



What's the
true impact of
IMPACT SOURCING?

How Impact Sourcing is a win-win for people and communities – and for business

Foreword

‘Leave no one behind’. That’s the central premise of the 2030 Agenda for Sustainable Development. First presented back in 2015, the agenda acts as a blueprint for ‘peace and prosperity for people and the planet, now and into the future’. At the centre of this blueprint are the [17 Sustainable Development Goals \(SDGs\)](#), an urgent call for action to end poverty, achieve gender equality and ensure food security in every corner of the globe by 2030.

“ This is the people’s agenda, a plan of action for ending poverty in all its dimensions, irreversibly, everywhere, and leaving no one behind.

- Ban Ki-moon, UN Secretary General

”

Where we live, or the circumstances we were born into, should not limit our opportunities to succeed and thrive – and yet, they do.

While the scale and scope of the global goals is unprecedented, every organisation, big or small, can contribute towards achieving them. And this begins by acting responsibly in how they do business.

Sustainable Development Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In the BPO world, there’s a recruitment model that has the opportunity to make a huge difference within disadvantaged communities yet still remains niche - ‘Impact Sourcing’. Impact Sourcing refers to the practice of recruiting, training and employing socio-economically disadvantaged individuals, primarily into the customer contact sector.

And these individuals deliver huge benefits back, offering ‘a distinctive customer service experience’ ([BPESA Impact Sourcing Supplement](#)), who are English-speaking, and who have high levels of empathy and great problem-solving skills.

In short, it’s about identifying and upskilling high potential individuals who wouldn’t normally have the opportunity to apply for certain roles, whilst at the same time creating a new pool of resource for the BPO industry. In doing so, not only are you fulfilling the future recruitment needs of the industry but you are ensuring that salaries are being fed back into the communities which need it the most.

About this paper:

This paper takes a closer look at Impact Sourcing, the difference it is making to people’s lives and how it’s also great for business. At Sigma Connected, Impact Sourcing plays an important part in our recruitment strategy, both in the UK and in South Africa. In the UK we work with organisations such as BMET, PeoplePlus and Back To Work, that support job seekers ready for recruitment, as well as run our own community programmes. Around 55% of our new employees in the UK are recruited this way.

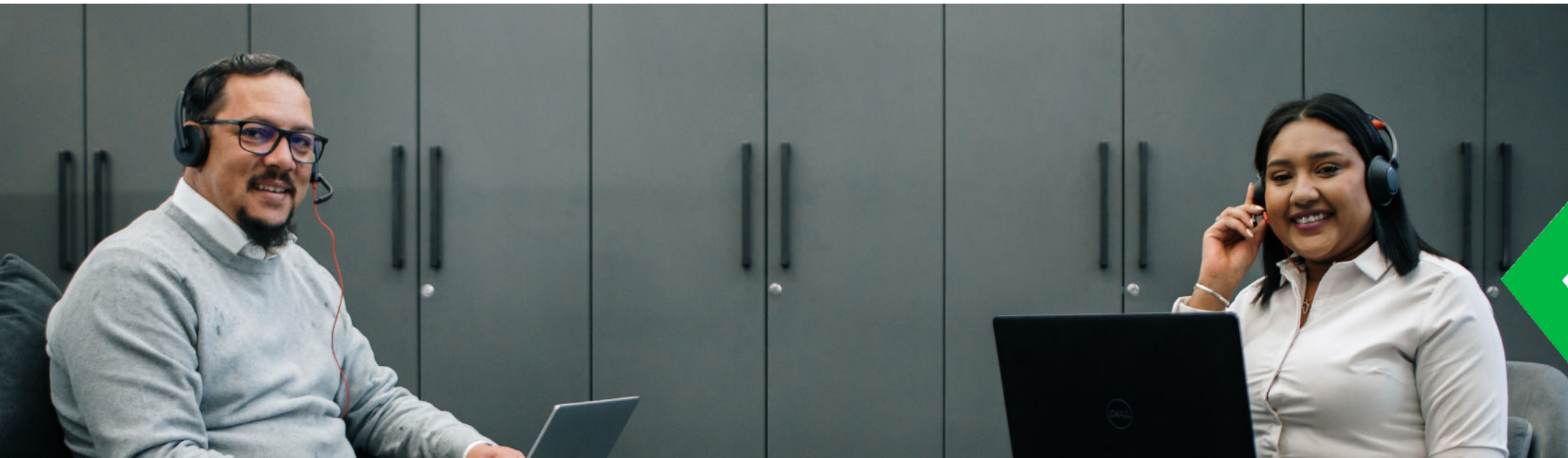
But, in this paper, we will be focusing on Impact Sourcing in South Africa, where we have a large contact centre operation, delivering customer experience solutions to brands across the world.



Mike Harfield
Chief Operations Officer

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What is Impact Sourcing?

The Rockefeller Foundation, cofounder of the [Global Impact Sourcing Coalition](#), defines Impact Sourcing as ‘an inclusive employment practice through which companies in global supply chains intentionally hire and provide career development opportunities to people who otherwise would have limited prospects for formal employment’.

While the people who are trained and employed through impact sourcing differ country to country, and area to area, on the whole they tend to be either women, unemployed youth, or people who live in rural or poverty-stricken areas.

These individuals are usually equipped with the skills, talent or qualifications needed for entry-level roles, but are unable to find work due to certain societal or economic barriers. Something that is particularly frustrating in the current situation, where businesses are struggling to fill job vacancies.



A brief history of Impact Sourcing

Sometimes described as an arm of business process outsourcing, Impact Sourcing's roots certainly lie in the BPO industry. Rising costs in urban contact centres in India in the 2000s forced many BPOs to focus on higher-end services, such as voice. As a result, rural areas of India were targeted for new business centres, where costs were lower, and there was a population of untapped talent, including high school and university graduates from low-income families.

The Monitor Group and The Rockefeller Foundation formally named it ‘Impact Sourcing’ in a [2011 report](#) about the positive job creation aspect of the BPO industry. By the end of 2011, the [International Association of Outsourcing Professionals \(IAOP\)](#) had identified Impact Sourcing a ‘trend to watch for’. But it should no longer be considered as just a trend.

Impact Sourcing has the potential to transform lives, while also benefiting the companies that employ them and the communities where they live. And the businesses who choose to partner with BPOs who practise Impact Sourcing get all the benefits of outsourcing, but also get to play a part in this transformation.

Impact Sourcing in South Africa

South Africa's unemployment rate is one of the highest in the world. In the first quarter of 2023 it was recorded at 32.9 %. Youth unemployment in particular remains a big problem. In that same quarter the number rose a further 1.1%, representing a total of 4.9 million young people unemployed.

That's why initiatives such as Impact Sourcing are so important in South Africa. It is strongly advocated by world organisations, including World Bank, United Nations Economic Commission for Africa (UNECA), and the Organisation for Economic Co-operation and Development (OECD).

With the South Africa BPO market size valued at USD 1.4 billion in 2019 – and growing – our sector can make a big difference to the unemployment situation. Impact Sourcing opens up opportunities for people from lower income communities, often also affected by a lack of infrastructure or education, youth who have never had an opportunity to work, and single mothers who have been excluded due to their circumstances.

Making Impact Sourcing a key consideration for government and business is the ideal way to enhance long-term socio-economic development. Several studies have shown that the cost of Impact Sourcing to business was comparable to, or lower than, traditional methods. It also has additional benefits of higher levels of employee motivation and engagement, access to new talent, fewer employee disputes, and lower attrition rates (Babin & Nicholson, 2020).



South African people are also ranked as having high empathy and emotional intelligence (EQ) levels, with South Africa one of the top 5 (out of 122) countries for highest positive emotional experiences.



Sigma Connected and Impact Sourcing

At Sigma Connected we're well aware of the difference we ourselves can make and how Impact Sourcing can be an important part of our wider recruitment strategy. We have been working in partnership with [Shadow Careers](#), a national job creation initiative, since 2020.

Shadow Careers recruits unemployed candidates, from areas of high unemployment, then takes them through a 12 week role-readiness development programme, based on their business partners' hiring needs. This programme is designed to ready them for the world of work, incorporating future-required skills and competencies necessary for the ever-developing world of customer service. But they also focus on the importance of empathy and emotional intelligence in customer contact, making them a very good fit for Sigma Connected.

“Our first partner was Sigma Connected; this was true partnership in action as the young shadow graduates passed seamlessly into their permanent careers. The success of our partnership has been down to several things but ensuring we partner with like-hearted businesses makes a very big difference, onboarding young people, many of whom come from very challenging backgrounds requires a receiving team who understand heart.”

“The overall program success rate is running at 93%, this means 93% of those starting with Shadow Careers successfully achieve a permanent position with one of our BPO partners. We are truly excited about these results, and it would not have been possible without the partnership of our BPO and funding partners.”

- Franco Cotumaccio, Co- Founder of Shadow Careers



In 2022, we became the first outsourcing business in Western Cape to open a state-of-the-art contact centre in the Cape Town township community of Mitchells Plain, right next door to Shadow Careers. By opening a centre in Mitchells Plain, which is about 30 kilometres away from the Cape Town city centre, it cuts down on the need for costly travel for employees, improves their work-life balance and enables us to support the community where many of our employees live. More than 60% of staff who work for Sigma Connected are based in Mitchells Plain.

And it's through our partnerships with organisations such as Shadow Careers, [Youth Employment and Services \(Yes\)](#) – as well as sourcing ourselves, directly reaching out to communities – that over 60% of our workforce in South Africa is recruited through Impact Sourcing.

“At Sigma Connected we are committed to making a change in South Africa by creating employment opportunities as we believe it is one of the ways in which the country can address past inequalities. We realise that there is an oversupply of underutilised talent in the country, and we have made it one of our main goals to ensure that disadvantaged and underprivileged people have access to formal employment and good work conditions.”

- Mike Harfield, Chief Operating Officer, Sigma Connected



How Impact Sourcing changes lives and communities

Many South African communities suffer from high unemployment, coupled with low earning power, which creates pockets of poverty. Impact Sourcing from these areas creates higher-earning employment opportunities, with prospects. Money is then brought back into the community - and spent there too.

In communities such as these, it is estimated that a single employed person supports between 6 and 11 family members and individuals. So, adding to the numbers of employed through Impact Sourcing, as well as increasing earning potential, is going to have a big effect on quality of life. It will allow more people to feed their families nutritiously, school young children and improve the general health and wellbeing of the individual and their immediate family.

110,000–130,000

Impact Sourcing workers
in South Africa

In 2022 South Africa tied with India as the most favoured offshore delivery destination.

It also ranked 1st in 2021 and 2nd from 2018-2020
([Ryan Strategic Advisory](#))



Real stories



Ashley – Real Time Analyst, Sigma Connected

I matriculated late, at age 20. I admit I was 'very playful' when I was younger and wasn't thinking too much about my future. I was helping out in my dad's business when a neighbour told me about Shadow Careers. I joined their 3-month programme, then got a job at Sigma Connected as a customer advisor in 2020. I am now very ambitious and have grown so much in confidence from the opportunities and responsibilities given to me since I joined. Now, after further training at Sigma's Siggy School of Success I have been promoted to a real time analyst and I've been able to buy my own car. The whole experience, from Shadow Careers to now, has given me a sense of pride and achievement. Sigma Connected has helped me see my potential and there are always opportunities here to keep on learning and to grow your career.*

Kashiefa – Team Leader, Sigma Connected

I matriculated in 2019, was unemployed, then Covid hit and it was even harder to get a job. My cousin told me about Shadow Careers and I was lucky enough to be selected. The Shadow training was so helpful for me as I had not been able to get any work experience, which makes finding a job so much more difficult. After the training I was interviewed and got a job at Sigma Connected. It's such a great environment here, the positive energy is amazing and working here has really brought me out of my shell, as I was very shy. In my first role as a customer advisor, our team was always being upskilled and learning new things. Now I have just been promoted to a new role in a brand new department. I'm nervous but I now know that I wouldn't be given this opportunity if I wasn't ready for it. That's the thing about working at Sigma Connected, there's so much room to grow. I would love to one day be a performance coach or a trainer here.





Chante – Team Manager, Sigma Connected



I would encourage anyone to try Shadow Careers. Finding a job was very difficult for me. I matriculated in 2019, and spent all my time job hunting. I was working at Checkers supermarket when a friend told me about Shadow. After the training, I started working at Sigma Connected in July 2021. I started as a customer advisor then, 16 months later, while I was on maternity leave, I applied for a team manager post, which I started as soon as I returned to work, and am still doing it now. It is challenging, being a young mum at 21, juggling a new role and a new baby. But Sigma Connected has been so supportive and is so people-oriented. I don't even have to worry about commuting as Sigma Connected provides transport. And, unlike many women, I know my career will not be held back because I am a mum. I have grown and been given lots of opportunities in just a short period of time – despite maternity leave – and I have been selected for the Siggy School of Success with the next intake.



Siggy School of Success

Named after our much-loved mascot Siggy, who helps bring our vision and values to life, the Siggy School of Success is all about giving our staff additional learning and development opportunities to progress their careers. We would always rather promote from within than recruit externally. Colleagues cover a range of topics including an introduction to leadership, managing emotions, moving from peer to leader, coaching and HR fundamentals.

RANKED
12TH

South Africa is ranked 12th out of 112 in the Education First 2021 English Proficiency Index (EPI)

What are the business benefits of Impact Sourcing?

“*[Impact Sourcing] is an inclusive employment practice through which companies intentionally connect high-potential, disadvantaged demographics and provide job training along with opportunities for higher education. It is not all about social benefits: Impact Sourcing has proven benefits to the buyer.*”

- The Rockefeller Foundation

Impact Sourcing is not just a philanthropic gesture, and it's not just box ticking. It's a win-win for BPOs, the businesses who partner with BPOs, and for the employees and communities it supports.

In the customer contact outsourcing sector alone, we've found that the many benefits include:

Helps fill current skills and labour shortages

Through Impact Sourcing you gain access to a large, untapped, high potential talent pool, including matriculates and graduates. And, by creating jobs in challenged communities, you can provide people with specialist training and skills development, and build skilled workforces of the future.

Lower attrition rates

Research shows that impact sourced workers have a **15–40% lower attrition rate** than traditional BPO workers. Many have been given an opportunity that was otherwise out of reach, so feel an increased sense of job satisfaction, and loyalty to their employers.



High performance workforce

Impact Sourcing work is competitive in terms of **quality of service provided**, with similar levels of accuracy and timeliness compared to non-impact workers, and a strong track record of meeting client SLAs/KPIs and expectations. Through organisations such as Shadow Careers, candidates arrive trained and ready, with a diverse set of talents and a strong drive to learn and advance in their jobs. Because of the lower attrition rate, you ultimately gain experienced and dedicated customer experience experts with skillsets aligned to match client needs. And these long-term relationships with customer teams also mean that brands can trust them with complex, specialised tasks and projects.

Lower costs

Low attrition and higher employee engagement mean lower recruitment and training spend.

Helps businesses achieve their sustainability goals

All company directors have a responsibility to consider the community and environmental impact of their actions, and its mandatory for businesses of a certain size to make disclosures about their CSR-related activities. What's more, **customers care about society and global issues**. By partnering with a BPO that practices impact sourcing you're reinforcing that social issues – and people – are important to your business.

Business drivers for impact sourcing in the South African GBS sector:



Accessing new sourcing of talent **84%**

Generating positive social impact for workers, families and communities **75%**

Lower attrition rates
72%

Hiring more committed, motivated agents **73%**

Creating a more stable workforce
69%

Promoting responsible recruitment supply chains
68%

Achieving long-term savings compared with traditional workers **62%**

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



In 2022 Sigma Connected won the Top Empowerment Jobs Creation Award for commitment to creating meaningful job prospects and opportunities in disadvantaged communities.

Are you ready to discover the benefits for yourself?

Proving yourself as a company that cares about sustainability, as well as the welfare of employees, has never been more important. As we've shown, there's so much potential in aligning yourself with Impact Sourcing that you simply can't afford to ignore it. It has a demonstrated positive effect, not only on your annual revenue, but to the inclusivity and sustainability of workforces at home, and across the world.

So, now is the time to introduce Impact Sourcing into your way of working. The easiest way to do this, especially if you already outsource customer services, or are thinking about it, is to partner with a BPO that has Impact Sourcing firmly embedded into its recruitment strategy.

Partnering with Sigma Connected

Sigma Connected, one of the pioneers of outsourcing in Cape Town, offers a wide range of outsourcing services, including customer services, collections, complaint management and customer acquisition.

Working with support agencies, Impact Sourcing is an important part of our overall recruitment strategy. By partnering with us, you can reap all the business benefits while making a real positive, social impact. If you would like to learn more, please contact us today.

For more information contact us now:

➤ enquiries@sigmaconnected.com

or visit:

➤ www.sigmaconnected.com



Where people



with people



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