workers identify as female; interestingly, 55-60% of traditional providers' impact sourcing workforce identifies as female compared to 49-54% within impact sourcing specialists

Impact workers' typical gender mix by provider type
% of impact sourcing workers; 2022

40-45%

55-60%

56% of impact sourcing workers identify as female

46-51%

49-54%

Traditional service providers

Impact sourcing specialists

- The female workforce outweighs the male and the other non-binary workforce in the impact sourcing market. Currently, 56% of the impact sourcing workforce is female, which is due to the immense support by private and government sectors, organizational policies and female hiring mandates, and specialized focus on this group by providers due to various socio-economic benefits gained by female employment

- Approximately 1% of the impact sourcing workforce did not identify as either male or female or did not prefer to disclose/identify their gender

- Moving forward, the ratio between male and female employees will stabilize while the proportion of non-binary workers is expected to increase due to greater awareness, organizational inclusion, and recognition of LGBTQIA+ rights, as well as diversity mandates by corporates

- For example, at Alorica, 61% of its total global workforce consists of female employees, and 72% of its total US workforce is composed of minorities

Source: Everest Group (2023)

Impact sourcing talent distribution | delivery footprint

Service providers propagate inclusive talent strategies globally to further impact sourcing; primarily, impact workers continue to be concentrated in APAC, LATAM, and African countries

Impact workers' split by geography
Major countries where impact workers are present; 2023

100% = 152,762 impact workers

Asia Pacific | 37%

Latin America | 30%

Middle East and Africa | 17%

Europe | 9%

North America | 8%

Source: Everest Group (2023)

Impact sourcing market | client geographies
The escalating awareness of sustainable development is spurring the global demand for impact sourcing, particularly from clients in North America, EMEA, and APAC

Revenue split by client geography
2022

North America	EMEA	Asia Pacific
45-50%	25-30%	20-25%
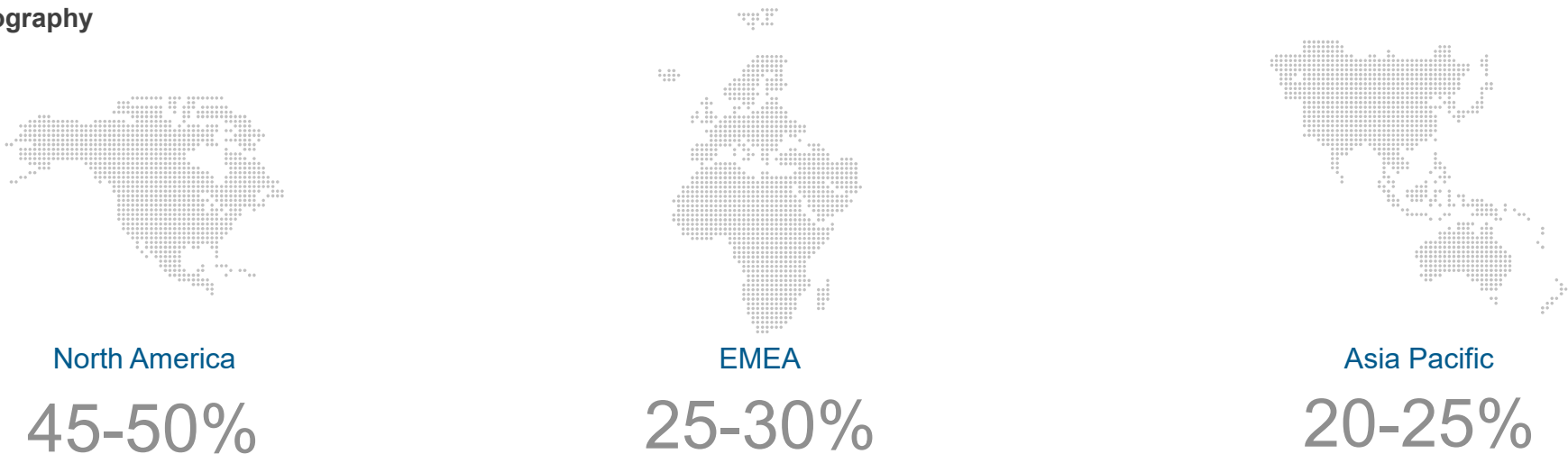
- In 2022 and H1 2023, the majority of impact sourcing revenue originated from North America, followed by Asia Pacific and Europe (including the UK, Ireland, and Continental Europe)
- UK and Ireland observed considerable growth, with further growth anticipated in 2023. Despite historical language barriers, this region is becoming increasingly attractive to service providers for remote working through impact sourcing
- Enterprises in North America and Latin America are actively investing in rural delivery centers and adopting inclusive hiring practices, targeting groups such as PWDs, veterans, and marginalized communities to generate positive social impact
- Emerging delivery locations in MEA and APAC countries, such as Kenya, Rwanda, Nigeria, Malaysia, and Cambodia, grant service providers access to previously untapped talent reservoirs. This expansion in the diversity of delivery locations enhances enterprises' risk management approaches
- In emerging local markets such as APAC and Africa, there is a growing demand for impact sourcing providers as enterprises seek to both contribute to corporate responsibility and enhance brand reputation while also securing cost-effective deals

Source: Everest Group (2023)

05 Managing talent in impact sourcing programs

- Developing talent within targeted communities

- Attrition rates | impact workers vs. non-impact workers

- Outplacement and post-employment assistance

- Organizational policies

- Training programs

- Partnerships for hiring impact workers

- Partnership for training impact workers

- Impact metrics for impact measurement

- Certifications commonly attained by impact sourcing providers

Developing talent within targeted communities

Providers identify impact workers through focused outreach and recruitment and setting up of training centers in areas where they live, thereby minimizing logistical constraints for gainful employment

Identification

Firms often identify locations with a vast pool of talent such as Africa, which is one of the most favored destinations for impact sourcing employers, due to the proximity to enterprise locations, a large candidate pool, and lower wages compared to other offshoring regions. Depending on their policies, firms identify communities they wish to focus on for impact sourcing.

For example, Sigma Connected has a focus on single mothers and Kelly is making efforts for the betterment of second-chance citizens. Similarly, Vindhya focuses on PWDs, people from below-poverty-line backgrounds, rural youth, and single mothers as its target communities.

Recruitment

Providers are setting up satellite recruitment centers in rural areas for greater access to talent pools. Additionally, they are forming partnerships with NGOs / Non-Profit Organizations (NPOs), community and local job centers, local governments, and private institutions that integrate people with disabilities and special needs in the workplace and have a deep understanding of marginalized and displaced communities, schools and universities, local talent acquisition partners that specifically promote socio-economically disadvantaged groups, and institutions working with refugees and migrants.

Training

Providers are also setting up outreach and training centers in remote areas to ensure accessibility to people who might otherwise not be able to access them due to distance, lack of transport, or cost of journey. The closer these opportunities are to the ones who need them, the more likely they are to walk into centers, receive training, and learn the necessary skills to find gainful employment.

Notable example:
Kelly's Equity@Work and Kelly33 programs are designed to collaborate with clients to identify and eliminate employment barriers including criminal history checks, drug screens, unnecessary degree requirements, and outdated policies. This aims to reduce the existing bias and broaden job opportunities for impact workers.

Attrition rates

Attrition rates among impact workers continue to be lower when compared to non-impact workers, indicating higher employee commitment among the impact worker groups

Attrition rate
11-13%

Attrition rate
18-20%

Impact workers

- Attrition rate is considerably lower for impact workers when compared to non-IS FTEs, driven by greater commitment and gratitude to the employment and toward the employer
- Approximate tenure for an impact worker is around 36 months
- Annual attrition rate of impact workers was observed to be 11-13% in 2021-22

Non-impact workers

- Relatively higher attrition rate is common across the services industry
- Tenure for non-impact sourcing workers is often three times less compared to impact sourcing workers, as per some of the firms participating in the study
- Annual attrition rate for non-impact workers was found to be 18-20% in 2021-22

- A positive workplace culture, a chance to contribute positively to the economy and their communities, and fair compensation serve as primary factors that encourage impact workers to pursue their career paths with dedication. This approach reduces attrition rates, contributes to the growth of a skilled workforce, and ultimately enhances the overall quality of service
- Many providers have success stories of impact workers in middle and upper management positions as the retained impact workers often progress within the company
- Companies with effective outplacement strategies may experience a higher attrition rate, which can actually be seen as a positive indicator. This is because these strategies help the workers to find better job opportunities that may not be available within the company, especially in roles involving limited complexity, which may restrict their growth

Note: Based on data collected from 16+ providers across 185,000+ impact workers
Source: Everest Group (2023)

Outplacement and post-employment assistance

Many providers offer impact workers with outplacement opportunities and access to scholarships, networking, job boards, and training

Career transitions within the group

- Opening up internal opportunities
- Helping impact sourcing workers to climb up the ladder internally
- Upskilling and reskilling of employees to fit new roles
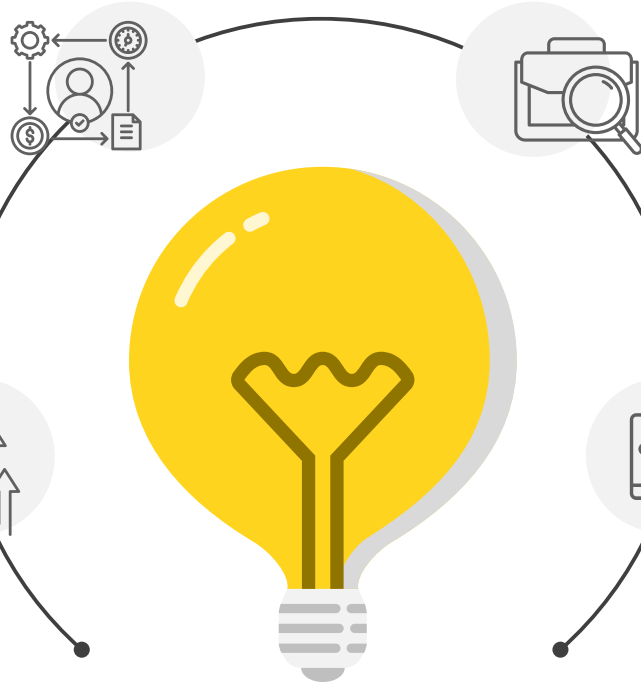
Career fairs and job boards

- Conducting career fairs for impact workers
- Helping with contacts and network-building (alumni)
- Helping navigate job boards, online platforms, and social media profiles

Preparing for better employment/education

- Assisting in resume writing
- Preparing for interviews
- Providing scholarships and education loans

Training for language and technology

- Training for primarily the English language
- Helping with skills required for jobs such as data annotation
- Training in the latest technologies such as generative AI

Out of the providers examined, almost **45% had established outplacement policies for impact workers**. Furthermore, a minimum of 90% of impact sourcing workers can successfully find employment with other companies once they depart from the provider organization.

Notable example:

iSON Xperiences provides personalized career pathing, skills enhancement, mentorship and coaching, networking, resume and interview workshops, job placement support, entrepreneurial support, continuous monitoring, access to its resource center, psychological support, and re-employment assistance to impact workers transitioning out of the firm.
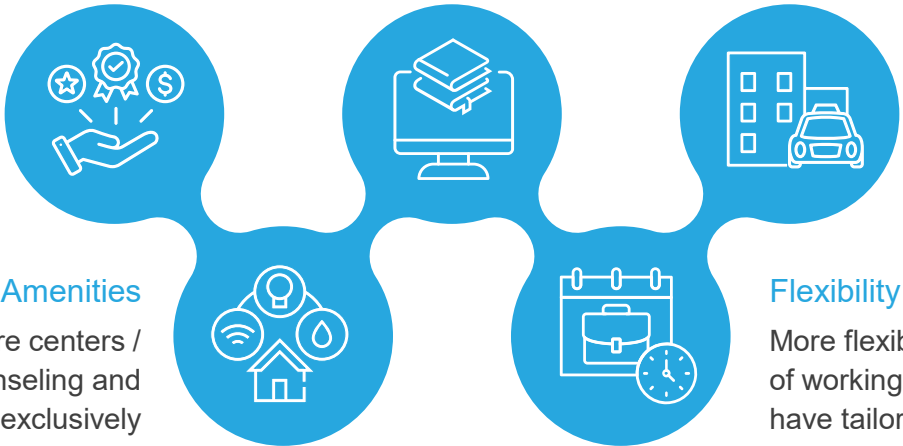
Organizational policies
Providers design a host of policies and perks to accommodate impact workers' unique needs

Compensation and benefits

Firms pay equal wages for equal work, above the minimum wage of their countries. Some firms also pay incentives and overtime according to performance along with client-sponsored bonuses and rewards, transportation allowances, attendance bonuses, medical coverage / insurance, and night-shift allowances.

Training

Training and pre-training in languages, soft skills, technology, and foundational skills for graduate as well as non-graduate workers is one of the key investments done by most providers.

Logistics

Service providers often arrange free transport and hostel facilities for employees, especially in areas where safety and security is a concern.

Amenities

Providers offer appropriate food options, day care centers / nursing rooms, onsite medical care, counseling and recreational services, changing rooms and facilities exclusively for transsexual and non-binary workers, and dedicated prayer spaces leading to better engagement.

Flexibility

More flexible work schedules, adjustable working hours, and option of working remotely is offered to impact workers. Certain providers have tailored leave policies for impact workers, such as Sutherland, which offers additional sick days for single parents.

Notable example:

Sama's Welfare Society, which is an employee-initiated emergency savings fund for East Africa, offers employees the flexibility to select financial solutions such as pension funds and savings funds, ensuring financial stability and access to resources during unexpected situations.

Training programs
Providers engage in intense training to improve agents' work readiness, covering aspects such as personality development and soft skills, operational and technical skills, buyer-specific knowledge, and work-specific training

←------------------ 2 weeks ------------------→   ←------------------ 4-12 weeks ------------------→

Personal development training
Personal development courses such as on financial literacy, physical and mental health, personal grooming, interpersonal skills, and time/stress management

Work-readiness training
Foundational job training, including computer literacy, professional etiquette, career development, business communication, teamwork, interview training, and leadership/management skills

Client-specific training
Client-specific training, including speech/vernacular training, empathy assessment, brand protocols, and industry overview

Work-specific training
Work-specific training, such as quality assurance, customer service, AI/ML and software development / IT, and social media and sales skills

Technical training
Technical training such as MS Office suite, Cisco certifications, and Power BI; some providers also engage in professional, demand-specific, or platform training certifications such as HIPAA, Eloqua, and Marketo

←------------------ Monthly trainings on ad-hoc basis ------------------→

Many providers initiate the training process before making a hiring decision. They typically train impact hires and then conduct interviews for the specific roles they are being considered for. It commonly occurs in simulated environments or classroom settings, often involving role-playing, live coaching, guidance, and the Train The Trainer (TTT) model. In some instances, trainees receive certifications upon completing their training, which can lead to additional compensation or career advancement opportunities. Training is sometimes also conducted in the form of learnerships/internships, in which trainees are paid and get a chance to understand the work as well as the company culture before joining the firm.

Partnerships for hiring impact workers
Service providers partner with government agencies, non-profit organizations, local skilling agencies, and specialized recruitment platforms to access a skilled and diverse talent pool

### Skill accelerators, career fairs, and local organizations

Firms partner by hiring from a trained pool

For example, EXL has partnered with organizations such as Harambee Youth Accelerator, Shadow Careers, and YearBeyond, with a key focus on work-readiness programs. These organizations help close the gap from school-leaver level to employable work readiness and get pre-selected by EXL for employment post training.

Recruitment and workforce development partnerships

Providers tie up with recruitment agencies and firms focusing on impact workers such as PWDs, socially marginalized communities, and veterans

For example, iSON Xperiences partners with the Association of Handicapped of Burkina (AEEHB), Christian Mission Deaf and Disabled Centre (Ibadan), and various NGOs and non-profits in Rwanda, Malawi, Ghana, Uganda, Zambia, India, and South Africa for skilling and recruitment impact workers.
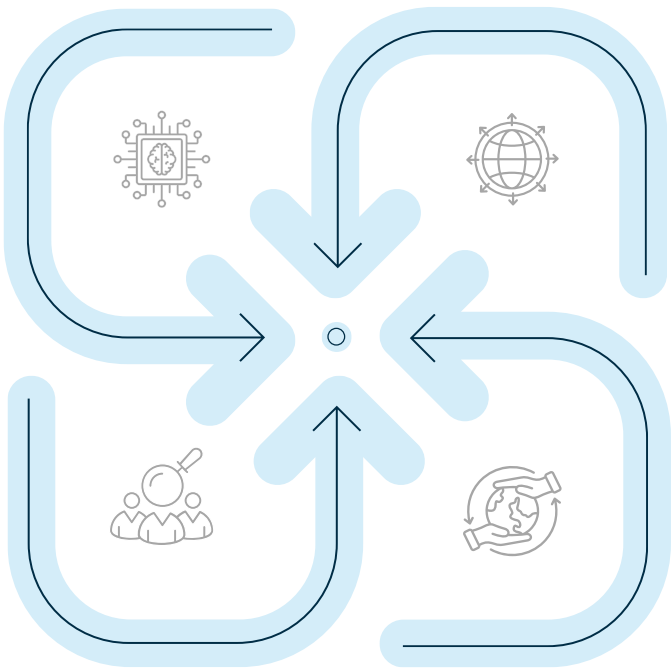
Global and government partnerships

Firms also participate in government and international programs to fuel social welfare

For example, Conectys has a partnership with ISKUR, The Turkish Employment Agency and the Department for Immigration (Palestine) for hiring impact sourcing workers; Ignition Group partners with Business Process Enabling South Africa (BPESA).

NPO/NGO partnerships

Firms often partner with NGOs and NPOs to boost the talent pool

For example, for talent acquisition, Teleperformance joins forces with Adus, TENT, and Sefras; FiveS Digital collaborates with Tata Strive and the Saraswati Foundation; and Vindhya E-Infomedia Services partners with local NGOs and vocational training institutes.

Partnerships for training impact workers
Service providers partner with training and skilling institutions to improve agents' digital skills, language proficiency, and credentials through professional certifications, and also provide higher education opportunities

Technology training partnerships

- Providers partner with experts to train their workers in the latest technologies
- Providers frequently create in-house training modules to enhance the effectiveness of technology training. An example of this is Careerbox, CCI's recruitment arm, which introduced CareerBox AI, collaborative workspace centers designed to foster the development of digital and technical skills for young African aspirants and technology enthusiasts
- Providers such as Foundever, iSON Xperiences, Sama, and CCI collaborate with local educational institutions for agent training and recruitment, and some extend scholarships to support their employees' higher education
- Genspark partners with technology providers such as ServiceNow and Salesforce to train their employees on these platforms

Foundational training partnerships

- Pre-training is a common practice in the impact worker partnership ecosystem, which allows potential employees to gain foundational skills before joining a firm
- Sama provides on-demand courses covering technical, general, professional, and life skills through partnerships with Arizona State University's Thunderbird School of Global Management, ALX, and LinkedIn Learning to support and supplement training through its Learning Management System (LMS), SamaU
- OutsourceGlobal collaborates with Qwasar, a Silicon Valley software engineering school, for software engineering and data engineering training. It also partners with Kalambo Consulting, a Texas-based CPA firm, for Accounting-as-a-Service (AaaS) training and sales support

General / leadership training partnerships

- Firms partner with training agencies to skill or reskill employees with language and basic technical knowledge. Firms also train employees on culture, best practices, and compliance
- ADEC Innovations, through its sister NGO – Global CEO Alliance (GCEOA) – partners with the United Nations Institute for Training and Research (UNITAR) to develop educational content across International Training Centers for Local Authorities and Local Actors (CIFAL)
- DDD partners with the Quantic School of Business and Technology to provide front-line supervisor and leadership training across numerous management competencies including but not limited to financial acumen, business strategy, coaching and talent management, and Diversity, Equity, Inclusion, and Belonging (DEIB)

Impact metrics for impact measurement

Many providers track the impact created through popular metrics such as ESAT, NPS, retention, and also through career advancement opportunities created for impact workers

Through impact sourcing worker and customer feedback

- Employee Satisfaction (ESAT) and employee Net Promoter Score (e-NPS)
- Retention rates and average tenure
- Client satisfaction rate

Through organizational achievements

- Number of employees that complete the onboarding and nesting
- Number of resources trained that converted to FTEs
- Percentage of promotions
- Percentage of employees that find gainful employment elsewhere

Through other avenues

- Percentage of employees pursuing higher education
- Number of individuals and dependents who have achieved financial freedom
- Increase in the socio-economic status of the communities in which providers are present

- Providers track many metrics through which they gauge the impact created on impact workers, their families, communities, clients, and their end customers
- They also highlight stories of positive impact created for greater engagement and conduct regular impact assessments through focus groups / interviews to evaluate the social and economic benefits generated by the program
- Most providers track the percentage of impact sourcing workers within each client engagement and the associated metrics. Some providers also share them with clients in the form of dashboards or reports

Certifications commonly attained by impact sourcing providers

Supplier diversity certifications	Occupational health, environmental, and quality management certificates	Professional services certifications	Social responsibility certifications	IT security certifications

Impact sourcing specialists and traditional service providers have made significant investments in a range of certifications spanning categories such as social diversity, social responsibility, occupational health and safety, environmental management systems, workplace experience, cybersecurity, and professional qualifications. They do this to undergo professional training, gain recognition, and establish compliance, ultimately enabling them to meet the varied outsourcing requirements of their clients effectively.

06

Buyer feedback

- Buyer satisfaction
- Key considerations for enterprises while selecting an impact sourcing provider
- Buyer awareness of impact sourcing and associated drivers
- Case studies on impact sourcing

Most of the enterprises are more than satisfied on multiple parameters while evaluating their impact sourcing engagements

Buyer satisfaction across parameters
2023; % of buyers across different levels of satisfaction

■ Above expectations ■ Satisfied ■ Needs improvement

Capabilities

Domain Expertise	Services portfolio	Innovation and value addition
37%	13%	13%
	7%	
63%	80%	87%

Talent

Talent management	Quality of talent
20%	7%
7%	7%
73%	87%

Delivery

Account management	Change management
7%	13%
7%	14%
87%	73%

Commercial

Pricing flexibility
13%
14%
73%

Overall

Overall Satisfaction
7%
93%
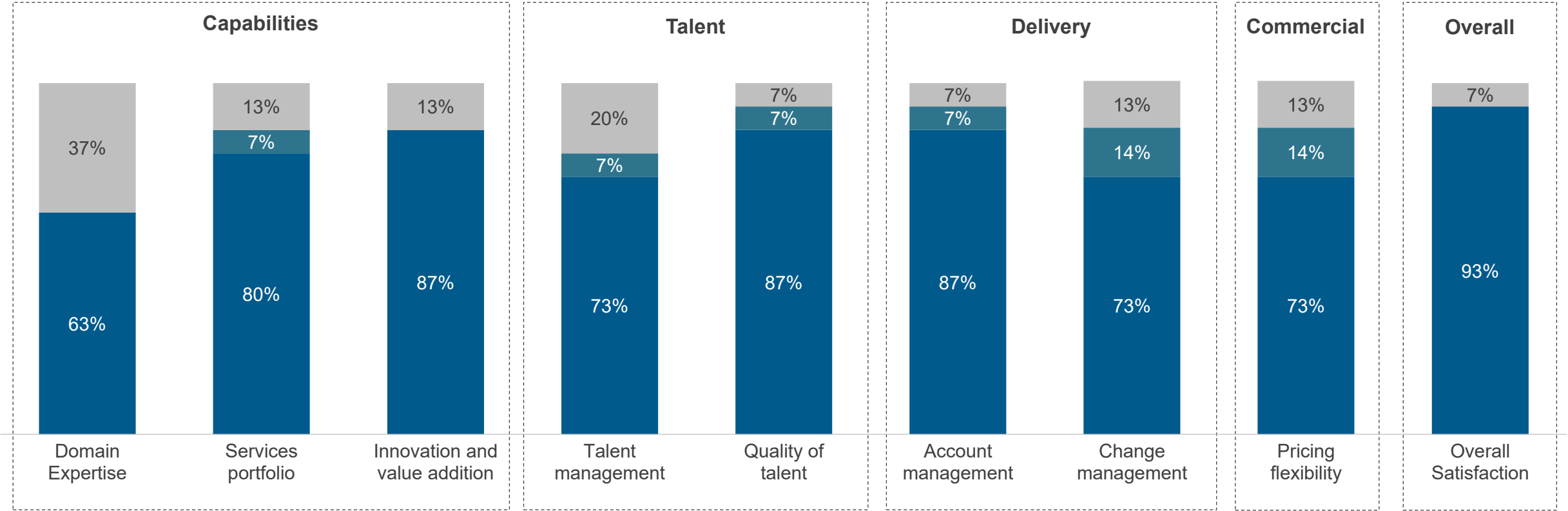
Note: Based on feedback collected from 15+ enterprises in 2023

Key considerations for enterprises while selecting an impact sourcing provider

Enterprises should consider social alignment, service capability, talent management programs, and scalability of operations while selecting an impact sourcing provider

Mission alignment

A provider's mission and practices should align with the enterprise's social impact objectives, which is particularly crucial when the provider's goal involves employing disadvantaged or marginalized communities; enterprise clients should be aligned with the provider's vision for meaningful social change.

Service quality and performance

Beyond a shared mission, enterprises should assess a provider's capability to deliver high-quality services. Meeting performance expectations is important, and this should be accomplished without compromising the achievement of social impact goals. The provider should strike a balance between the excellence of service delivery and the pursuit of its social mission.
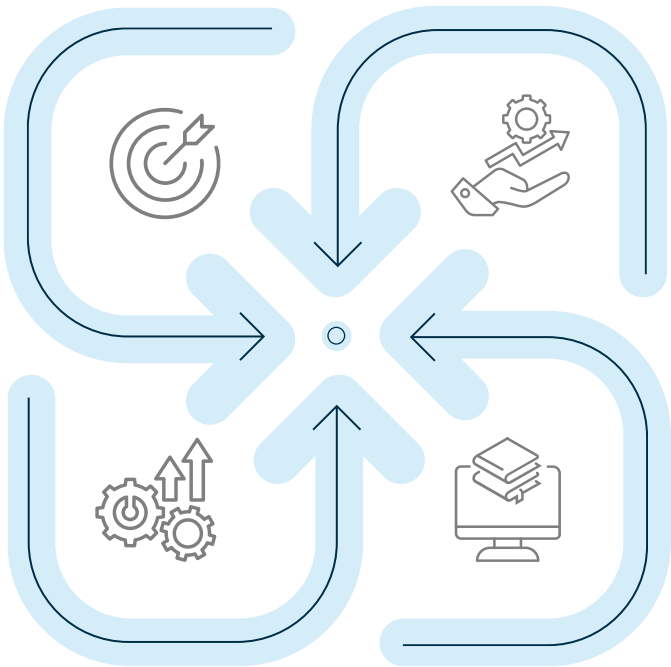
Scalability and flexibility

Enterprises should consider providers' capacity to scale operations in response to their growing or fluctuating demands while sustaining the social impact outcomes that matter to them. Flexibility is key to ensuring that the enterprise and provider partnership remains adaptive and responsive.

Training and development

Empowerment lies at the core of impact sourcing programs. Enterprises should evaluate the provider's training and development programs to uplift and equip impact workers with the necessary skills. A robust training framework ensures that these individuals can effectively meet the enterprise's business requirements while fostering their personal and professional growth.

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Buyer awareness of impact sourcing and the associated drivers

There is a clear difference in the buyer awareness of impact sourcing – buyers working with specialists are significantly more aware of the impact sourcing construct

Specialist approach to messaging

- Messaging places a significant emphasis on impact sourcing – social impact is usually a part of their mission
- Positive social impact is a core value proposition for buyers
- They are intentional about playing an educational role with buyers who are not aware of the concept of impact sourcing

Traditional provider approach to messaging

- Impact sourcing is more inward looking – the driving factor is perceived to be good corporate citizenship rather than permeating a mindset change
- Buyers rarely know about impact sourcing programs – lack of intentional messaging from the traditional provider community

- Buyers generally have a very positive outlook on impact sourcing primarily due to the cost benefits and the opportunity to display strong corporate citizenship
- However, some buyers have highlighted the quality of output as a recurring area of improvement, especially for specialists
- There is a marked difference in how the specialists communicate about impact sourcing compared to the traditional service providers
- While the traditional providers are bringing social impact at scale, the specialists are being advocates of the impact sourcing construct within the broader ecosystem and generally pioneering the use of impact sourcing in the most challenging talent pools
- As a result of this, most buyers continue to prefer impact sourcing due to its cost benefits and capacity to promote corporate citizenship, but the talent advantages of tapping into impact worker pools necessitate increased and more robust advocacy from the provider community

Ranking of drivers based on buyer feedback

01 Business edge

02 Corporate citizenship

03 Talent advantage

Case studies on impact sourcing

Case 1

large US-based company wanted to improve its identity verification process

Case 2

A US-based multinational retailer needed high-quality training data for its ML model to gain insights into customer behavior

Objective

- The enterprise wanted to improve its personal identity verification process efficiency
- Its objective was to increase the speed and accuracy of the personal identity verification process

- The enterprise needed to secure exceptional search relevance and lower cart abandonment rates
- Its goal was to produce top-tier training data for a Machine Learning (ML) model capable of accurately discerning customer intent, behaviors, and interests

Solution

The impact sourcing specialist collaborated with the enterprise and utilized its in-house technical capabilities to develop an AI algorithm for capturing, extracting, analyzing, and making decisions on identity data, with the aim of enhancing the enterprise' identity verification procedures

- The solution involved the implementation of an in-house SaaS platform for AI/ML, data annotation, and workflow management services
- This platform enabled the client to curate essential training data and enhance the effectiveness of its ML model

Results

- Generated 600+ jobs
- Enhanced accuracy from 88% to 98%
- Decreased Average Handling Time (AHT) by 55%
- Attained Payment Card Industry Data Security Standards (PCI-DSS) in six weeks
- Achieved real-time, 24/7 identity verification in just 120 seconds per identity

- Generated 1,000+ jobs
- Achieved 99.9% search relevance accuracy, reducing cart abandonment
- Improved algorithm efficiency threefold, enhancing the shopping experience
- Reduced operational costs by 60%

07

The effect of technology on impact sourcing

- Role of technology on impact sourcing
- Enablement technology
  – recruitment tools
  – learning management solutions
- Delivery technology – agent assistance tools
- Impact of generative AI on impact sourcing
- Challenges in adoption of generative AI for impact sourcing providers

The role of technology in impact sourcing

Technology plays a multifaceted role in the impact sourcing construct. Enable, Deliver, Transform – these are the three pillars of the impact of technology

Enable

Technology such as recruitment tools and learning systems help source and develop talent within the programs.
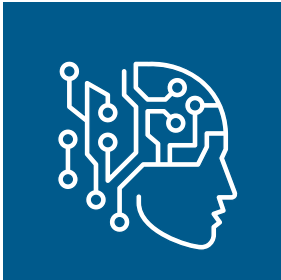
Deliver

Technology also plays a key role in the delivery of outsourced services within such programs.

Transform

Fast-changing and evolving technology has certainly brought about positive transformation for impact workers. However, emerging technology such as generative AI could go either way.

Enabling technologies | recruitment tools

Providers are partnering with technology platforms such as Harver, Workday, Hootsuite, and Freshworks to streamline the entire recruitment process and improve its overall efficiency and reach to widen their talent pool

Application Tracking Systems (ATS)

An ATS helps organizations streamline and manage the recruitment process by automating tasks such as resume parsing, candidate tracking, and job posting management. ADP, BreezyHR, Workday, Lever, and Jobvite are some examples of ATS systems.

Background verification and onboarding tools

Background Verification (BGV) is a critical component of the hiring process. BGV vendors run a thorough check on the complete candidate history helping recruiters validate the candidates being hired. Onboarding tools help provide a superior experience to new employees. Providers leverage platforms such as CareerBuilder, GoodHire, and Sterling for background checks while using Paychex, Paycor, ApplicantStack, and BambooHR for employee onboarding.

Job boards

Job boards are online platforms that collect and display job listings from potential employers making it easier for job seekers to find relevant opportunities. Specialized job boards targeted at specific communities are slowly gaining traction. There are also instances of dedicated recruitment platforms for impact workers such as Beijing Yisheng Wuyou Technology Co., Ltd, an online employment platform catering to disabled individuals in China, which serves as a talent sourcing partner for Welsend.

Social media management tools

These tools help recruiters create more comprehensive social campaigns and gain access to helpful insights into the job market. Sprout Social (Concentrix + Webhelp, and Alorica), Agorapulse, Buffer, Hootsuite (CCI and Concectys), and Zoho (Nextwealth) are some examples of social media management tools.

Screening and skills assessment tools

These tools assess candidates' skills and capabilities through various technical and behavioral assessments. Some providers have partnered with technology platforms such as Harver (Alorica), Criteria Corp, Mettle, HackerRank, Codility, and eSkill to effectively assess candidates' abilities.
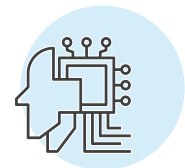
Chatbots and video interview tools

Conversational AI tools and video interviewing platforms are helping enterprises engage candidates with reduced latency. Providers are seen using chatbots such as Intercom, Freshworks, LiveAgent, LiveChat and video interviewing tools such as SparkHire, Hirevue, and VidCruiter.

Enabling technologies | learning management solutions
Personal development is a core value proposition for impact workers, and hence, there is significant investment and continuous improvement in learning systems across all providers

Knowledge library

Knowledge library is a digital repository that stores and organizes informational resources, such as articles, documents, videos, and research materials, accessible online to facilitate learning, research, and information retrieval.

Performance management

Performance management platforms aid in improving employee performance, offering tools for goal-setting, progress tracking, feedback, and development, while also enabling data-driven insights for decision-making.

Simulation exercises

Simulation exercises are training activities that use technology to replicate real-world scenarios for participants to practice, learn, or develop skills in a controlled environment.

Live coaching

Live coaching in agent training is real-time, on-the-job guidance and feedback provided to an agent during customer interactions to improve performance and service quality.

Gamification

Gamification adds game-like elements to learning, making it more engaging and motivating. Gamification platforms use rewards, badges, and leaderboards to encourage participation.

LMS partnerships:

Providers are partnering with learning management platforms such as KMS Lighthouse (Foundever), LX Academy, Moodle (Nextwealth), Datagamz, Lessonly, and Centrical to provide personalized and immersive training to agents to improve employee performance and service quality.

Delivery technology | agent assistance tools

Providers are leveraging agent assistance tools to provide personalized and efficient service delivery through analyzing customer data, language translation, monitoring agent performance, and digital channels

Customer Relationship Management (CRM) software

CRM systems help agents access customer data and interaction history, enabling them to provide personalized and efficient service.

Next-best action tools

These tools are leveraged to improve customer experience using data analysis to recommend the most effective actions in real-time interactions with customers by using the knowledge library, conversations repository, and FAQs.
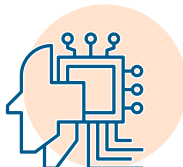
Chatbots and virtual assistants

AI-powered chatbots and virtual assistants handle routine inquiries, freeing up agents to handle more complex issues.

Sentiment analysis and customer analytics

Sentiment analysis tools evaluate customer sentiment from text data, helping providers gauge customer satisfaction and identify issues in real time while AI analytics tools provide insights into customer behavior and trends, aiding agents in making data-driven decisions.

Quality assurance and performance assessment

These tools are used for evaluating and monitoring agent performance, including call recording and scoring, and then suggesting targeted skilling to improve agent performance.
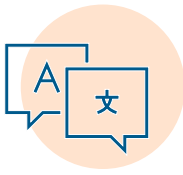
Language translation and accent neutralization

These tools assist agents in communicating with customers in multiple languages and dialects while leveraging low-cost delivery locations to serve clients in diverse regions.

Interactive Voice Response (IVR) systems

These tools automate call routing and provide self-service options to customers, reducing the workload on agents for routine tasks.

Co-browsing software

Co-browsing tools enable agents to view a customer's screen remotely, facilitating troubleshooting and support.

Impact of gen AI and Large Language Models (LLMs) on impact sourcing

Gen AI and LLM technology will enhance service quality and query handling while expanding the offshoring trend, necessitating workforce upskilling to adapt to the technology
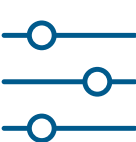
Content generation and personalization

These tools generate high-quality text content, aiding in marketing, product descriptions, and website content creation. LLMs enhance personalization by analyzing data for tailored recommendations and improved engagement.

Global market reach and cost reduction

LLMs are proficient in multiple languages and can provide accurate translations while reducing operational costs. Providers can use these models to offer translation services, expanding their client base globally.

Efficient talent upskilling

Impact sourcing often involves training and upskilling individuals in disadvantaged communities. LLMs can aid in creating training materials and resources, making education more accessible and cost-effective.

Automating routine tasks

Gen AI and LLMs can be used to automate routine and repetitive tasks. For example, chatbots powered by LLMs can handle customer inquiries, freeing up human agents to focus on more complex and value-adding tasks.

Better customer insights

LLMs can assist in analyzing unstructured data, such as customer feedback, social media comments, and surveys. This helps providers gain insights into customer sentiment and preferences, leading to better decision-making and improved services.

Gen AI's potential impact on impact sourcing workers and offshoring is multifaceted. Apart from automating routine tasks, gen AI could potentially replace human intervention in low-skill roles. However, with judicious usage, it can also enhance the efficiency and productivity of impact sourcing workers, empowering them to focus on greater value creation for enterprises. Upskilling may be necessary for impact sourcing workers to collaborate effectively with gen AI tools. This technology can increase offshoring opportunities but also raise ethical concerns. Striking the right balance between human-AI collaboration and supporting low-income communities will be critical for the successful and sustainable evolution of the global services industry in the evolving landscape.

Challenges in the adoption of gen AI for impact sourcing providers

Small-scale impact sourcing providers may struggle with resource limitations, data and regulatory challenges, scalability, competition, and change management when adopting generative AI solutions

Resource constraints	Data and regulatory hurdles	Scalability and integration	Ethical and competitive concerns	Change management and training
Impact sourcing providers often are small-scale providers, and have limited budgets, lack in-house expertise, and may struggle to acquire the necessary hardware and infrastructure for AI implementation.	Accessing high-quality data and navigating complex data protection and privacy regulations can be significant challenges.	Providers may find it hard to scale AI solutions to their needs and seamlessly integrate them with existing systems and processes.	Implementing AI leads to significant workflow and process changes, requiring effective change management and staff training, which can be resource-intensive for small teams.	Addressing ethical considerations and keeping up with larger competitors in AI adoption can be daunting tasks.

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08

Outlook for impact sourcing: 2023 and beyond

- Current and planned investments by specialists and traditional providers
- Government policies for impact sourcing
- Impact of economic uncertainty on impact sourcing
- Environmental impact due to impact sourcing
- Expansion of impact sourcing programs

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Current and planned investments by specialists and traditional providers

Service providers are expanding delivery capabilities, investing in digital tools, forming talent-sourcing partnerships, and enhancing employee well-being to boost service quality and grow their impact sourcing initiatives
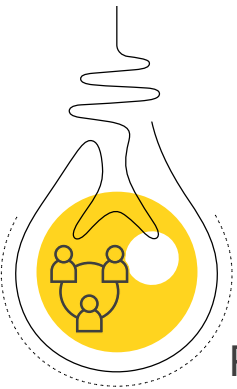
People

Service providers are partnering with recruitment agencies, NGOs, universities, training institutions, and technology providers to gain access to a wider talent pool and upskill impact workers

- CCI's CareerBox African Innovation hub is designed as a collaborative workspace to cultivate people's technology capabilities as well as support future technology entrepreneurs
- Sigma Connected partnered with specialized recruitment agencies such as Shadow Careers, Yes4Youth, PeoplePlus, and Back to Work to source impact workers in South Africa and the UK

Process

Service providers are investing in delivery capability expansion, leveraging technology to improve process efficiency, running employee well-being programs such as Diversity, Equity, and Inclusion (DE&I) awareness and mental health, and making special infrastructure modifications to increase company belongingness in impact workers

- Foundever is using sourcing technology that enables it to target and reach potential candidates from marginalized communities through online advertising, social media, and community outreach
- Sama partners with MIT and Innovations for Poverty Action to assess the impact of its impact hiring model
- Some providers including Adec Innovations, Sama, Foundever, and Nextwealth are expanding their delivery capabilities by opening new centers
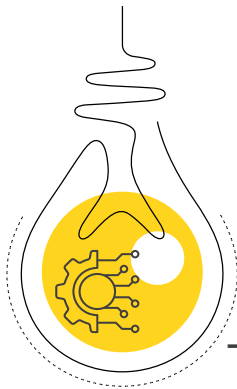
Technology

Providers are investing in LMS platforms, omnichannel CRM, Contact Center-as-a-Service (CCaaS), AI, intelligent automation, and data security solutions and partnering with technology providers such as Genesys, Moodle, SharePoint, Zoho, BlueTweak, Wazuh, and Microsoft Azure to improve their technology portfolio

- FiveS Digital is exploring Augmented Reality (AR) tools to assist impact workers in troubleshooting technical issues remotely, improving First Call Resolution (FCR) rates
- ADEC Innovations provides sustainability services including ESG Software-as-a-Service (ESG SaaS), ESG professional services, and ESG Data as a Service (ESG DaaS)

Notable example:

Concentrix + Webhelp plans to hire more than 15% of its 400,000+ recruits globally through its impact sourcing initiatives by 2025.

Government policies for impact sourcing
Governments and regulators promote impact sourcing programs through policy, recruitment mandates, and financial incentives to providers

Anti-discrimination and infrastructure policies

- These policies prevent unfair treatment and bias against marginalized groups and necessitate the development of accessible physical and digital infrastructures to cater to the needs of disadvantaged individuals. Non-compliance with these policies may result in employers facing monetary fines or legal charges

- The UK's Disability Confident scheme, the Americans with Disabilities Act (ADA), and the Philippines' Magna Carta for Disabled Persons policy are some examples of government policies that promote workplace non-discrimination and encourage the hiring of individuals from marginalized communities and disadvantaged backgrounds

Mandatory employment policies

- While most government policies encourage employment opportunities for marginalized communities, some governments' regulations mandate that private organizations of a certain size hire a specified percentage of employees from disadvantaged groups

- Examples of mandatory employment policies include Ukraine's protection law, which mandates that 4% of job opportunities in organizations with over 25 employees be reserved for candidates with disabilities. Similarly, France requires a 6% participation rate for individuals with disabilities, while Egypt's Decent Life for All policy stipulates that 5% of the workforce should consist of candidates with disabilities

Incentives schemes

- Some government policies often provide rewards, tax benefits, grants, or other incentives to encourage organizations to actively promote diversity and provide equal opportunities in their workforce

- Some examples of such policies include Mexico offering a 100% tax benefit on the salary of employees with disabilities, the US Work Opportunity Tax Credit (WOTC) providing incentives for hiring veterans, and France's Emploi Franc program offering financial incentives for hiring from disadvantaged areas

- Since 2022, Welsend has been working with the Binzhou government to attract local youth to return to their hometown for employment, for contributing to the county's economic development

Impact of economic uncertainty on impact sourcing

Impact sourcing providers find it challenging to balance their commitment to social impact objectives amid cost pressures, reduced demand, heightened competition, and budget constraints caused by economic downturns

Economic tailwinds have a profound impact on impact sourcing providers across various dimensions

- The demand for outsourcing services has reduced due to cashflow challenges and cost-cutting measures by enterprise buyers. This decline in demand has directly affected the providers and has made it difficult for them to sustain their operations and workforce pools in 2023

- Enterprises have become less willing to negotiate favorable terms or pay premium rates for outsourcing services, thereby placing significant cost pressures on providers and affecting their profitability

- The competitive landscape becomes more intense during economic downturns, as providers compete for a shrinking pool of outsourcing contracts. This heightened competition often leads to pricing pressures and narrower profit margins, exacerbating the challenges of attracting and retaining clients. These multifaceted issues in managing reduced demand, budget constraints, intensified competition, and changing workforce dynamics make it increasingly difficult for impact sourcing providers to maintain their mission-driven initiatives amid the economic uncertainty

Tough times:

Bitwise Industries recently filed for bankruptcy as it grappled with an inability to manage its financial equilibrium, resulting in a disrupted capital flow. Additionally, DignifAI, a Colombian AI annotation service provider, recently ceased its operations.
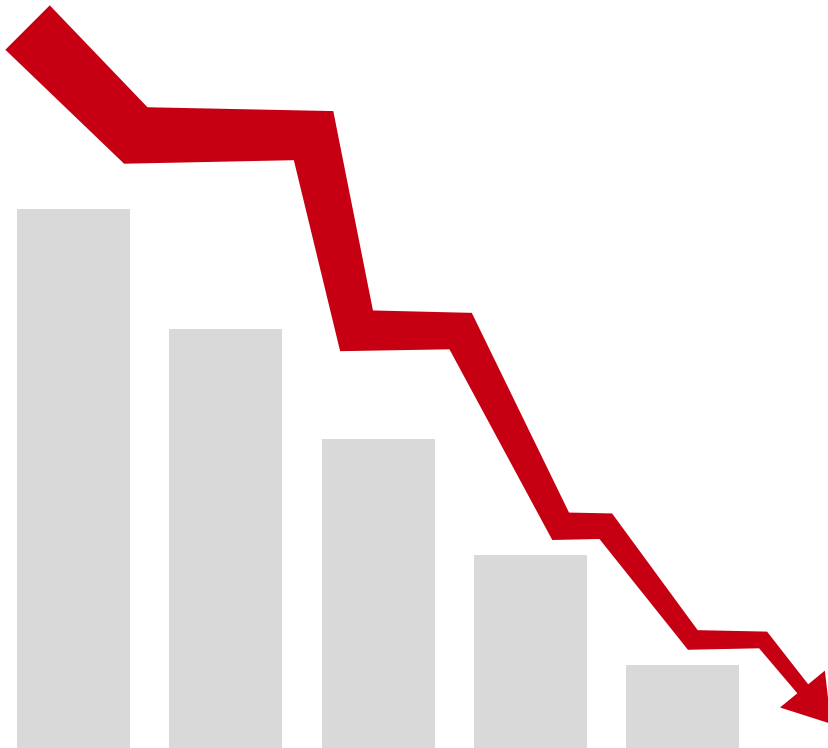
Environmental impact due to impact sourcing

Providers have undertaken various steps such as the setting up of rural delivery centers, committing to net zero, and publishing ESG reports to combat climate change and ensure a positive environmental impact

Sustainability reporting

- Providers partner with regulatory bodies such as Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Global Compact, and the International Integrated Reporting Council (IIRC) to standardize ESG reporting and enhance transparency
- Service providers such as Teleperformance, Foundever, Adec Innovations, and Concentrix + Webhelp publish annual sustainability and ESG reports to highlight their ESG initiatives, which contribute to environmental sustainability

Net zero

- Many providers have invested in net zero initiatives to balance the amount of greenhouse gases emitted with an equivalent amount removed from the atmosphere, effectively reducing overall emissions to combat climate change
- Service providers' initiatives to achieve net zero carbon emissions encompass transitioning to renewable energy sources; enhancing energy efficiency, afforestation, and reforestation efforts; influencing behavioral changes among employees; enabling technological innovation; and creating appropriate organizational policies. Through these multifaceted approaches, providers aim to mitigate climate change and reduce their carbon footprints
- Sama leverages Climate eutral's BEE tool to track its carbon footprint while Foundever has pledged to achieve net zero by 2050
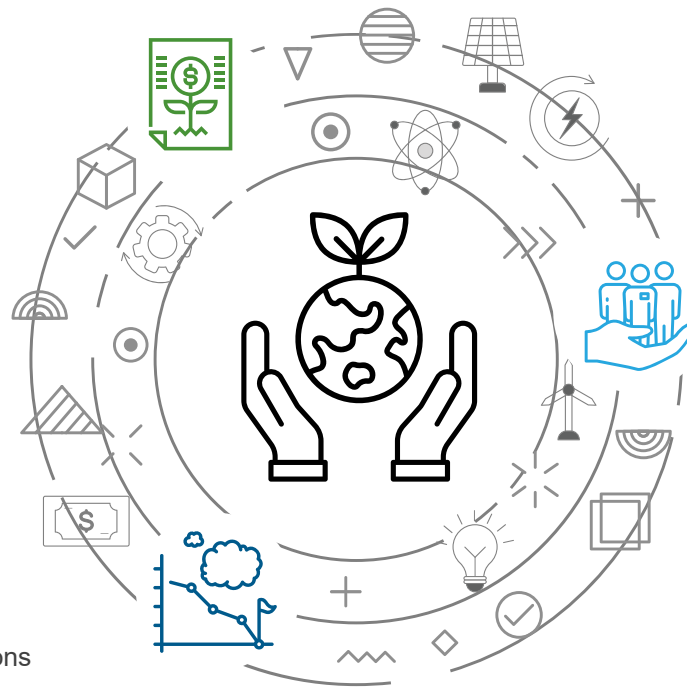
Effect of social mobility

- Rural BPO centers offer employment opportunities to individuals from disadvantaged backgrounds, allowing them to improve their socio-economic status and well-being. Simultaneously, organizations gain tangible benefits such as cost-effective infrastructure, reduced carbon footprint, energy conservation, access to an untapped talent pool, and reduced attrition. Additionally, the environment benefits from decreased pollution levels and waste production
- Rural BPOs not only curb migration to urban areas but also enhance local employment opportunities and infrastructure development. This triple impact eases the strain on urban infrastructure, reduces long commutes, cuts fuel consumption and emissions, and fosters sustainable development, thus minimizing adverse environmental effects
- NextWealth conducted an extensive, organization-wide carbon footprint study in 2022-23. This covered six small-town centers, 3,500 employees, and vendors. It revealed that their carbon footprint per employee was one-fourth that of large IT organizations operating out of large metro cities. This was mainly due to very low scope 3 emissions, as 99% of employees were from local communities

Expansion of impact sourcing programs

Service providers are expanding their impact sourcing programs by leveraging training, technology, and reporting tools to enhance the skills, effectiveness, and tracking of impact workers while creating awareness of its multiple benefits

Training

- CCI's IT Academy offers an opportunity for any impact sourced agents to pivot toward a career in IT. It is actively working toward the accreditation of this program. It also collaborates with Moodle for skill development
- TCS empowers socially and economically marginalized youth by providing skilling, employment, and certification opportunities through its Youth Employment Program and hires women returning to work after extended breaks and individuals with disabilities through HR initiatives such as Include to Excel. It also offers Literacy as a Service to marginalized adults

Advocacy

- RemoteCoders aims to create a supportive ecosystem that encourages the adoption of inclusive hiring practices by organizing events, conferences, and workshops, leveraging digital platforms to amplify their message, and participating in discussions on immigrant challenges and legal solutions with various stakeholders in Egypt
- Foundever is actively setting up a foundation to support impact sourcing through education and has also created a website for employees to share their stories and to promote perspectives from a broad range of groups such as LGBTQIA+, women, and neurodiverse employees

Technology

- DDD recently implemented a state-of-the-art HR Information System (HRIS) with an industry-leading SaaS partner to support the full impact worker life cycle. This includes but is not limited to pre-boarding, onboarding, learning and development, coaching and feedback, career orientation, and Impact Program Graduation (off-boarding)
- HGS is using its technological capabilities to ensure that both external and internal digital resources are made available to individuals with visual impairments

Reporting

- Teleperformance recently started a cultural census program to improve impact sourcing and DE&I reporting, create awareness among employees, gain insights into possible workplace discrimination, and increase employee belongingness within the organization
- Conectys partnered with BlueTweak to enhance impact sourcing tracking by utilizing its talent acquisition and management capabilities to create awareness and new opportunities within target communities and is also planning to appoint a dedicated impact sourcing specialist to plan and implement its impact sourcing program

09

Appendix

- Glossary
- Research calendar

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Glossary of key terms used in this report

ACV	Annualized Contract Value is calculated by dividing the Total Contract Value (TCV) by the term of the contract
BPO	Business Process Outsourcing refers to the purchase of one or more processes or functions from a company in the business of providing such services at large or as a third-party provider
Buyer	The company/entity that purchases outsourcing services from a provider of such services
Contract term	The duration of the outsourcing contract; it drives the schedule over which the buyer or provider amortizes capitalized costs or the period over which Net Present Value (NPV) / Internal Rate of Return (IRR) is calculated
DE&I	Diversity, Equity, and Inclusion
ESG	Environmental, Social, and Governance (ESG) refers to a set of criteria used by investors and organizations to evaluate the ethical and sustainable impact of business practices and investments
FTEs	Full-time Employees on the rolls of the company
ITO	Information Technology Outsourcing is the transfer of ownership of some, or all information technology processes or functions to a provider. This could include administrative-, delivery-, or management-related processes or functions
LLM / SLM	Large Language Models (LLMs) and Small Language Models (SLMs) are AI systems designed to understand and generate human-like text based on vast amounts of pre-existing data in the case of the former and a limited amount of pre-existing data in the case of the latter
Net zero	Net zero signifies achieving a balance between greenhouse gas emissions and removal, with the aim of combating climate change
SaaS	Software-as-a-Service (SaaS) is a cloud computing model where software applications are hosted and provided to users over the internet on a subscription basis, eliminating the need for local installation and maintenance
TCV	Total Contract Value is the potential revenue associated with the contract and estimated at the commencement of the contract (e.g., sum total of revenue accrued to the provider from the contract over the entire contract term, usually measured in millions of dollars)

Research calendar
Sustainability reports across multiple research areas

Reports title	Release date
The Growing Need for Inclusive Talent Models: Learning from Impact Sourcing Specialists	May 2022
Impact Sourcing Specialist Profiles 2022	June 2022
Sustainability Enablement Technology Services PEAK Matrix® Assessment 2022	June 2022
Sustainability Enablement Technology Services Provider Compendium	July 2022
Integrating Sustainability Into the BFS GBS Charter to Help Enterprises Realize Their ESG Goals	November 2022
Webinar Deck: Sustainability in the New Year: Follow Through on Resolutions for People and the Planet	February 2023
Africa on the Rise: The Next Frontier in Customer Experience Management (CXM)	March 2023
The Business Case for Leveraging Impact Sourcing to Enhance Customer Experience (CX)	April 2023
From Efficiency to Responsibility: How Enterprises Are leveraging Technology to Drive Sustainability	May 2023
Sourcing for Sustainability: Driving Environmental, Social, and Governance (ESG) Initiatives through Procurement	June 2023
Net-zero Consulting Services PEAK Matrix® Assessment 2023	July 2023
Net-zero Consulting Services – Provider Compendium 2023	September 2023
Impact Sourcing Specialists Directory	October 2023
Impact Sourcing Playbook for Service Providers	October 2023
A Provider's Playbook to Bridging the Sustainability Skills Gap	November 2023
Impact Sourcing for Sustainable Development and a Brighter Future: Impact Sourcing State of the Market 2023	**December 2023**
Mapping the Carbon Mitigation Landscape: Carbon Emission Management Trailblazers	Q4 2023

Note: Click to see a list of all of our published reports related to Impact Sourcing, Sustainability, and ESG.

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