

## Outsourcing is on the rise, and South Africa is a prime destination



For better or worse, Covid-19 has changed the world of work, and many businesses have realised that certain positions can easily be filled by remote workers. This opens up a whole new realm of opportunity for outsourcing overseas, where skills may be available for a fraction of the cost of hiring in-country. South Africa has become a prime destination for such outsourcing, because our excellent work ethic, English as the dominant business language and available skill sets are highly attractive to global employers. This is a massive opportunity to make a dent in the rampant unemployment rate, particularly for the youth, if we can address the underlying issues of lack of education and appropriate training.

### **Cause and effect**

The other side of the coin of Covid-19 has been significant job losses. The economic turmoil caused by the pandemic meant that a number of industries faced significant retrenchments, and jobs across different levels and industries were affected. Job losses were concentrated in the trade sector (-309 thousand), community and social services (-210 thousand), construction (-65 thousand), private households (-65 thousand) and mining (-54 thousand), while the finance sector posted the only increase (+138 thousand). According to StatsSA, the South African economy shed more than half a million jobs in the third quarter of 2021, and the unemployment rate stood at a record 34.9%. The biggest proportion of this is the youth at a staggering 66.5% unemployment rate. This has a massive negative impact on the country, and the root cause is two-pronged - there is a lack of education and training, and the number of available jobs is far fewer than the number of job seekers entering the market. South Africa as an outsourcing destination

can help to address both of these challenges.

### **A land of opportunity**

Multinational corporations as well as international start-ups are seeing the benefit of hiring resources remotely in countries like South Africa, where skills are available for a reduced cost compared to hiring locally. The cost factor makes developing countries attractive in this regard, however South Africa has the edge over places like India and South America, because our time zone aligns more closely with Europe.

While elements like call centres have long been outsourced, the number of roles available now is increasing, and we are seeing roles like finance and tech development, as well as HR and recruitment, becoming more globally outsourced. Multinational corporations are also building local offices and outsourcing customer service roles to the country, and this is a great opportunity to address the youth unemployment rate.

### **Taking advantage**

The international outsourcing market is growing, but it remains competitive, and South Africa is not the only destination of choice. If we can grow this market, however, it can help to make a dent in our rising unemployment rate, especially among the youth. If companies realise the value of South Africa as an outsource destination, the impact will grow.

For this to happen, however, we need to ensure that opportunities are available in South Africa for job seekers, otherwise we risk talent being pulled out of the country. We also need to address the education and training elements, to make our candidates more attractive and employable. Thus, there is value to be gained from partnering with a reputable, regulated and reliable talent acquisition specialist who understands your business and is able to bring their expertise of the market and access to specialist tools to assist foreign organisations and South Africa's talent alike.