

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

December 2023: Complimentary Abstract / Table of Contents



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- ▶ Process Orchestration
- ▶ Procurement and Supply Chain
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- ▶ SAP Services
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- ▶ Software Product Engineering Services
- ▶ Supply Chain Management (SCM) Services
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# Contents

<b>1. Introduction and overview</b>	<b>6</b>
• Research methodology	7
• Key information on the report	8
• Introduction	9
<b>2. Summary of key messages</b>	<b>10</b>
• Executive summary	11
<b>3. Introduction to impact sourcing</b>	<b>13</b>
• Definition of impact sourcing	14
• Key drivers of impact sourcing	15
• Overall ecosystem of the impact sourcing market	16
<b>4. Impact sourcing trends</b>	<b>19</b>
• Impact sourcing workers   market size	20
• Impact sourcing market   business lines	21
• Impact sourcing market   buyer sizes	22
• Impact sourcing market   industries	23
• Impact sourcing talent distribution   target communities	24
• Impact sourcing workers   sourcing models	25
• Impact sourcing talent distribution   age groups	26
• Impact sourcing talent distribution   gender	27
• Impact sourcing talent distribution   delivery footprint	28
• Impact sourcing market   client geographies	29

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# Contents

<b>5. Managing talent in impact sourcing programs</b>	<b>30</b>
• Developing talent within targeted communities	31
• Attrition rates   impact workers vs. non-impact workers	32
• Outplacement and post-employment assistance	33
• Organizational policies	34
• Training programs	35
• Partnerships for hiring impact workers	36
• Partnership for training impact workers	37
• Impact metrics for impact measurement	38
• Certifications commonly attained by IS providers	39
<b>6. Buyer feedback</b>	<b>40</b>
• Buyer satisfaction	41
• Key considerations for enterprises while selecting an impact sourcing provider	42
• Buyer awareness of impact sourcing and associated drivers	43
• Case studies on impact sourcing	44
<b>7. The effect of technology on impact sourcing</b>	<b>45</b>
• Role of technology on impact sourcing	46
• Enablement technology – recruitment tools	47
• Enablement technology – learning management solutions	48
• Delivery technology – agent assistance tools	49

# Contents

<b>7. The effect of technology on impact sourcing (continued)</b>	
• Impact of generative AI (gen AI) on impact sourcing	50
• Challenges in adoption of generative AI for impact sourcing providers	51
<b>8. Outlook for impact sourcing: 2023 and beyond</b>	<b>52</b>
• Current and planned investments by specialists and traditional providers	53
• Government policies for impact sourcing	54
• Impact of economic uncertainty on impact sourcing	55
• Environmental impact due to impact sourcing	56
• Expansion of impact sourcing programs	57
<b>9. Appendix</b>	<b>58</b>
• Glossary	59
• Research calendar	60

## 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-retain 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

## 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



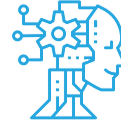
**Providers have developed relevant organizational policies through the hire-to-retain cycle for impact workers**

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.

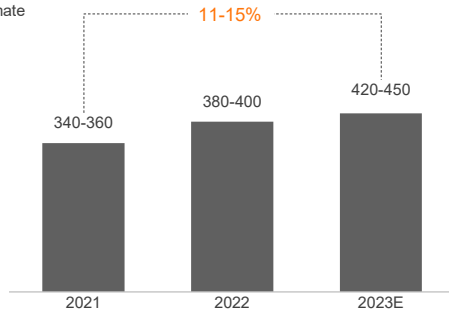


# This study covers market insights providing a deep dive into key aspects of impact sourcing space; below are four charts to illustrate the depth of the report

## Impact sourcing market size

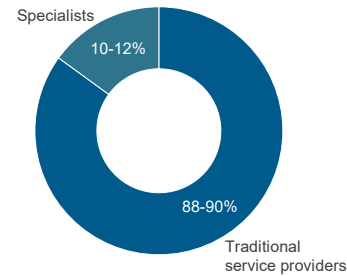
Number of impact sourcing workers '000s of FTEs, 2021-23E

CAGR 2021-23E  
E = Estimate



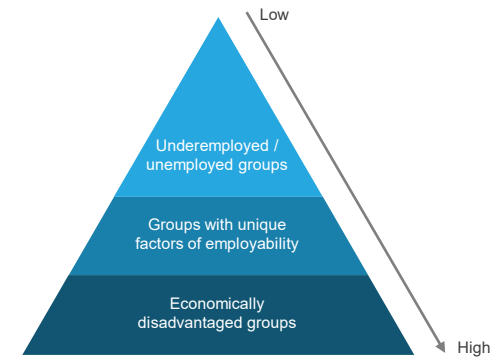
Impact workers by headcount '000s of FTEs, 2023E

100% = 420-450



## Impact workers split by target communities

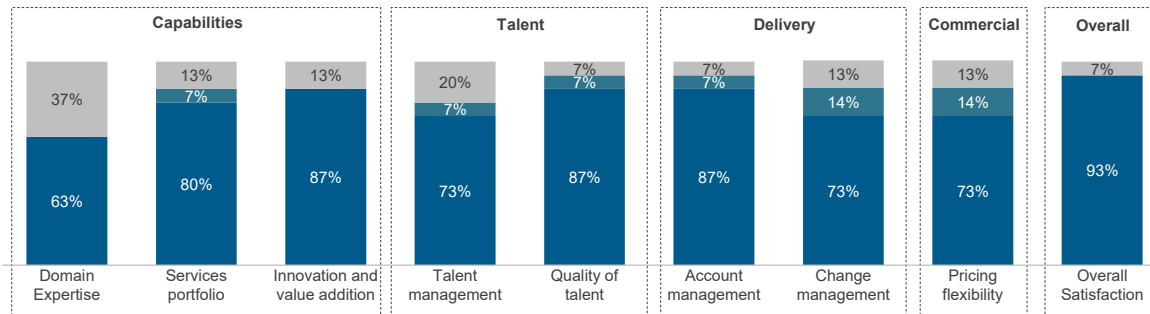
Impact workers' split by target communities  
Top three target communities; 2022



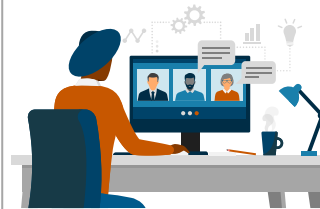
## Buyer satisfaction across parameters

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

Above expectations Satisfied Needs improvement



## Role of technology in impact sourcing



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.

# Research calendar

## Sustainability reports across multiple research areas

Published Planned Current release

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
<b>Impact Sourcing for Sustainable Development and a Brighter Future: Impact Sourcing State of the Market 2023</b>	<b>December 2023</b>
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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