

The Great Resignation sees South African BPO providers stepping in to fill the gap

The Great Resignation has seen more than 4.53 million Americans leave their jobs as at the end of November 2021 according to a JOLTS report.

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/EINPresswire.com/ -- While many factors are driving the trend, chief among the 'Quits' is an increased demand for flexibility from workers who have spent two years working from home, a search for better work conditions and higher pay, and a desire to work for themselves or as

freelancers. On the flip side, many companies have had first-hand experience of implementing successful work-from-home models and are now increasingly more comfortable with outsourcing as their employees work remotely – and as they look to drive down costs, improve operational efficiencies and service delivery.



Clinton Cohen, CEO of iContact BPO

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It's this culmination of factors that has seen South African based GBS provider, [iContact BPO](#), inundated with requests for outsourced services, predominantly from the US market. iContact BPO is a leading customer service BPO provider serving predominantly international markets in the US, Canada, UK and Australia.

“It's not just large corporates that are turning to outsourcing, but also mid-market and even some small businesses that are increasingly more comfortable with an outsourcing model to solve their labour shortages and skills challenges,” explains Clinton Cohen, CEO of iContact

BPO. “Global businesses are increasingly looking to South African BPO providers where the exchange rate, labour arbitrage, scalability, skills pool, linguistic capabilities and cultural affinity

make real sense," he adds.

"The economic and social consequences of the pandemic are playing a big part in this shift. More organizations are outsourcing their non-core processes and skills requirements and plan to do so long-term as they look for the operational and labour efficiencies they need in a massively competitive environment. The impact of the [great resignation](#) means that skills have become increasingly in short supply, which in turn is pushing up labour costs to record highs. Secondly, the turnover of employees is costly beyond the pay check – consider the costs of recruiting new hires and onboarding, as well as lost productivity, lower client satisfaction and potentially lost business as a result," explains Cohen.

Outsourcing to a BPO provider is proving to be a highly viable, cost-effective way to manage the impact of the great resignation. At the same time, it provides access a greater diversity of skills at lower cost to meet the changing needs of businesses, much of which was forced on them by the pandemic. For example, many businesses were catapulted into digitization a lot faster than they may have liked by the pandemic. They now find themselves with radically changed - and in many respects more complex and interdependent - customer service models. Throw in the challenges of scaling up when there is a serious skills shortage and a looming recession, and suddenly managing your post pandemic scale-up through outsourcing is a much better risk management solution in the face of considerable economic uncertainty.

"This is where a specialist BPO provider is able to deliver the multichannel, specialized customer service support demanded by hybrid business models, negating the need for the business to scale up internally with the people, processes, technology, onboarding and requisite capital expenditure. It makes sense to work with a BPO provider that can provide the time, management, skills, technology, scale and cost savings with a lot less risk, volatility and liability for the business – given the hyper-inflationary environment and looming recession concerns, this is a considerable factor driving the appeal of outsourcing," says Cohen.

iContact BPO highlights some of the benefits of outsourcing to a South African BPO partner:

- Labour arbitrage – outsourcing reduces labour overheads, not just in terms of people, but also in terms of employee benefits, hardware, software, infrastructure, management expertise and time, onboarding, performance management and so on - these are taken care of by the BPO provider. US markets are currently facing critical skills shortages and the cost of labour is significantly higher than a year ago. According to statistics released by the US Department of Labour at the beginning of May 2022, unit labour costs increased at a 7.2 percent rate from a year ago. The surge in costs followed on the heels of a government report showing that compensation for American workers notched its largest increase in more than three decades in the first quarter amid a persistent labour shortage, with a record 11.5 million job openings at the end of March 2022. □

In light of these challenges, South Africa is an increasingly attractive destination for global businesses to offshore their business processes. We have thousands of educated, young English-speaking South Africans in need of gainful employment, while our exchange rate makes it a

particularly cost-effective exercise. We are able to provide our services in South Africa, fully loaded and including management time at a 40-50% cost savings compared with onshore service delivery.

- Contact Centre Skills shortages in Emerged Markets - In emerged economies like the US and UK, finding skilled people to fill positions in contact centres is one of the greatest challenges of the Great Resignation. In some instances, US government-provided unemployment benefits pay more than the minimum wage, providing a disincentive for people to work. Competition with other job roles is high as there is a high transferability of contact centre skills. Similarly, hourly pay for new hires in areas such as logistics, online shopping and the like exceed the finite hourly wages that onshore contact centres complete with, making these contact centres uncompetitive in terms of global labour realities. These factors feed into South Africa's appeal as a top offshoring destination where the labour arbitrage benefits are clear and likely to be a key driver in offshoring to the country.

- Diversity of skills and rapid scale – following two years of pandemic mayhem, companies have a need for educated, English-speaking skilled people that allow them to diversify their skills sets for their changed business models, boost performance, achieve scale and reduce costs. In fact, according to Deloitte, 70% of businesses turned to an outsourcing partner for cost reduction in 2020. At the same time, many businesses now require more diversified skills sets given their changed service delivery models, so its understandable that they would be seeking assistance, and will be looking to hit the ground running as quickly as possible, something that is imminently more achievable with a specialist BPO partner. Whereas a business may be forced to hire someone with much less experience based on costs, outsourcing may provide access to skilled people with many years of experience across diverse specializations, at a much lower cost.

- The return to office is rocky - nearly two-thirds (64%) of employees forced to return to the office full-time say this makes them more likely to look for a new job, according to Topia's 2022 "Adapt" study. At the same time, in an environment of high inflation and huge increases in living and fuel costs, the sudden return of these costs is seeing many employees balk, rather opting out for freelance gigs that allow them a more flexible work-from-home model with less travel and better working conditions. From an employer's perspective, a prevailing sense of uncertainty in economies around the world and rising inflation sees many organizations reluctant to make permanent appointments. As demand returns, organizations are opting for contract appointments and outsourcing arrangements which gives them the flexibility to manage market uncertainty and reduce overheads, not only in human resources but also in expensive office/floor space. With strategic outsourcing arrangements, businesses get the scale and skills they need, on a lean and cost-effective basis as demand fluctuates. There is also a return to core business principles as organizations look to do what they do best and outsource the rest, freeing management to focus on strategy development and implementation.

- Business delivery models have changed - With the rapid digitization of business and service processes brought about by the pandemic, very few businesses are geared for the scale of

human resources, technology and security requirements to deliver on their changing customer service requirements. Many businesses also don't have the appetite to upscale rapidly again in a still uncertain environment, and persistent labour shortages are adding to significant increases in labour costs. This is driving a move to offshoring, notably in sales, customer service and back-office/technical support.

- Geographic Diversification – given the pandemic lessons, there is a continued trend of diversifying geographic risks and ensuring that business processes and resourcing are spread across more locations that are not vulnerable to the same risks, at the same time.

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