OFFSHORE BPO CONFIDENCE INDEX 2021

Collaborative research by

RYAN STRATEGIC ADVISORY

Cognitive Copy

INTRODUCTION

Offshore location confidence is one of those things that constantly ebbs and flows in the business process outsourcing (BPO) industry - one day, a country is the next big thing for BPO, and the next, it's at the bottom of the pile.

Within this cycle of shifting confidence, it can be difficult for BPO organizations to make the right choice of a new delivery location or procure BPO partners in offshore destinations. Economic stability, talent scalability, language skills, infrastructure, public safety, the local BPO ecosystem, and public sector trustworthiness all play into the decision-making process, so understanding how they inspire confidence on the ground is essential for any business.

The Offshore BPO Confidence Index 2021 aims to provide readers with this understanding.

Conducted by Ryan Strategic Advisory and Cognitive Copy, this first-of-its-kind study collates first-hand perspectives and insights on critical site selection and vendor procurement considerations. By surveying nearly 100 BPO executives managing operations in 12 different offshore destinations, the study measures the level of confidence that industry leaders have in their respective locations.

The study is designed to provide the customer experience (CX) and BPO decision-making community with a unique, intimate assessment of some of the world's most well-established offshore markets, along with several emerging destinations. As such, the results and the conclusions of this research should be essential reading for any customer management professional as they consider their next offshore or nearshore deployment.

METHODOLOGY

Conducted between July 27 and October 5, 2021, the Offshore BPO Confidence Index 2021 survey garnered responses from 93 country managers at 59 BPO providers in 12 popular offshore locations: Bulgaria, Colombia, Egypt, El Salvador, Honduras, India, Jamaica, Mexico, Nicaragua, Philippines, Poland, and South Africa.

On a scale of one to four, with four being the maximum, respondents were asked to measure their confidence in several categories: political stability, economic stability, public safety, the trustworthiness of the public sector, government support, infrastructure, recruitment and staffing, talent scalability, language skills, BPO industry cohesiveness, and commercial real estate stock.

Please note the specific topics addressed in each category below.

Political Stability - Page 09

- Reliability of the democratic process
- Impact of protests on government and business operations

Economic Stability - Page 11

- Predictability of inflation and taxation changes
- Currency stability
- Management of public finances and publicly-owned utilities

Public Security and Safety - Page 13

- Overall crime levels
- Law enforcement effectiveness
- Safety of foreign visitors
- Safety of BPO employees on public transport

Infrastructure - Page 15

- Reliability of utilities (internet, electricity, telecoms, etc.)
- Public transportation dependability
- Quality of airports and hotels

Commercial Real Estate - Page 17

- Availability of modern plug-and-play BPO facilities
- Ease of leasing or purchasing commercial property
- Possibility to retrofit existing buildings for BPO operations

Public Sector Trustworthiness - Page 19

- Trust in central bank, civil services, judiciary, and law enforcement agencies
- Impact of political interference or malicious outside influence

Government Support - Page 21

- Fiscal incentives and favorable legislation for BPO
- Open dialogue with the government
- Freedom for BPOs to operate without interference

BPO Industry Cohesiveness - Page 23

- Competitive landscape
- Collaboration between peers
- Presence of dedicated BPO associations

Recruitment and Staffing - Page 25

- Capacity to hire agents, supervisors, and operational leaders
- Capacity to hire foreign nationals for BPO roles

Language Skills and CX Education - Page 27

- Presence of multilingual talent for voice and non-voice
- Strength of public education for languages and CX skills

Talent Scalability - Page 29

- Capacity for scaling in the short- to long-term
- Possibility to leverage Tier 2 and Tier 3 cities for talent

Results for each category were combined on a country-by-country basis, then divided by the number of respondents in each country, providing an average score for each area of interest in each location. By comparing this average with the maximum possible score for each category, results were converted into a percentage-based confidence level on a scale of 1% to 100%.

All results are the personal opinions of participating country managers and do not represent the official views of their respective BPO organizations. The goal is to provide an independent, honest, on-the-ground assessment of crucial business-related considerations for BPOs and their clients, not to reiterate well-publicized corporate statements. As such, all respondents' names and company affiliations will remain confidential.

This methodology has resulted in a unique measure of confidence for some of the world's most attractive offshore BPO geographies, making the Offshore BPO Confidence Index 2021 essential reading for decision-makers with interest in CX outsourcing.

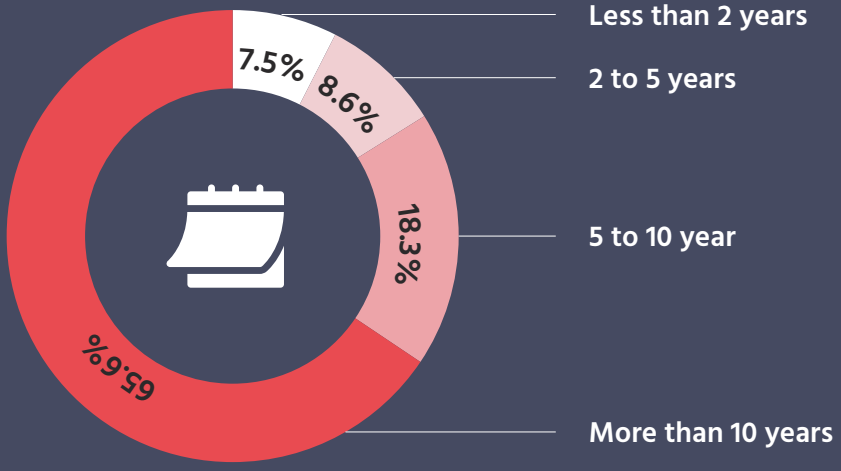
RESPONDENT STATISTICS

93 Country Managers

59 BPO Providers

12 Countries

Years Of Operation*



Number Of Seats*

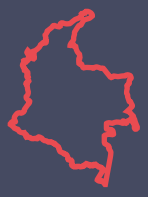
9.7%	Less than 200
19.4%	200 to 499
15.1%	500 to 999
14.0%	1,000 to 1,999
19.4%	2,000 to 4,999
16.1%	5,000 to 9,999
6.5%	10,000 or more

Employee Headcount*

12.9%
19.4%
10.8%
15.1%
18.3%
12.9%
10.9%

*Due to rounding results, percentages may not equate to 100% exactly.

OVERALL RANKINGS



#1 Colombia
90.9%

Colombia's highest-performing categories are government support and BPO industry cohesiveness. Respondents also highly rate the country's infrastructure, scalability of talent, public sector trustworthiness, recruitment and staffing, and economic stability. Political stability and real estate stock are Colombia's main weak points, but the country is still ranked in the top six for every category.

#2 India
86.8%

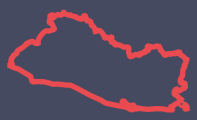
India's highest scores come from its availability of real estate and the cohesiveness of its BPO industry, followed by the scalability of talent, language skills, and political and economic stability. On the other hand, respondents generally feel that the trustworthiness of the public sector is India's main weakness, followed by public safety, infrastructure, recruitment and staffing, and government support. Still, the country didn't rank lower than seventh place in any category.

#3 Bulgaria
86.5%

Bulgaria secured three first-place positions in the study: economic stability, public sector trustworthiness, and quality of infrastructure. It also places in the top three for public safety, language skills, and real estate stock. However, respondents in Bulgaria show little confidence in government support for BPO and the sector's overall cohesiveness, leaving room to develop a better ecosystem for the industry.

#4 South Africa
85.3%

South Africa's strengths lie in its abundant availability of commercial real estate, a collaborative BPO ecosystem, and government support for the industry. The country also scored well for talent availability, scalability, and language skills, with average political and economic stability rankings. However, public safety appears to be a concern following the civil unrest in KwaZulu-Natal and Gauteng in July 2021.

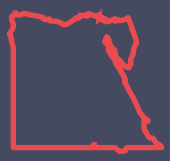


#5 El Salvador
84.8%

El Salvador's ranking is primarily thanks to the reported ease of finding fresh graduates and experienced BPO talent. Based on the survey, the country is politically stable, infrastructure is decent, and a good amount of real estate is available for BPO operations. However, the country ranked in the bottom half for economic stability, public safety, trust in the public sector, language skills, and talent scalability.

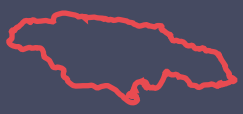
#6 Mexico
84.3%

With a population of 129 million, almost three times the size of Colombia, **Mexico**'s country managers have complete confidence in their ability to scale talent. The country also ranked in the top three for infrastructure and recruitment but fell short regarding political stability, government support, and industry cohesiveness. In all other categories, respondents in Mexico report average confidence levels.



#7 Egypt
84.0%

Egypt's strongest category is public safety, with respondents ranking it the safest location in the survey. The country came off as relatively stable, both politically and economically, with low levels of public sector corruption, good availability of real estate, and a collaborative BPO ecosystem. However, country managers are lukewarm about infrastructure, language skills, and government support for the sector.



#8 Jamaica
82.1%

Jamaica came out on top in terms of political stability, also ranking in the top four countries for BPO industry collaboration, government support, and language skills. Talent scalability showed decent results, but country managers had less confidence in all other areas, particularly real estate availability.

#9 Philippines
81.4%

The **Philippines** ranked above average in economic stability, recruitment and staffing, industry cohesiveness, and language skills. However, it ranked below average in all other areas. The perceived lack of public sector trustworthiness and low-quality infrastructure are the biggest hurdles for surveyed country managers.

#10 Honduras
80.0%

Although one of the smallest nations in the study, **Honduras** achieved the most significant confidence level for language skills out of the 12 countries surveyed. Respondents also considered government support for BPO a considerable boon. Still, the country scored within the bottom 25% in most categories, with infrastructure achieving the lowest score in the survey.

#11 Poland
79.9%

Poland ranked as one of the safest countries on the list with some of the best infrastructure available, and confidence in political stability is above average. However, its main weaknesses are economic stability, government support for BPO, and ease of recruitment. According to survey respondents, the industry still has to increase its attractiveness to potential employees.

#12 Nicaragua
69.9%

Nicaragua secured six out of eleven last place positions in the pool of categories. However, respondents highlighted several positive developments that strengthen Nicaragua's position as an attractive offshore market, despite its low ranking.

POLITICAL STABILITY

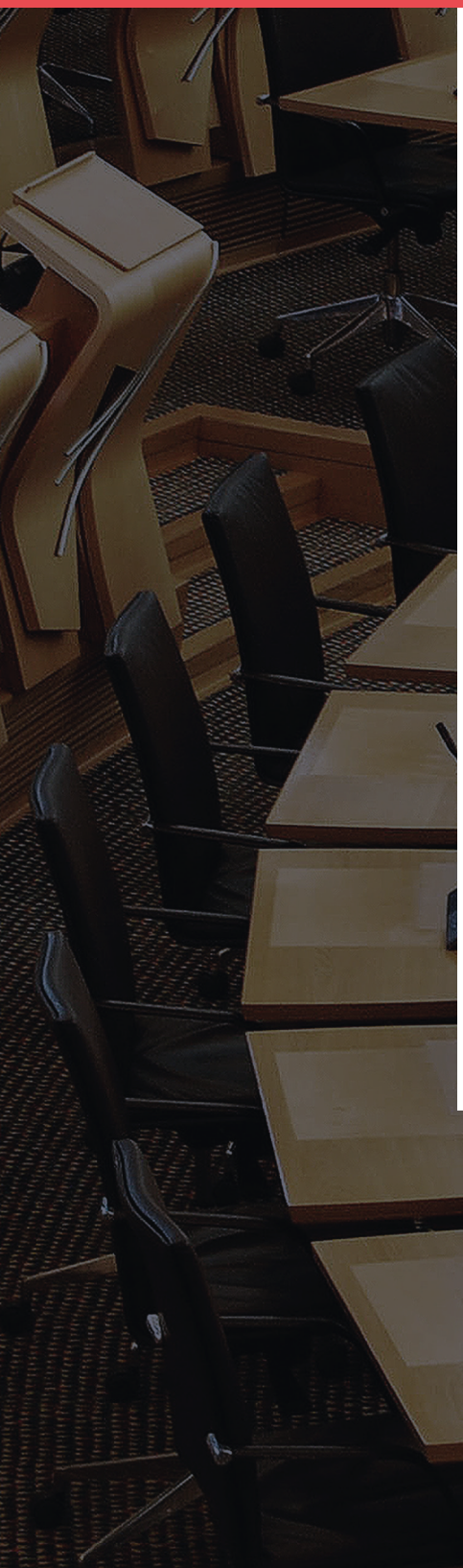
Representing one of the country's biggest strengths in the report, Jamaica's country managers have high confidence in its overall political stability. In fact, 85% of respondents in Jamaica strongly agreed that independent parties compete in regular elections, followed by a peaceful transition of power. Furthermore, protests appear infrequent and have little influence on major government policies, with less than a third of respondents reporting the contrary.

Country managers mirrored these responses in El Salvador. Still, one respondent noted that the current political environment is uncertain, stating that President Bukele "does not have a clear plan for the country".

Respondents in India also reported having regular elections and peaceful transitions of power, though protests occur more frequently and have slightly more potential to impact government policies.

In Egypt, one country manager mentioned that there are no protests in the country, yet 27% of respondents felt they were common. In Poland, on the other hand, one respondent noted that protests are part of the population's motivation for self-representation, but they do not represent political instability and have negligible influence on day-to-day life. For both nations, there appeared to be room for greater political stability.

POLITICAL STABILITY



Colombia's country managers note that the nation has one of the most stable governments in Latin America, stressing that its commitment to developing the private sector makes it a resilient location in the region.

According to respondents in South Africa, the country is going through a significant economic development process following more than a decade of poor administration, with a democratically elected government implementing policies that align with the country's growth strategy. Still, more than half of respondents felt that protests are common and can impact government policy.

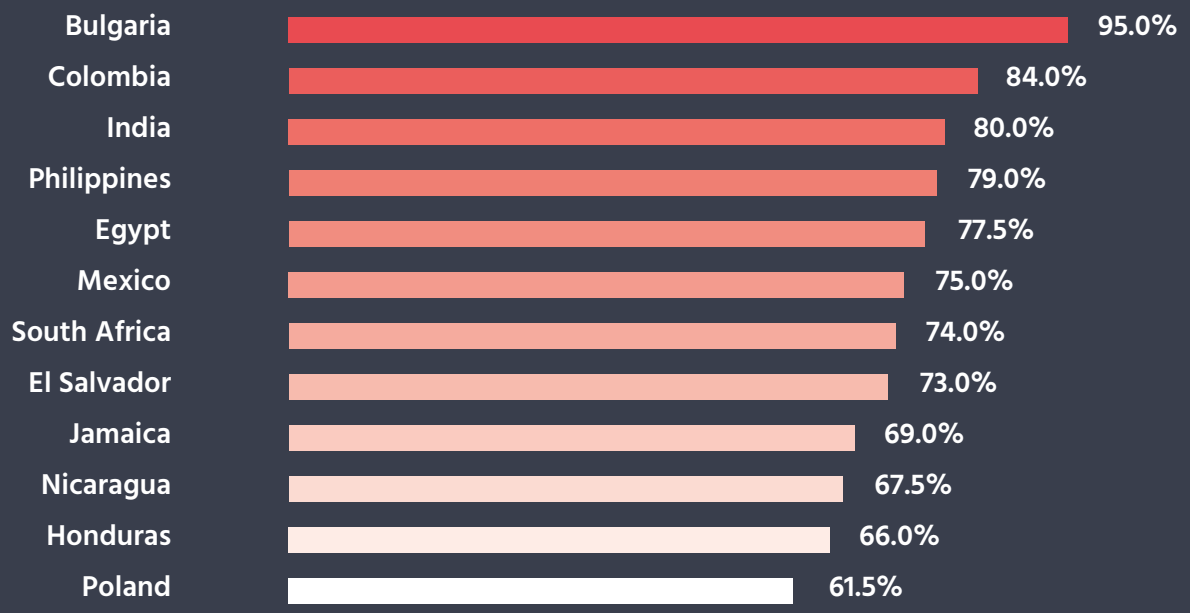
Respondents in the Philippines reported that while protests are common, they don't usually influence the government. Plus, 25% of country managers had below-average confidence in the country's election process.

Bulgaria scored highly for regular elections and peaceful transitions of power, but 60% of respondents reported regular protests, and 80% said that protests influenced government policy.

Respondents in Mexico and Honduras had similarly lukewarm views about national politics while stressing that protests occur regularly and have little impact on government policies. One country manager in Mexico reported that the country has always suffered corrupt leadership, but its current president, Andrés Manuel López Obrador, is pursuing ideologies that are perceived to be undemocratic. Still, government transitions are usually peaceful, and protests are usually more disruptive in Mexico City than elsewhere.

Respondents in Nicaragua have little confidence in the country's political stability, as it appears the current party is planning to retain power after the recent election. However, with its total control of the military and police, there has been no public resistance. The silver lining is BPO operators in the country face a low risk of disruption.

ECONOMIC STABILITY



With a confidence level of 95%, country managers in Bulgaria are either confident or highly confident in the nation's economic stability, predicting manageable inflation and taxation through at least 2022. Additionally, one respondent noted that Bulgaria's currency is particularly stable and pegged to the Euro's value. The country also has sound management of public finances and publicly-owned utilities, according to survey participants.

In Colombia, most respondents agreed that the government is committed to the nation's economic health and recovery, showing complete confidence that taxes will stay predictable through at least 2022. One noted that the Duque administration had taken sound monetary and fiscal measures to mitigate the economic impact of COVID-19. Even before the pandemic, Colombia maintained consistent economic growth for a prolonged period.

Most respondents in India showed confidence in inflation levels, taxation, currency value, and public utilities and finances management. Political sensitivity around the provision of affordable electricity is driving government intervention in the energy sector. One country manager also pointed out that privately-owned utilities companies are beginning to gain prominence in the market, which should lead to improved services and bolster the economy.

ECONOMIC STABILITY

The Philippines, Egypt, and Mexico share similar results, with only a handful of respondents showing little to no confidence in economic stability. In particular, Egypt is one of the few countries worldwide that managed to maintain economic growth during the COVID-19 pandemic.

In South Africa, inflation and taxation are expected to be manageable through 2022, but the majority of respondents have little confidence in the country's management of publicly-owned utilities or service operators. Rolling blackouts, for example, are common in South Africa, while the country's nationalized airline teeters on the brink of bankruptcy.

In El Salvador, one country manager expressed absolutely no confidence in the country's economy, although this response was the outlier as the remaining respondents were primarily confident.

The stability of the currency was the primary concern for country managers in Jamaica and Honduras. Respondents in Nicaragua have almost no confidence in the Sandinista government's management of public finances. However, the economy is dollarized in Nicaragua, so cordoba inflation rates tend to track US levels. In addition, the Nicaraguan government has avoided adding cost burdens that would further limit economic growth since it increased social security taxes on individuals and businesses, so the economic outlook is stable.

Surprisingly, country managers in Poland had the least confidence in this category, primarily because of the government's plans to increase the minimum wage by the start of 2022, which will result in increased costs for the BPO industry. Also, the use of the zloty means Poland has a less stable currency than European nations that use the euro.

PUBLIC SECURITY AND SAFETY

With scores almost tied for the most secure offshore BPO location, Egypt and Poland showed the most correlation in the top three, with everyone agreeing that it's safe for foreign business travelers and clients to visit these two countries. Likewise, every respondent also agreed that public transportation and BPO facilities are secure throughout both nations.

One country manager in Poland stated that crime levels are very low, including within the largest cities. Polish emergency services are accessible, though police investigations reportedly take time to resolve due to inadequate officer training. Furthermore, the police recently lost public trust when they purportedly sided with the ruling Law and Justice party during anti-government protests.

In Bulgaria, all respondents had complete confidence in the security and safety of public transport, BPO facilities, and foreign business visitors. Only one respondent felt that local law enforcement was inefficient, while another commented that the country is troubled by black markets and low-level corruption.

Colombia came a close fourth, with all respondents confident in public transport safety, foreign visitor safety, BPO facility security, and the efficiency and trustworthiness of law enforcement. The country only fell behind because confidence in law enforcement agencies lagged.

PUBLIC SECURITY AND SAFETY

Mexico, India, and the Philippines suffer from a distrust of local law enforcement. In El Salvador, respondents' general optimism is tempered by concerns of safety when using public transport. Nevertheless, all respondents in these four locations had complete trust in the safety of BPO facilities and foreign visitors.

Jamaica and South Africa tied, while Honduras trailed slightly. Again, local law enforcement was the detrimental factor in each of these locations. Only one country manager in Honduras showed concern for the safety of foreign business visitors and another for local BPO employees on public transport.

In Nicaragua, respondents expressed skepticism that local law enforcement is trustworthy or helpful. Still, all country managers agreed that Nicaragua was secure for foreign visitors, BPO facilities, and public transport for employees, with one reporting that it's safe to drive around the country, day or night, with "normal precautions".

INFRASTRUCTURE

BPO operations rely on their country's infrastructure to keep the lights on. Reliable utility services like broadband internet, electricity, fixed telecoms, and cellular networks are vital for everyday operations. For visiting clients, good-quality public transportation, airports, and hospitality services are also essential.

Bulgaria secures first place thanks to its country managers' confidence in utilities, with 100% of respondents stating that telecoms, internet connectivity, electricity, and mobile coverage are high quality. In terms of travel, it's a safe, low-cost place for potential clients to visit, and domestic transportation improvements are ongoing, such as a new tram route to Sofia International Airport.

Colombia comes in a close second, with only one respondent claiming that internet and mobile coverage have room for improvement. According to one country manager, the country has well-developed technological infrastructure, connecting 98% of its municipalities to fiber-optic broadband. Colombia's position in the heart of Latin America allows US nearshore clients to visit quickly, and 100% of respondents reported that public transport, airport facilities, and hotels are high-quality and reliable.

INFRASTRUCTURE

Respondents in Mexico unanimously agreed that fixed telecoms, broadband, cellular networks, airport connections, and hotels are high quality and reliable. In terms of electricity and airport facilities, 86% of country managers are fully confident in their quality. The main area for minor improvement is public transportation to and from BPO facilities.

In Poland, one respondent said that airport facilities and domestic airport transfer services had room for improvement, but every other respondent reported good-quality or high-quality services in all infrastructure-related areas. In addition, one respondent stated that Poland is one of the best locations globally when it comes to internet bandwidth and related advanced technologies.

El Salvador also scored very highly in infrastructure. India enjoyed similar results, with no notable observations in any category.

Most respondents in Egypt reported that utility infrastructure was either good- or high-quality. However, one country manager reported inadequate cellular coverage and bad quality public transportation to BPO facilities, perhaps indicating that operator's presence in an underserved BPO location. On the other hand, Egypt's hotel accommodations secured a perfect score on quality and reliability.

South Africa scored poorly regarding electricity, with 64% of respondents reporting low or very low-quality services. This result is unsurprising considering the ongoing issues related to power outages across the country — otherwise known as load-shedding. Still, internet and telecoms services did well on the confidence scale, while services for international visitors almost received a perfect score.

Jamaica offers high-quality airport facilities, hotel accommodations, and airport transfers, likely due to the country's long-standing tourism success. However, 31% of respondents felt that broadband internet and electricity services were of low quality. In the Philippines, results were similar, with hospitality services and transport rated as good- or high-quality, but telecoms and electricity services showing room for improvement.

Central America brings up the rear. Country managers in Nicaragua have differences of opinion in most categories except hotel accommodations, which are seen as high-quality and safe for visitors. Few respondents in Honduras felt that infrastructure was high quality.

COMMERCIAL REAL ESTATE

Leading the real estate category, 82% of country managers in South Africa report that it is very straightforward to find modern "plug and play" (P&P) BPO facilities or retrofit existing commercial property for BPO. Likewise, 91% and 73% felt the same about leasing and purchasing commercial property, respectively.

Country managers in Bulgaria and India report the same trends across the board. For both countries, the most straightforward process is reportedly leasing commercial property, followed by purchasing and retrofitting. Sourcing modern P&P facilities, however, could be streamlined.

In El Salvador, leasing and purchasing commercial property are said to be straightforward, followed by retrofitting and finding P&P facilities.

While Colombia and Mexico each scored 86.3%, their strengths and weaknesses varied. In Colombia, 60% of respondents feel that purchasing, leasing, retrofitting, and finding P&P facilities is very straightforward. In Mexico, 63% feel the same about leasing and retrofitting, but only 50% and 36% are fully confident in the availability of property for purchase and finding P&P, respectively.

In Egypt, 82% of country managers said it was very straightforward to find property for lease, though one respondent noted that the cost of their contact

COMMERCIAL REAL ESTATE

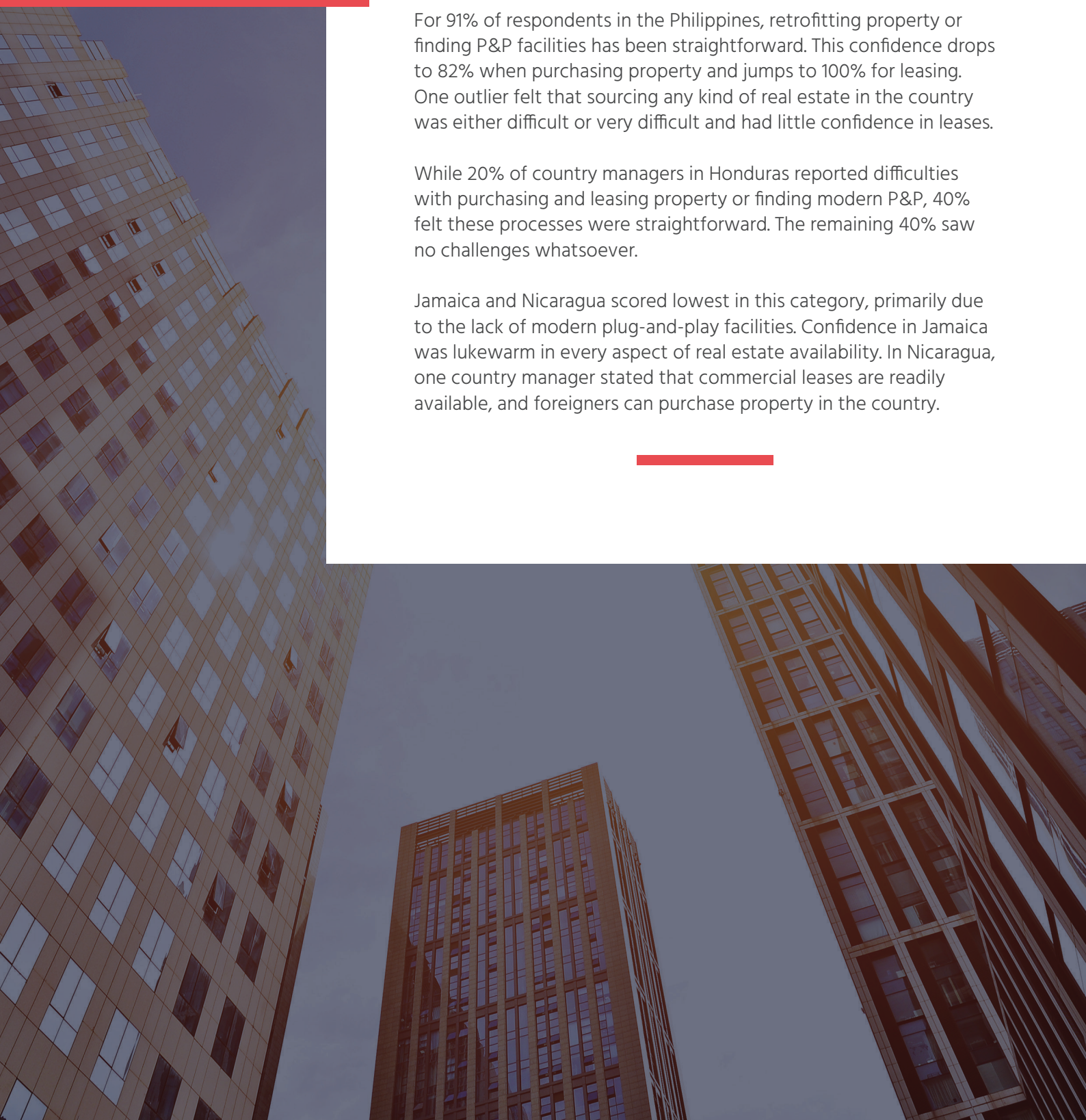
center's lease was "extremely high". In terms of purchasing and retrofitting property, 55% had complete confidence in the simplicity of these processes. However, there is less confidence in the availability of P&P facilities, with only 45% stating it was very straightforward to find.

According to 71% of country managers in Poland, leasing property is very straightforward, and there is good availability of modern P&P facilities. However, 57% believe that purchasing and retrofitting existing property for BPO operations could be easier.

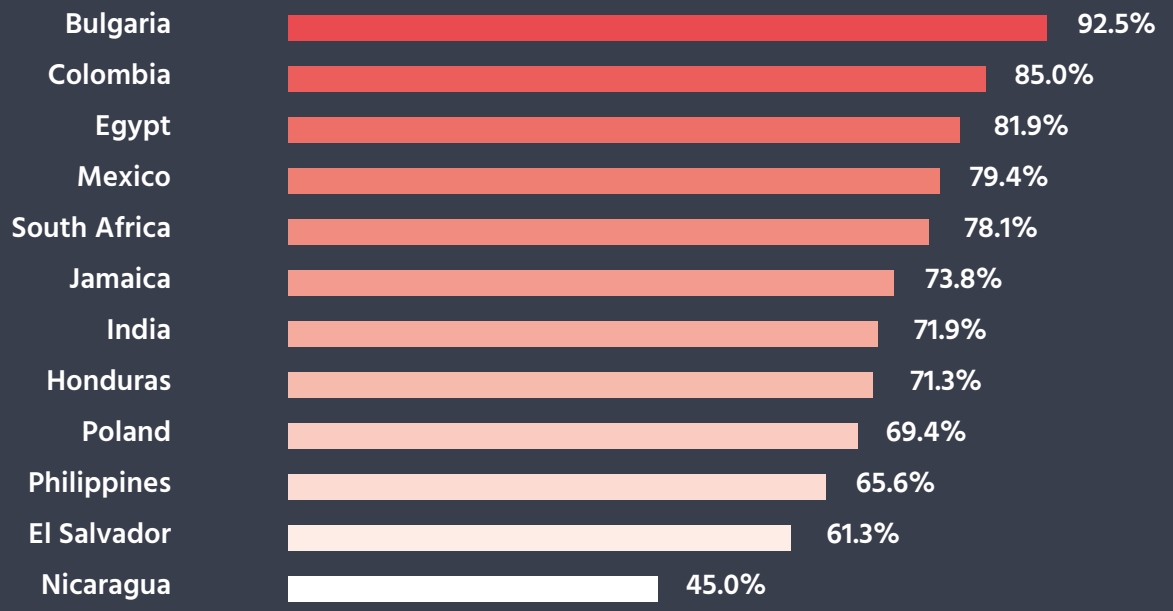
For 91% of respondents in the Philippines, retrofitting property or finding P&P facilities has been straightforward. This confidence drops to 82% when purchasing property and jumps to 100% for leasing. One outlier felt that sourcing any kind of real estate in the country was either difficult or very difficult and had little confidence in leases.

While 20% of country managers in Honduras reported difficulties with purchasing and leasing property or finding modern P&P, 40% felt these processes were straightforward. The remaining 40% saw no challenges whatsoever.

Jamaica and Nicaragua scored lowest in this category, primarily due to the lack of modern plug-and-play facilities. Confidence in Jamaica was lukewarm in every aspect of real estate availability. In Nicaragua, one country manager stated that commercial leases are readily available, and foreigners can purchase property in the country.



PUBLIC SECTOR TRUSTWORTHINESS



Bulgaria's public sector is the most trustworthy of the 12 offshore markets surveyed, with a 92.5% confidence level. Respondents trust Bulgaria's central bank, civil services, judiciary, and law enforcement agencies, agreeing that they were not impacted by political interference or malicious outside influence, primarily due to their conformity with EU regulations.

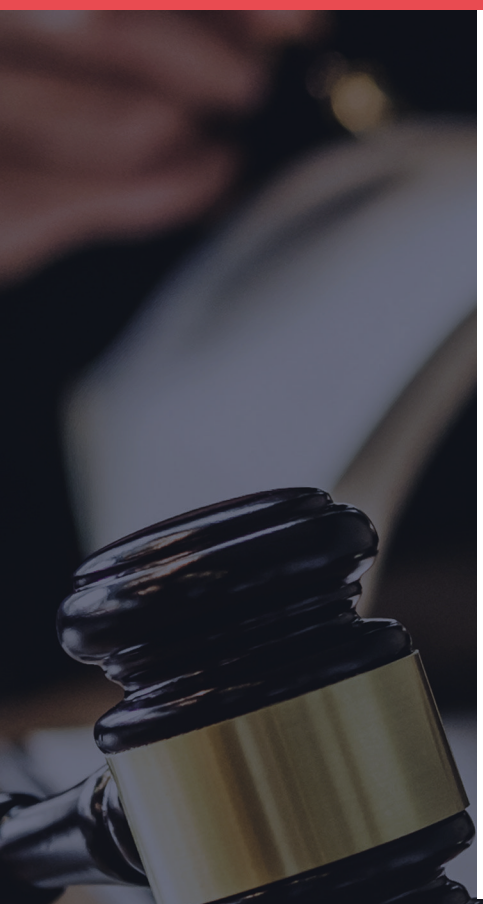
In Colombia, while all respondents trust public sector freedom from political and outside influence, confidence was lukewarm and could have been higher regarding law enforcement agencies, civil services, and the judiciary.

Most country managers in Egypt showed confidence in all aspects of the public sector's transparency, but one outlier was confident that its law enforcement agencies were impacted by corruption. Another two respondents felt that the country's central bank might be under the sway of political interference or outside influence.

In Mexico, the perception that the judiciary system is open to political or malicious manipulation was a concern. One respondent felt the same way about law enforcement, civil services, and the central bank.

In the case of South Africa, there was considerable concern about possible

PUBLIC SECTOR TRUSTWORTHINESS



external influence on civil services and law enforcement authorities. However, one respondent noted that law enforcement and judicial procedures are modeled on the United Kingdom, and recent decisions have strengthened the rule of law.

For respondents in Jamaica, India, and Honduras, the highest confidence came from a lack of corruption in the central bank. But, there was a distinct lack of confidence in each nation's civil service and judiciaries.

Poland achieved mediocre scores in the law enforcement and judiciary categories. One respondent said this might be because of a long-standing conflict between the EU and the Polish government. Another concern is political influence on the Polish central bank.

The majority of respondents in the Philippines felt that local law enforcement was untrustworthy, while more than half felt the same about the country's judiciary system. In El Salvador, one outlier showed no confidence in any aspect of the public sector's control over corruption; another expressed concern about the trustworthiness of law enforcement and judiciary.

All respondents in Nicaragua showed a lack of confidence in the nation's judiciary. However, while the FSLN government controls all levers of power in the country, banks and courts have continued to operate in a manner conducive to regular business activity, according to one respondent. Another respondent noted that the government still intends to attract foreign direct investment and protect the growth of established businesses.

GOVERNMENT SUPPORT

BPO markets rely on local government support to thrive. Fiscal incentives, favorable legislation, open dialogue, and the freedom to operate without interference are vital.

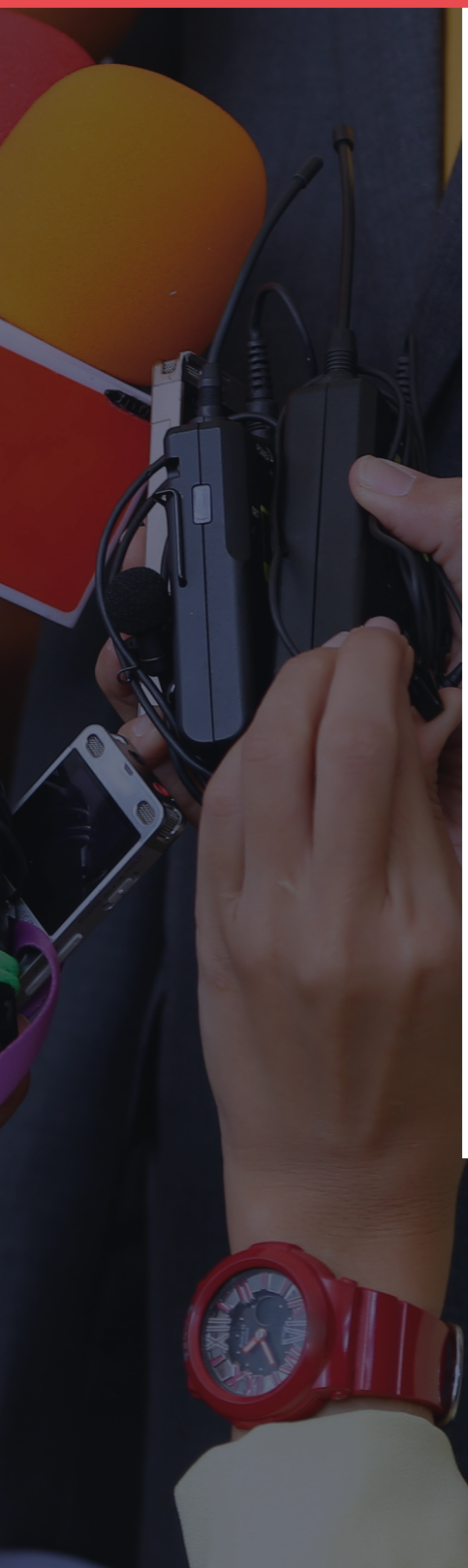
Colombia takes first place in this regard, with the BPO industry receiving plenty of sustained investment. According to one country manager, the government plans to further cultivate Colombia's talent pool by investing in English-language training and the country's customer service culture.

Honduras follows closely behind, with most respondents strongly agreeing that the government engages in open dialogue with the sector, provides favorable legislation and financial support, and understands BPO players' needs.

South Africa's third-place position owes to high levels of collaboration between BPOs and the government. One respondent noted that the industry's capacity for job creation affords it support from public bodies. However, one respondent felt that minimum contract conditions for government grants were barriers to entry and borderline anti-competitive for new BPO startups when competing with large-scale operations.

In Jamaica, most respondents strongly agree that favorable legislation supports

GOVERNMENT SUPPORT



BPO players. However, there is a lack of confidence in financial support, particularly around tax incentives, which are seen as lacking. For one respondent, the complications of working with SEZA, the country's special economic zone authority, were also an issue.

For India and El Salvador, concerns stem from insufficient financial support, despite the reported understanding of the BPO industry's needs by governments in these countries. In the Philippines, some respondents felt that the government could improve BPO-favoring legislation.

In Egypt, three county managers either disagreed or strongly disagreed that the government had the industry's best interests at heart, although they were in the minority. However, as one respondent pointed out, the country's investment promotion agency ITIDA diligently supports the growth of Egyptian BPO as a key partner in this initiative.

In Mexico, 50% of country managers felt there was inadequate financial support for the CX and BPO industry, such as tax abatements, training cost offsets, and startup incentives. In Nicaragua, the government exempts income, sales, and import taxes for BPOs through its free zone program, although typically start-ups and training incentives do not qualify.

Despite its low ranking, there is a government-supported contact center and BPO association in Bulgaria. The country's Ministry of Finance also offers attractive income tax and corporation tax rates in Bulgaria, some of the lowest in the EU.

Poland also offers multiple subsidies, tax exemptions, and promotional support for BPO players, especially those specializing in R&D, robotics, and artificial intelligence. Still, one country manager pointed out that the government is somewhat idle regarding the BPO sector, with the most favorable conditions set by previous governments. However, the Duda administration does not meddle in the sector's operations, reportedly.

BPO INDUSTRY COHESIVENESS

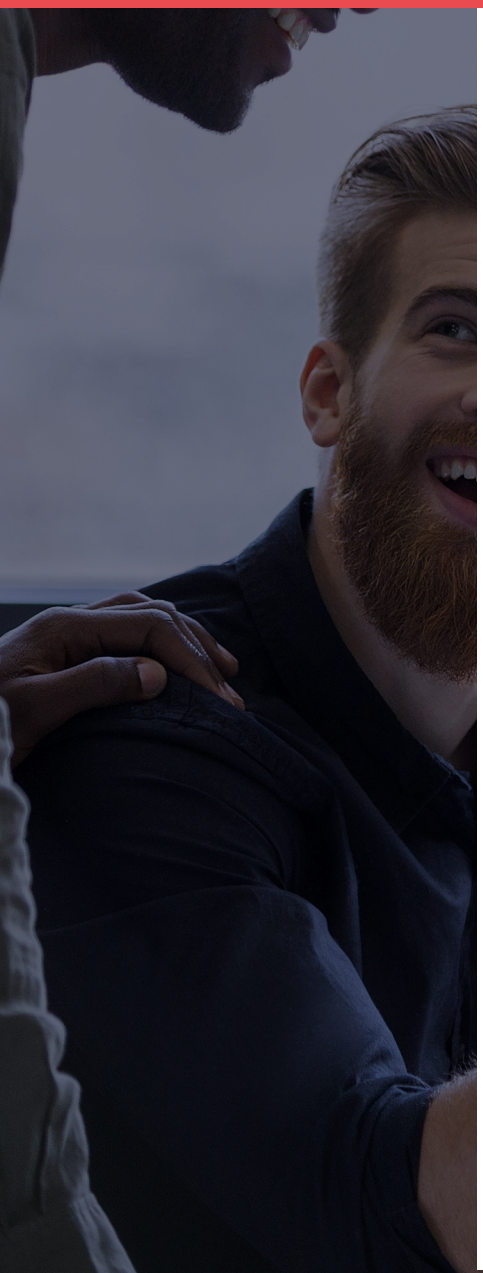
A healthy offshore market balances competition, collaboration between peers, and dedicated government support to drive the industry forward and yield a far more attractive offering for BPO buyers and local talent.

Colombia stands at the forefront of this area, with respondents showing high confidence in its BPO association, BPRO, and various investment promotion agencies. Respondents also strongly agree that their competitors present a professional image of Colombia to clients and prospects abroad, and the majority felt that they share cohesive views about how to maximize the industry's success.

India received similar feedback. Every country manager agreed or strongly agreed that the sector's representative body reflects the needs of the industry and that Invest India is capable of lobbying the government for favorable BPO industry regulations. And 100% of respondents felt that rival BPOs showed professionalism on the world stage.

In South Africa, one respondent noted that collaboration has been a significant strength of the BPO industry. Others reflected this belief, with 82% of respondents fully confident in the cohesiveness of the industry's success strategies and 91% feeling their peers presented a professional image to global

BPO INDUSTRY COHESIVENESS



markets. Most country managers also showed high confidence in South Africa's investment promotion agency InvestSA and local BPO industry associations BPESA and Cape BPO.

Respondents in Jamaica and the Philippines were not quite as bullish about the industry's cohesiveness and the level of agency support, but the results were optimistic overall.

In Egypt, several respondents were unaware of any BPO association existing. However, one country manager noted that while there is no official BPO association, providers work closely with ITIDA to support the industry and facilitate BPO operations.

Only one country manager in El Salvador showed no confidence in the lobbying capabilities of its export and investment promotion agency PROESA. Still, 60% of respondents had faith that it adequately reflects the needs of the industry. In addition, all respondents agreed that the BPO sector was cohesive and showed professionalism on the world stage.

Poland, Honduras, and Mexico inspired a 78.3% confidence level in this category, with a small minority of respondents reporting issues with overall industry cohesiveness. In Poland and Mexico, 29% and 25% of respondents, respectively, felt that their investment promotion agencies could do a better job of lobbying the government for favorable BPO regulations.

According to a respondent in Nicaragua, the industry recently established a new BPO association with representatives from most major players in the country, but there is room for improvement. ProNicaragua and AMCHAM also advocate for BPO industry interests, but 40% of country managers felt these agencies could do better. Yet, 100% of respondents agreed that BPO players shared a common vision and showed outstanding professionalism.

Bulgaria brings up the rear. Only 60% of respondents show confidence in the country's investment agency and the industry's collective success strategy, though 80% felt the sector showed a high level of professionalism.

RECRUITMENT AND STAFFING

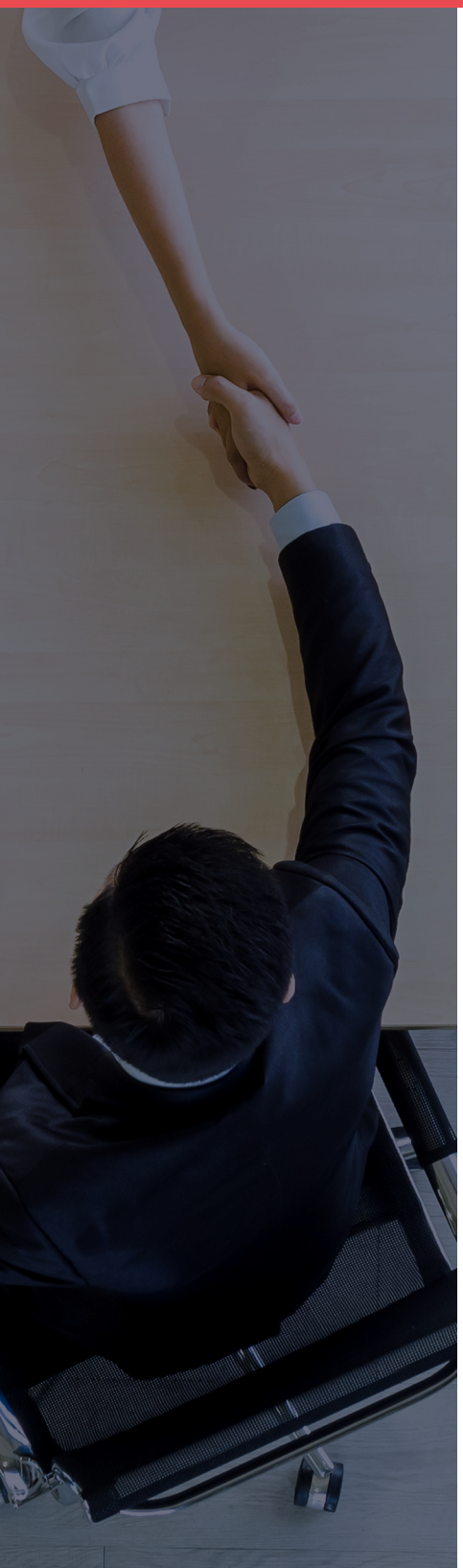
Latin America secured the top three positions in the employee acquisition category, highlighting the strength of talent availability in the American nearshore.

In El Salvador, 100% of respondents strongly agreed that recruiting experienced supervisory staff, team leaders, and operational leadership talent is straightforward. Meanwhile, 80% strongly agreed that quality front-line agents were easy to find. Still, while 80% agreed that hiring temporary foreign workers and obtaining work visas was straightforward, 20% disagreed.

One country manager in Colombia reported a high level of BPO experience in the market thanks to established players developing employees internally and promoting from within. In addition, the responses reflected that 100% of respondents strongly agreed that agents and leadership talent were straightforward to recruit.

In Mexico, 87.5% of respondents strongly agreed that agents, supervisors, and team leaders were easy to find, while 75% felt the same about operational leadership. However, regarding foreign workers, 37.5% thought it was too challenging to recruit and obtain work visas for non-Mexicans.

RECRUITMENT AND STAFFING



Respondents in India and the Philippines had no issues recruiting agents, supervisors, and operational leaders. Presumably, this owes to the scale and tenure of the BPO sector in these markets. However, they were less confident in the simplicity of hiring foreign nationals.

Country managers in South Africa had mixed opinions. All agreed that agents were easy to find, reducing to 91% for supervisors and 73% for operational leaders and foreign workers. On the other hand, only 55% of respondents felt that work visas were simple to obtain, although one noted that South Africa's government is working on improving this.

In Jamaica, 85% of respondents strongly agreed that agents are plentiful on the island, but that confidence drops when filling supervisory positions (46%) and operational leadership (38%). This trend could be due to Jamaica's relatively young BPO industry and its rapid growth in the last decade. But, again, hiring foreign workers and obtaining visas were reported to be the most significant challenges.

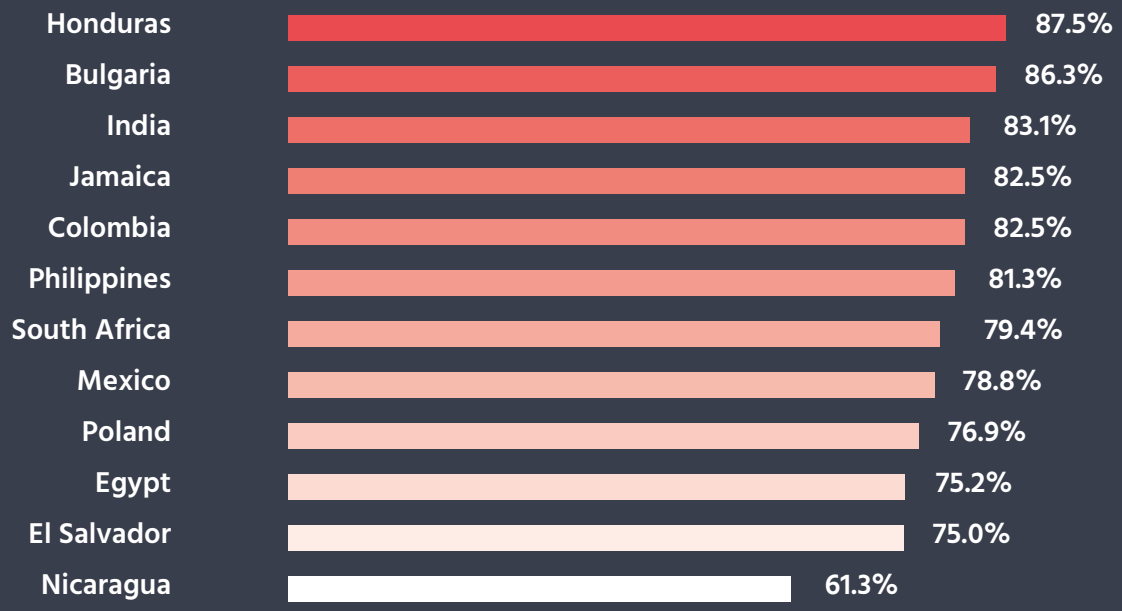
As an EU country, it's easy for BPOs to employ EU workers in Bulgaria but difficult to acquire work permits for non-EU members. Generally, recruitment of new staff at all levels was perceived to be straightforward, but retention presented a challenge in and around the capital of Sofia, which is the country's most active BPO marketplace.

Most country managers in Egypt and Honduras agreed agents were the easiest to find but felt that recruiting supervisors and operational leaders was more challenging. In addition, obtaining work visas and hiring foreign workers was reportedly more of a challenge in Egypt than in Honduras.

Only 43% of country managers in Poland strongly agreed that agents, supervisors, operational leaders, and foreign workers were straightforward to recruit. Two respondents noted that the legalization process for work visas is lengthy for non-EU nationals, but a simplified method exists for Ukrainians, Russians, and Belarusians.

While all respondents in Nicaragua agreed that it's possible to find agent, supervisor, and leadership profiles, their confidence was tepid. One country manager noted that long visa processing times make it impractical to bring foreigners in for seasonal labor. Still, the BPO market has reportedly become more competitive recently with the entrance of several international players, mostly looking to support US-based customers with English-speaking nearshore talent.

LANGUAGE SKILLS AND CX EDUCATION

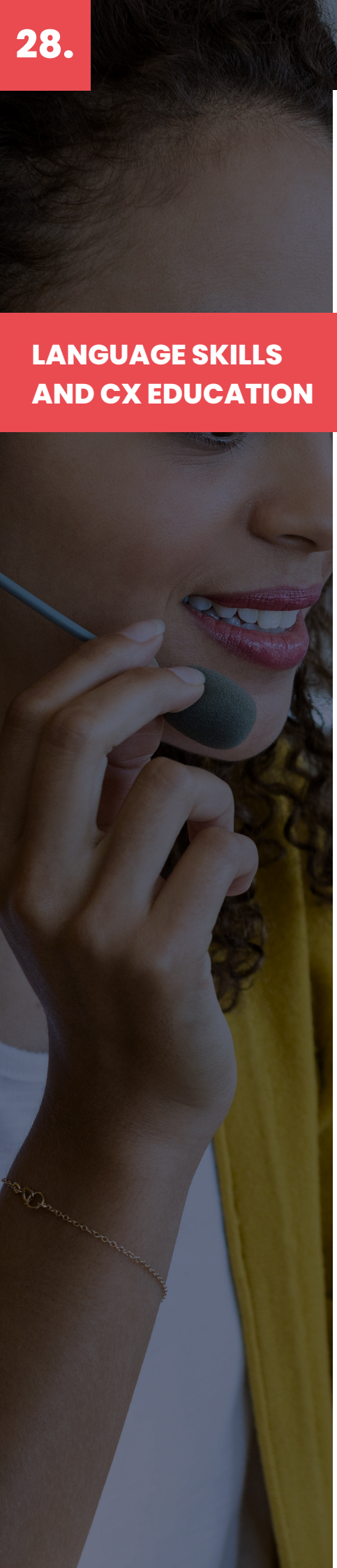


All country managers in Honduras said it was straightforward to recruit agents with suitable language skills for voice, non-voice, and digital service provision, securing the nation its only first-place position in the study. Likewise, all respondents reported that public education provided good quality language and skills training for the CX industry.

In Bulgaria, respondents reported strong language capabilities for all channels, with a slight preference for non-voice. However, one outlier felt that the country's education system could improve its ability to teach skills for CX. Another country manager noted that most Bulgarians learn English as a second language and that multilingual skills are available in major cities.

83% of India's country managers said that digital and non-voice recruitment was very straightforward. And 100% said that while voice-based positions were straightforward to fill, they could be more so. Overall, respondents felt that CX skills receive more attention at educational institutes than language skills.

Jamaica's country managers have mixed opinions. Overall results were positive, with only 15% feeling that it was challenging to hire for all channels, 54% bullish about the availability of talent for voice channels, and 23% fully confident in non-voice. In addition, most respondents had confidence in the local education



LANGUAGE SKILLS AND CX EDUCATION

skills for language learning, but there is reportedly room to improve CX skills development.

Colombia showed slight weakness in its availability of voice-based language skills, but non-voice talent is reportedly easier to find. One respondent said Colombia's government is investing in cultivating higher-quality English levels, resulting in a significant pool of B2+ English talent. Colombians are also known for having among the most neutral Spanish accents in Latin America.

All respondents in the Philippines were confident in recruiting for voice or non-voice, although it appeared that non-voice talent was slightly easier to find. Still, 36% felt that the country's public educational institutes provided low-quality CX training, and 27% had the same opinion about language skills. However, higher-quality private education is common and relatively affordable in the country.

As a primarily English delivery location, South Africa's respondents have high confidence in both its voice and non-voice channels in English. While the public education system could help improve the development of CX skills, according to respondents, the arrival of private skills development academies and programs offers a key advantage.

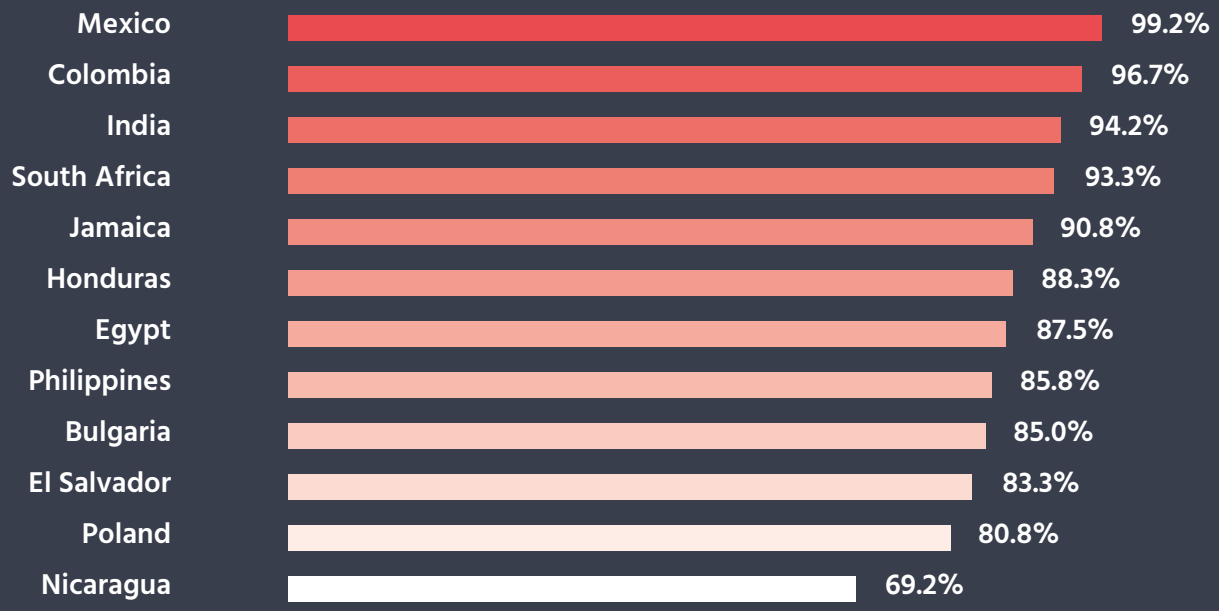
Half of the respondents in Mexico rated CX training as low quality in the public education system, and confidence in language training is lukewarm. Regarding channel provision, 63% had complete trust in the availability of non-voice talent to serve international markets, while only 50% felt the same about voice.

Confidence in Poland was mediocre. Language skills and CX skills training at public schools scored higher than the availability of talent. Reportedly, Warsaw is relatively robust in terms of language availability but has higher salary rates than places like Rzeszów.

Country managers in Egypt have low confidence on average, primarily influenced by the perception of low-quality language learning within public education. Despite this score, there is a sizable multilingual talent pool for English, French, German, Italian, Spanish, and other languages around Cairo. According to one respondent, BPO operators in Egypt also provide internal training programs to develop these skills further and bolster the talent pool.
Similarly, El Salvador reportedly has high availability for multilingual non-voice talent and a decent pool for voice, but language training in public schools is lackluster.

In Nicaragua, the ability of public schools to teach English at the required level is relatively poor due to a shortage of teachers. However, one respondent noted that private and religious schools focus on teaching English, and some universities have even set up courses aimed explicitly at contact center skills.

TALENT SCALABILITY



Mirroring the positive results seen in the labor market category, Mexico and Colombia notched near-perfect scores for talent scalability. In both nations, respondents unanimously felt that scaling their BPO operations would be straightforward over the next three years. One respondent in each country felt there could be slightly more capacity to source multiple cities appropriate for BPO deployments.

In India, 100% of respondents agreed that sourcing multiple cities for talent is very straightforward, aligning with an increasing trend of BPOs moving to Tier 2 and Tier 3 cities. In addition, a third of respondents felt that headcount growth could be challenging in the next three years, while the remaining two-thirds foresee no problems.

Country managers in South Africa and Jamaica have similar confidence. One respondent in South Africa stated that there are enormous opportunities for growth and an increasing number of regions from which to operate. Only one respondent in Jamaica felt that sourcing talent in Tier 2 and Tier 3 cities was a challenge.

Respondents in Honduras were somewhat confident in the capacity to scale operations across multiple cities in the mid to long term. But, the lack of

TALENT SCALABILITY

complete confidence signifies that a tight labor market looms. On the other hand, in Egypt, 55% of respondents were fully confident in the country's capacity for talent scalability, and only one outlier doubted the possibility of growing in the next 36 months.

Paradoxically, the Philippines ranks eighth on the list, despite its large population of English-speaking nationals. According to the survey results, the biggest issue appears to be the capacity to deploy BPO operations in Tier 2 and Tier 3 cities as a route to scaling talent.

In Bulgaria, only 40% of respondents were fully confident in Bulgaria's capacity for scaling in the next three years. One country manager in Bulgaria noted that sourcing under 100 agents for one language is easy in the capital Sofia, but any more than that poses a challenge, particularly outside of Russian, Turkish, Bulgarian, and English. Outside of Sofia, the talent pool is much smaller.

While 80% of respondents in El Salvador expect scaling to be very straightforward in the next 18 months, one respondent had little confidence in the country's capacity for quickly recruiting BPO talent. On the other hand, in Poland, trust in the mid to long term was apparent but lukewarm, with only 29% of country managers bullish about an easy recruitment journey ahead.

Nicaragua's weakness appears to lie in Tier 2 and Tier 3 cities, with 67% of respondents uncertain about sourcing talent in these areas. The long-term outlook for overall headcount growth could also be better. One country manager mentioned that the industry in metro Managua is highly competitive when it comes to sourcing English speakers, creating a limit to scalability.

ABOUT THE AUTHORS

Peter Ryan is the Principal at Ryan Strategic Advisory. Peter has worked in the CX analysis and advisory space since 2003 and has established a reputation as one of the most knowledgeable thought leaders in the global outsourcing space. He is based in Montréal, Canada.

Matt Kendall is the Founder and Managing Director at Cognitive Copy. Based in Barcelona, Spain, Matt has provided copywriting services for the BPO and CX industry since 2018. Before launching his business, Matt spent three years analyzing BPO trends in the American nearshore and two years reporting on the telecom, IT, and automotive sectors in Mexico and Central America.

To learn more about Peter and Matt's research services, please contact peter@ryanadvisory.com or matt@cognitivecopy.com.