

Hiring and Managing Talent Beyond Geographical Boundaries

Workforce Insights Report
October 2022

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Executive Summary

As the era of pandemic restrictions is rapidly coming to an end, the world of business continues to face unprecedented economic headwinds. At the same time, companies must find ways to reduce the skills gap to accelerate their digital transformation and become future-ready. Against this backdrop, the challenges of growing a business, responding to competition and expanding to new markets require agility and bold solutions.

Organisations have become more open to adopting new operation models and remote work during the pandemic. As a result, [offshoring strategies](#)¹ have become more widespread with the help of technology. Companies opt for this solution for a number of reasons: it can be cost-effective, provide

resources to quickly fill gaps in their workforce, open up opportunities to reach new markets, gives access to a bigger pool of Talent with specific skill sets, and enable the diversification of business operations.

Our latest Workforce Insights Report takes a deeper look at the growing trends of APAC employers adopting offshoring strategies for their hiring needs - whether for permanent role or contract staff. By answering a series of survey questions, respondents reveal why and what businesses are seeking when they hire offshore Talent. To maintain focus and clarity on the topic, respondents were repeatedly shown the definition of offshoring to ensure they kept the right context in mind when answering the questions.

Keywords

Offshoring: company transfers activities of specific business processes to a location that is out of its own market.

Offshore recruitment: the practice of hiring talent out of the employer's own market or enlisting the help of a third-party recruitment agency to source for skilled workers abroad.

Offshore talent: skilled candidates who work remotely and are based out of the employer's market.

A **Contingent Worker**² (either or all the following):

- Short / Fixed Term Contractual Employees
- Freelancer / Independent Contractors
- Gig workers

PERSOLKELLY's Regional Talent Solutions ([RTS](#)): end-to-end workforce solutions that are customisable with services that help employers with hiring and managing offshore talent.

Methodology

- The survey was conducted from 13 to 25 July 2022
- Total sample collected was 1,326
- Respondents were decision makers who are responsible for hiring within their organisation and those with 10 or more full-time employees within their organisation

Who We Surveyed



Key Findings

84%

of employers in Asia Pacific are in favour or already adopting offshore recruitment strategies post-pandemic.

80%

of employers find that offshoring was overall effective in helping to meet the demand for talent & other requirements for their businesses.



Offshoring appeals to employers across multiple sectors. Information Technology (IT) companies have the highest adoption rate (56%) of an offshoring strategy to meet their talent needs, followed by Hi-tech Engineering (41%), Manufacturing (34%) and Finance (33%).

Top Reasons Employers Hire Offshore Talent



Get access to a bigger talent pool.



Able to reduce overhead costs and optimise budgets.



Advanced technology enables remote work anywhere in the world.



Opportunities to enter new markets.

Offshore Talent Adoption Rate – By Market

There is a growing trend of employers looking beyond geographical boundaries in sourcing for the right candidates to meet talent needs.

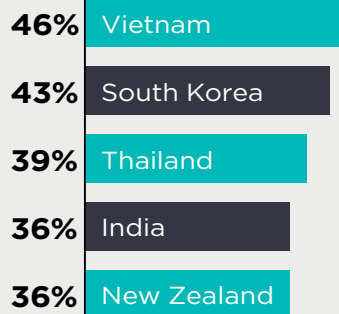
A successful offshoring strategy requires business-friendly factors such as investment incentives, a talented pool of skilled workers, and high-quality infrastructure.

As members of the world's largest free-trade bloc - the Regional Comprehensive Economic Partnership (RCEP) - [Vietnam](#)³ and [Thailand](#)⁴ offer significant benefits to companies by eliminating tariffs and providing comprehensive regulations on the flow of goods across all RCEP states, including China and Japan.

Businesses in Vietnam benefit from several industrial zones, an ample workforce, lower labour costs and a relatively open environment for foreign direct investments. Local IT businesses are branching out into fintech, blockchain, SaaS, e-commerce, and artificial intelligence.

Thailand, Southeast Asia's second-largest economy, is exceptionally well connected to neighbouring ASEAN economic powerhouses. The Thai government has implemented many initiatives to encourage investment, including reducing red tape and digitising processes.

The highest adoption rate of an offshoring strategy



Foreign investment has recently increased and diversified due to these investment-friendly policies, including a broad range of technology, digital services, and cloud computing firms.

South Korea, ranked as the world's most innovative economy by the Bloomberg Innovation Index, has been dominating the international charts in R&D through its value-added manufacturing and patent activity. Boasting the fastest average internet connection in the world, South Korea is now spearheading next-gen technology through digitisation, robotics, artificial intelligence, and autonomous vehicles.

India's economic reforms and initiatives like Digital India, quality education, competency in the English language, as well as technical and analytical acumen are helping it make big strides toward becoming a global powerhouse. The unprecedented growth of India's IT sector in recent years has firmly positioned it as a preferred offshoring destination.

In [New Zealand](#)⁵, the reduction of trade barriers, the Trans-Pacific Partnership and recent free trade agreements with Asia have enabled freer movement of business, investment, labour and resources between New Zealand and other markets, making it easier to offshore services in both directions.

84%

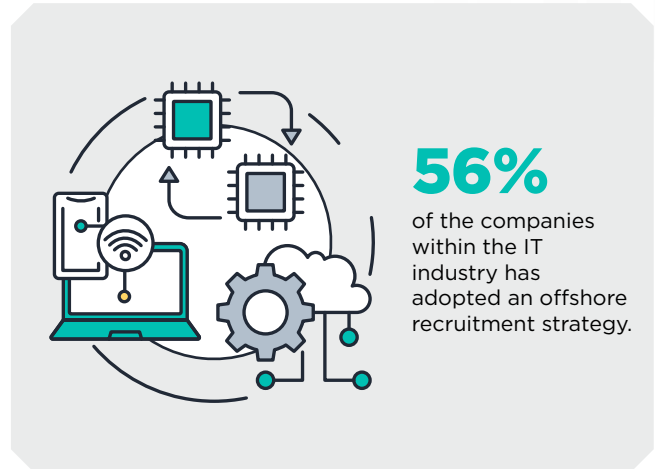
employers across APAC are in favour of offshoring strategies post-pandemic.

61%

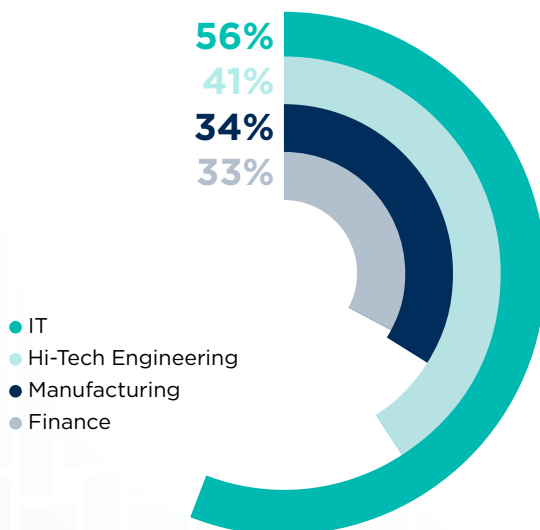
employers across APAC responded that they are either already adopting offshoring strategies or are exploring it.

Offshore Talent Adoption Rate – By Industries

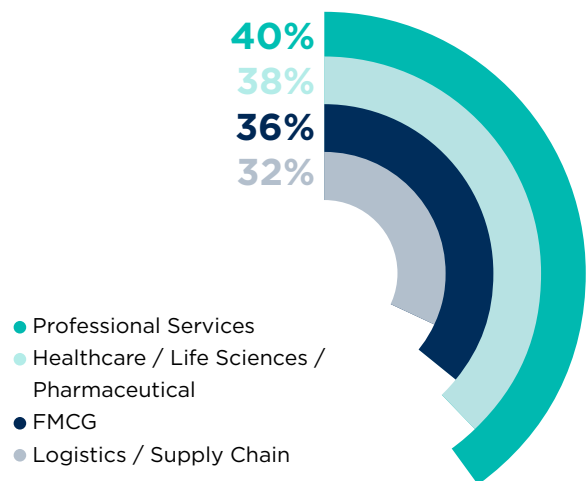
Across APAC, IT leaders have already recognised the benefits of hiring offshore talent and are moving their business in this direction. Similarly, the finance sector is adopting an offshore recruitment strategy to achieve significant savings and greater value, hence, organisations are now outsourcing critical financial functions as well as their transaction processing. In the hi-tech engineering and manufacturing sectors, offshoring provides companies with a competitive advantage with expertise knowledge and the technology to manage business activities while reducing costs.



Industries that are **already executing** an offshore strategy



Industries that are **exploring implementation** of offshore strategies



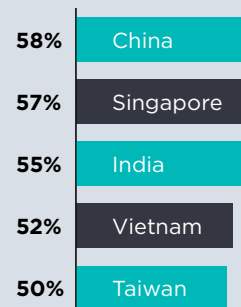
Benefits of Hiring Offshore Talent

Pursuing an offshore recruitment strategy is the key for organisations to remain competitive and strengthen their position in the market. In Asia Pacific, where majority of respondents are in favour of offshoring strategies after Covid-19, it can enable organisations to operate more effectively and flexibly. The benefits include access to a more diverse range of skills as well as a transition to more value-added work.

Benefits of Pursuing an Offshore Strategy

	<p>1</p> <p>Get access to a bigger pool of talent Every market has different skilled talent and language proficiency. Adopting the offshore recruitment strategy allows employer to locate and hire a diverse talent to create business synergy. Most markets - except Australia, India and South Korea - voted this as the top reason.</p>
	<p>2</p> <p>Improve labour and operational costs A bigger pool of talent from many different markets provides a larger supply of labour. This gives employers the opportunity to hire the right talent within their overhead budget. Half of the total respondents voted in this as the second reason.</p>
	<p>3</p> <p>Removes the need of physical office Companies that hire and manage offshore talent reduce the reliance of having a fix business location. With the rapid advancements of technology, this approach is made possible as a viable and cost-effective business strategy. Almost half of the total respondents voted in this as the third reason (49%).</p>
	<p>4</p> <p>Create new market opportunities Every talent has influence and network within their local market. Hiring offshore talent helps organisations in penetrating new target markets through the talent's expertise. Organisations can gain a deeper understanding of the target market through the offshore talent too.</p>
	<p>5</p> <p>The strategy is practical and feasible to implement Companies can easily execute hiring and managing of offshore talent by outsourcing this activity to recruitment firm that has physical offices within their target market.</p>
	<p>6</p> <p>Stability of regulatory policies Investment-friendly governments with stable labour and tax policies within the Asia Pacific reduce business risk and encourage the hiring of offshore talent.</p>

Organisations within these markets are in favour of adopting the offshore recruitment strategy as a plan to penetrate the target market.



Skills in Demand for Offshore Talent

These are the 7 most sought-after skills for offshore talent across Asia Pacific, and the 5 markets that are most in need of their skills:



IT: SOFTWARE DEVELOPMENT / SUPPORT SERVICES / CLOUD SERVICES

Singapore **52%**
 Vietnam **52%**
 Indonesia **50%**
 Hong Kong **50%**
 India **48%**



R&D: HIGHLY SKILLED SCIENTISTS / ENGINEERS / RESEARCHERS

China **64%**
 India **51%**
 Vietnam **48%**
 Malaysia **46%**
 Taiwan **45%**



GENERAL ADMIN: OPERATIONAL SUPPORT

Hong Kong **44%**
 India **37%**
 New Zealand **33%**
 Indonesia **32%**
 Singapore & China **31%**



MARKETING: DIGITAL MARKETING / CONTENT CREATION / COPYWRITING

Indonesia **50%**
 Vietnam **48%**
 Taiwan **44%**
 China **41%**
 Malaysia **38%**



CUSTOMER SERVICE: CALL CENTRE FOR TECHNICAL SUPPORT

India **41%**
 Vietnam **37%**
 Taiwan **37%**
 Singapore **35%**
 Hong Kong & New Zealand **30%**



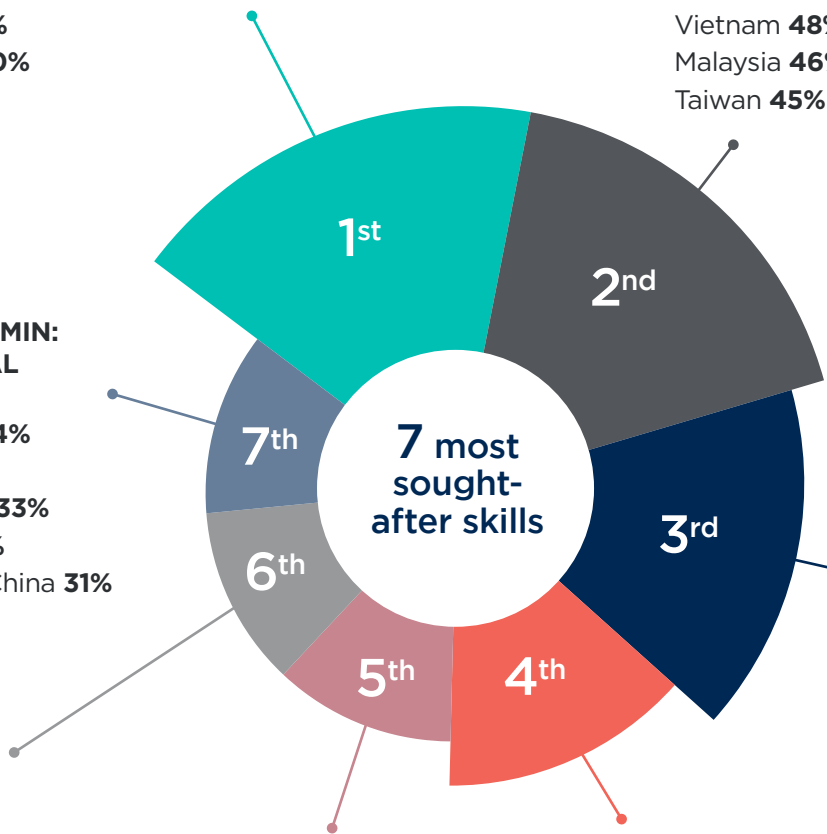
CALL CENTRE: SALES / PRE-SALES

Taiwan **39%**
 Indonesia **39%**
 China **33%**
 India **33%**
 Vietnam **33%**



HUMAN RESOURCES: PAYROLL / ADMIN / TRAINING

Hong Kong **51%**
 Indonesia **49%**
 India **39%**
 Taiwan **38%**
 China **38%**



Offshore Location of Preference

Voted As Preferred Locations



Singapore⁶

Singapore's resilient banking industry and efficient regulatory style is a big draw for HQ location and family migration.



Malaysia⁷

Malaysia is a preferred location due to a pro-business government, reasonable labour cost, and educated workforce with language proficiency.



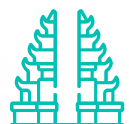
India⁸

India's wide talent pool, large English-speaking population and strong focus on technology upgrade makes it a top draw for global companies.



Vietnam⁹

Offshoring to Vietnam is primarily concentrated in manufacturing and information technology sectors, which include the production of labour-intensive goods and high-tech products like systems software.



Indonesia¹⁰

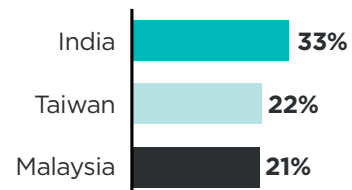
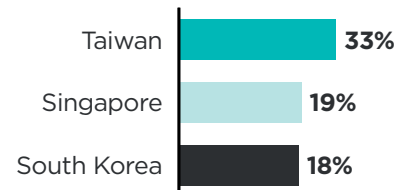
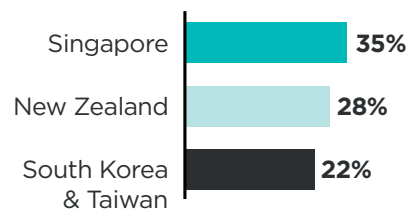
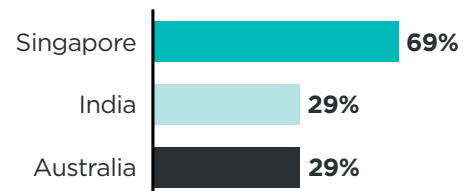
As the world's 10th largest manufacturing nation, Indonesia offers various government-backed investment incentives and initiatives to conduct risk assessments for business activities. It also offers infrastructure support and a guaranteed energy or raw materials supply.



Thailand¹¹

A highly skilled workforce to draw from among 69 million people. The large-scale infrastructure projects and expanded ports establish Thailand as an ASEAN transportation hub.

Top 3 Voting Markets*



Offshore Location of Preference

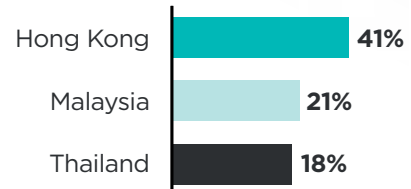
Voted As Preferred Locations



Taiwan¹²

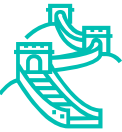
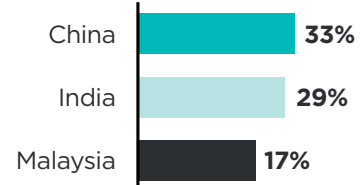
Offshore locations like Taiwan are a significant source of technology innovation through the growth of robust, local ecosystems. The core focus of companies working in Taiwan has been the high-tech sector, with the production of semiconductors and LCD panels being particularly important pillars.

Top 3 Voting Markets*



Hong Kong¹³

As a gateway to Mainland China and Asia, Hong Kong's business-friendly environment, low taxes, rule of law, free economy, modern infrastructure, IT capabilities, and robust intellectual property protection help businesses and individuals thrive in this competitive and international city.



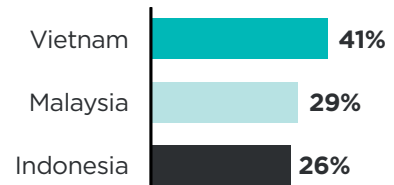
China¹⁴

China has advanced to be one of the world's leading outsourcing markets — expanding beyond its capabilities as a manufacturing hub to cater to opportunities such as business process and IT outsourcing.



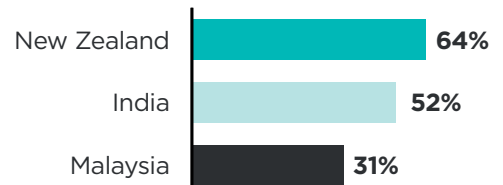
South Korea¹⁵

With a commitment to business agility, AI, data and analytics, and other emerging technologies, South Korea's competitive advantage is now augmented by a new appreciation of the risks posed by crises such as Covid-19.



Australia¹⁶

Thriving economy and skilled employees attract other markets to offshore its business operation here.



* For accuracy of data interpretation, the total number of votes does not include its own market. The percentage is derived from the total number of votes over the total number of voters.

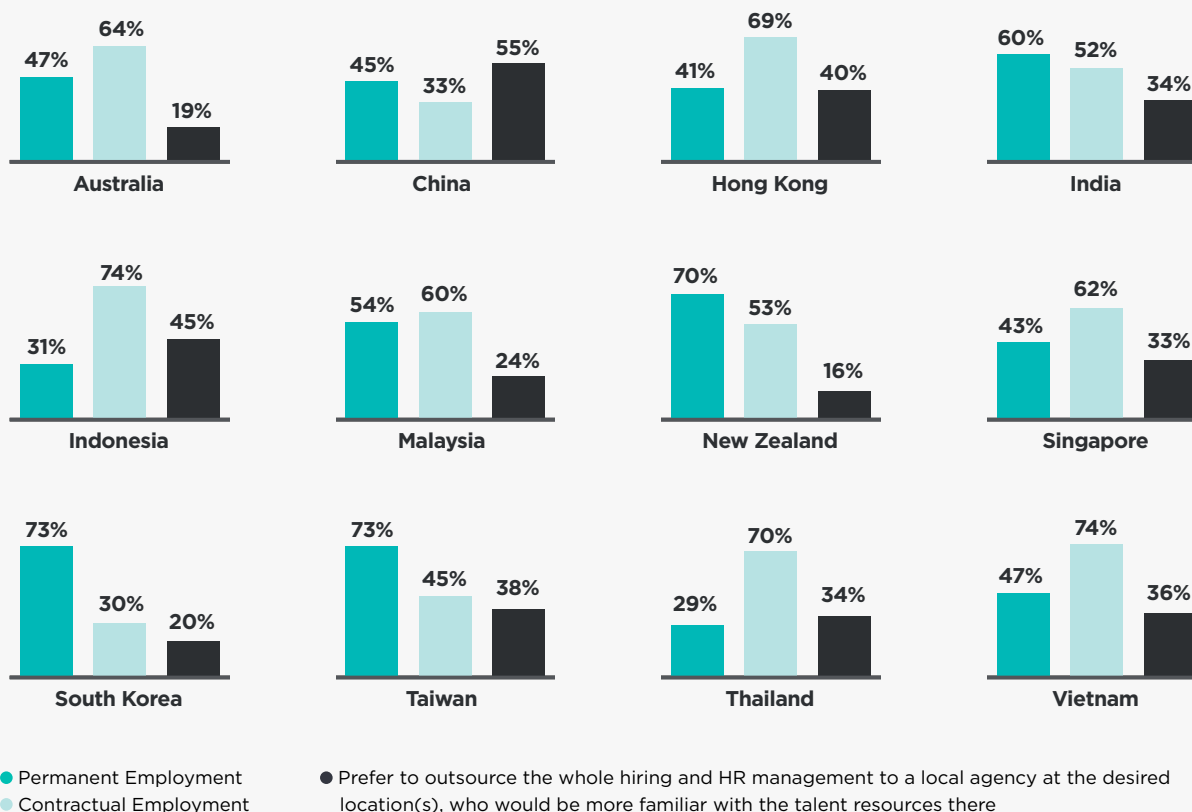
Types of Employment When Hiring Offshore Talent

Hiring offshore talents gives businesses added flexibility to solve their workforce challenges. There are three types of employment when hiring offshore talent: permanent employment, contractual employment and outsourcing the hiring and HR management to a local vendor at the desired offshore location.

Contract hiring of contingent worker is very useful as it offers greater flexibility to quickly fill the skills gap. On the other hand, investing in

permanent staff is a more viable option to prepare for future leadership positions and form a key part of business growth. On the contrary, outsourcing the whole hiring and management of offshore talent to a regional recruitment firm with a local presence within the target market will provide the best of both worlds as the employers can tap into the firm's resources to plan for a holistic strategy; the firm would be more familiar with the talent resources within the region as well as the local labour and tax policies.

Current Type of Employment for Each Market



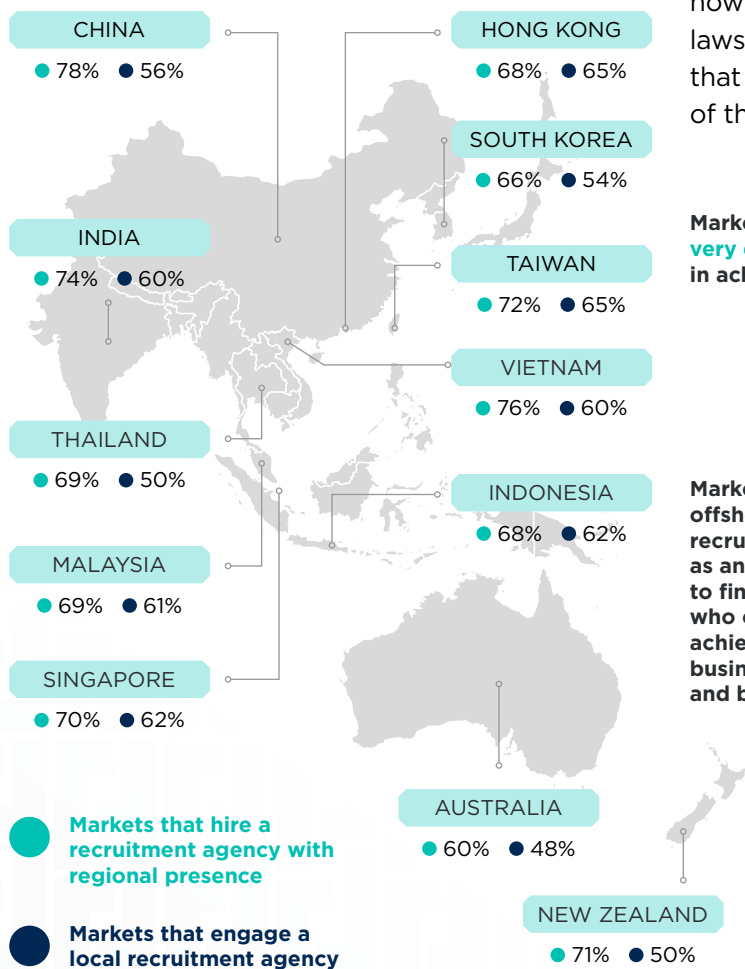
Sourcing Strategy for Offshore Talent and its Effectiveness

Many companies are now expanding their large-scale offshoring efforts to pursue the benefits such as improved access to a larger talent pool and better control of overhead cost. **Majority of the companies surveyed prefer working with regional recruitment agencies which also have local presence within the target market (70%);** most organisations may find that this option is the most ideal because a regional firm has more resources and is more familiar with cross-border labour law. The second option is to engage a local recruitment agency for help in sourcing of offshore talent. **Only 36% voted for advertising and sourcing directly by themselves.** This is probably because aside from

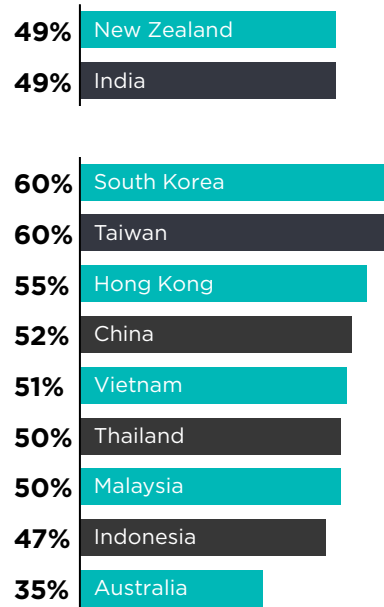
sourcing, there are many aspects of the HR process that employers need to consider when hiring offshore talents - such as onboarding, training, processing of payroll and tax submission, as well as managing the talent. Outsourcing the whole hiring and managing processes will be a less hassle-free option for them.

In terms of business effectiveness, **80% of companies responded that offshore recruitment strategy was either very effective or effective in finding good talents who can help in achieving their business objectives and budgets.** 21% of respondents indicated that this strategy could be more effective if they receive more guidance on how to manage their resources and the labour laws. 42% of respondents in Singapore believe that they could further improve the effectiveness of the strategy.

Markets voted offshore recruitment strategy as a very effective way to find good talents who can help in achieving their business objectives and budgets.



Markets voted offshore recruitment strategy as an effective way to find good talents who can help in achieving their business objectives and budgets.



Type of Support Required to Implement a Successful Offshore Recruitment Strategy

Regional recruitment firms provide a range of services to support employers in their offshore recruitment strategy. These are the services voted as the 5 most popular ones.



69%

Advisory on labour law & compliance



61%

Payroll & tax submission



50%

Recruiting & onboarding new offshore talent



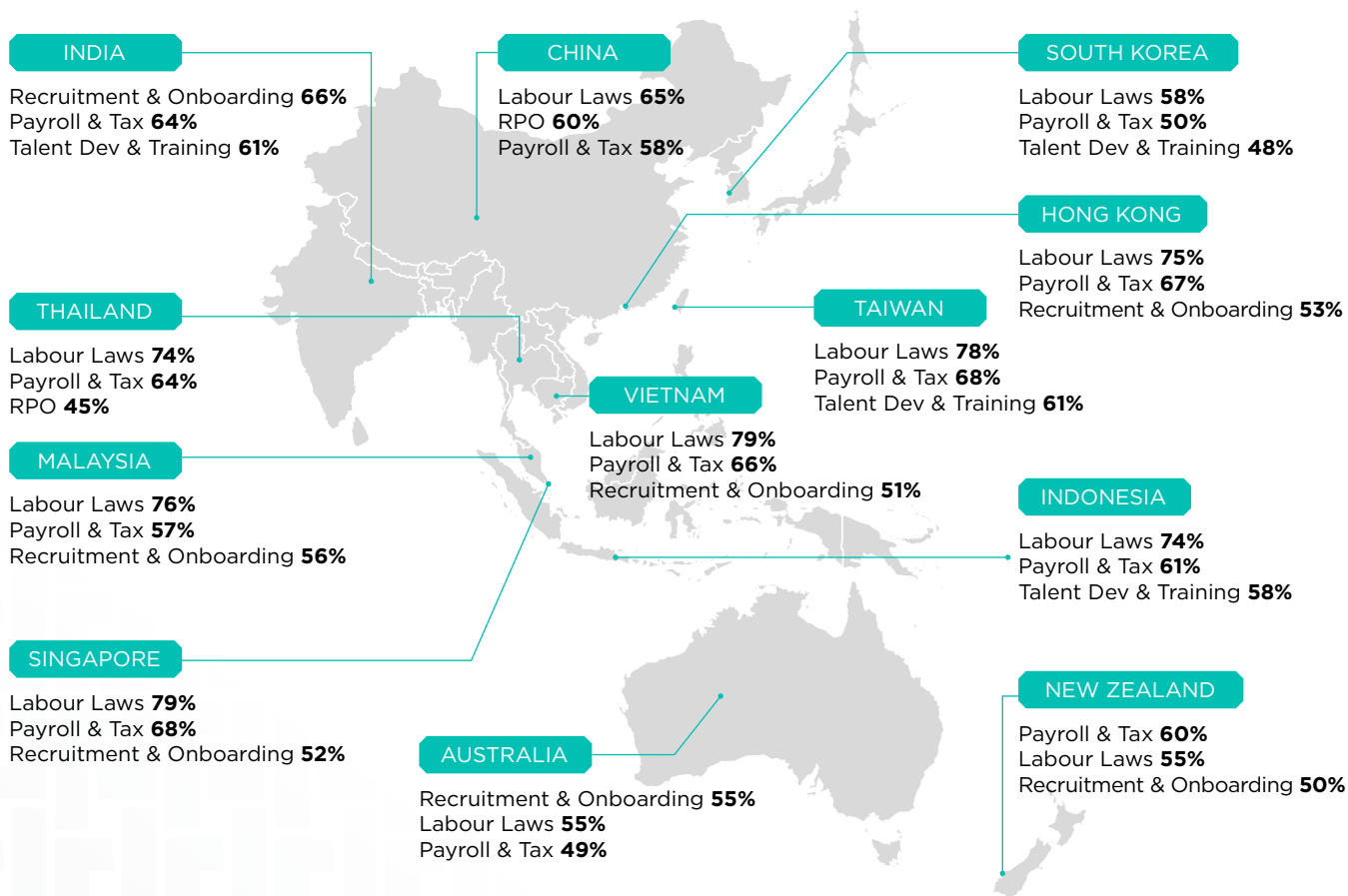
48%

Training & development programme for offshore talent



41%

End-to-end hiring and managing of offshore talent (Recruitment Process Outsourcing, RPO)



Top 3 Reasons for Employers to Engage a Regional Recruitment Firm



To comply with labour law

With various amendments to labour laws over time, it is challenging for an organisation's HR employee to keep track of this aspect. Regional recruitment firms with expertise in local labour laws offer in-depth knowledge of the market and can advise on how best to manage the business within the framework of applicable statutory laws and incur least cost as well as risk. They are also able to provide a sound legal framework and can carry out regular audits to ensure their clients always are in full compliance of laws applicable to their operations, thus allowing businesses to focus on core offerings. This service is a top reason for **most companies based in the Asia Pacific region**.



In need of payroll & tax submission service

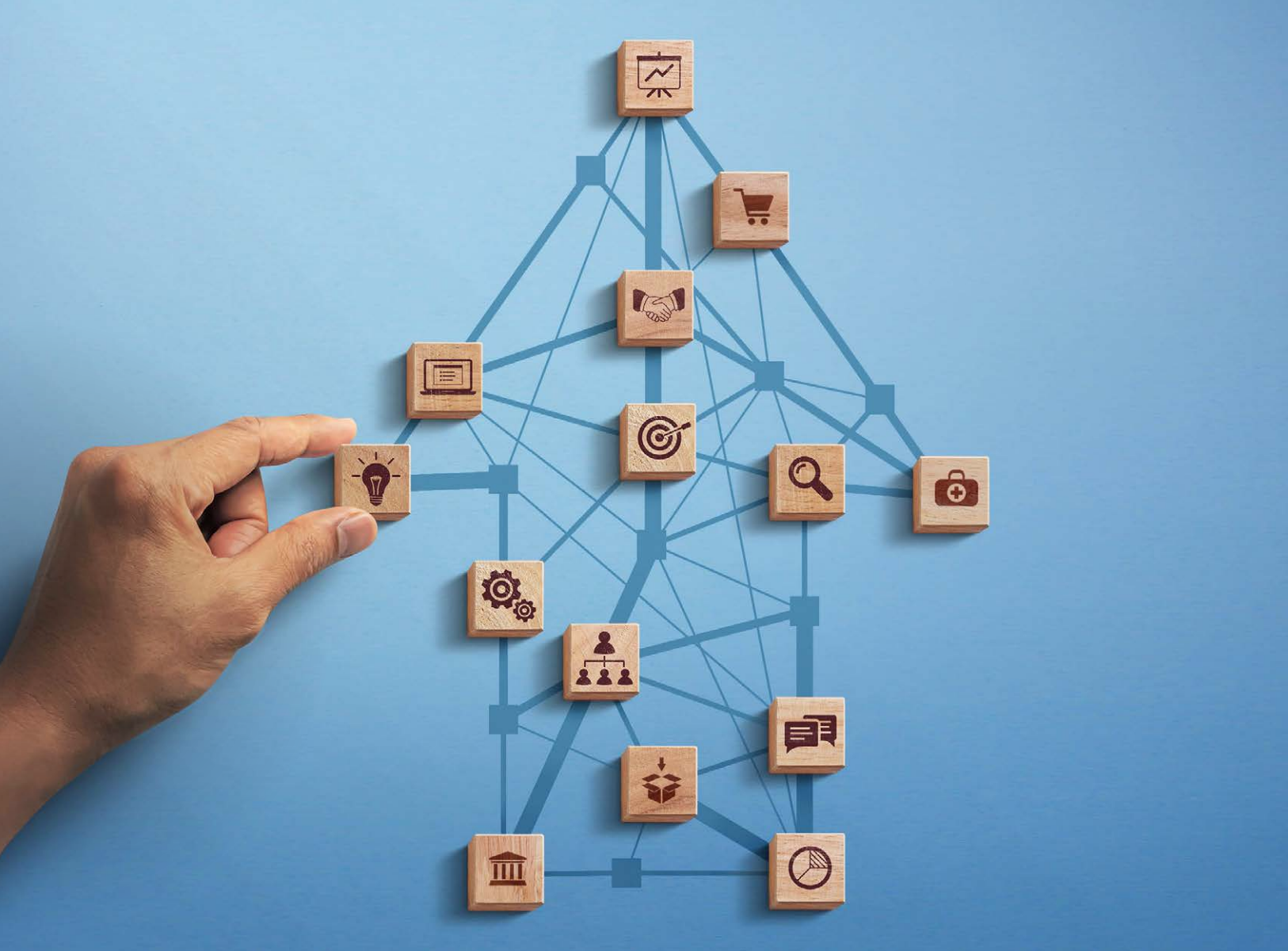
New Zealand voted this as its top reason. One reason could be that engaging an experienced payroll vendor minimises companies' risk exposure to costly human errors and regulatory penalties. Most payroll service providers leverage the latest technology, such as cloud-based systems, for better data integration and accessibility. These systems can seamlessly share employee data, reduce IT costs, and increase efficiency.



To assist in recruiting & onboarding new offshore talent

India and Australia voted this as its top reason. This may be because a recruitment agency understands most potential hires' expectations and know what companies need when looking for new employees. Since the agencies provide recruitment solutions every day for many sectors, they often know more about the local, national and international job market. It means that the agency could offer better insight on recruitment, depending on where organisations want to source their talent pool.

A recruitment agency also helps to find high-quality candidates and coordinates / conducts interviews, thus reducing recruitment costs and time. This way, it becomes easier for a firm to improve its hiring process and onboard superior quality employees more efficiently.



Conclusion & Recommendation

As the world shifts to a new way of working, organisations are embarking on major change initiatives, especially in the area of human resources. Today, more companies view offshore recruitment strategies as viable solutions to achieve scale and speed to market.

Offshoring helps increase productivity and supports the broader organisation and its strategic objectives. Once dominated by the IT and Manufacturing sectors, industries like Finance, FMCG, Healthcare, Life Sciences, Pharmaceuticals, Logistics and Supply Chain as well as Government and Professional Services now regard offshoring as an extension of the business operations.

Moving forward, an offshore recruitment strategy will bolster the economies of developing countries and elevate the concept of globalisation.

Appendix

Business Effectiveness with Offshoring Strategy

AUSTRALIA



33%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



35%
Effective - managed to find good talents which helped achieve some company objectives



33%
Could be more effective if there were guidance on their local resources and labour laws

CHINA



27%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



52%
Effective - managed to find good talents which helped achieve some company objectives



21%
Could be more effective if there were guidance on their local resources and labour laws

HONG KONG



22%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



55%
Effective - managed to find good talents which helped achieve some company objectives



23%
Could be more effective if there were guidance on their local resources and labour laws

INDIA



24%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



47%
Effective - managed to find good talents which helped achieve some company objectives



28%
Could be more effective if there were guidance on their local resources and labour laws

INDONESIA



49%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



42%
Effective - managed to find good talents which helped achieve some company objectives



8%
Could be more effective if there were guidance on their local resources and labour laws

MALAYSIA



27%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



50%
Effective - managed to find good talents which helped achieve some company objectives



23%
Could be more effective if there were guidance on their local resources and labour laws

NEW ZEALAND



49%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



36%
Effective - managed to find good talents which helped achieve some company objectives



14%
Could be more effective if there were guidance on their local resources and labour laws

SINGAPORE



20%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



38%
Effective - managed to find good talents which helped achieve some company objectives



42%
Could be more effective if there were guidance on their local resources and labour laws

SOUTH KOREA



28%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



60%
Effective - managed to find good talents which helped achieve some company objectives



11%
Could be more effective if there were guidance on their local resources and labour laws

TAIWAN



9%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



60%
Effective - managed to find good talents which helped achieve some company objectives



31%
Could be more effective if there were guidance on their local resources and labour laws

THAILAND



39%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



50%
Effective - managed to find good talents which helped achieve some company objectives



11%
Could be more effective if there were guidance on their local resources and labour laws

VIETNAM



36%
Very effective - managed to find good talents which helped achieve our business objectives and budgets



51%
Effective - managed to find good talents which helped achieve some company objectives



13%
Could be more effective if there were guidance on their local resources and labour laws

Appendix

Offshore Talent Adoption Rate - By Industries

IT

56%

Yes, we are **already executing** this approach

29%

Yes, we are **already exploring** to implement this approach

11%

Not sure - but this strategy is worth considering

3%

No, I don't think this would work for my company

BANKING / INVESTMENT / INSURANCE

33%

Yes, we are **already executing** this approach

31%

Yes, we are **already exploring** to implement this approach

22%

Not sure - but this strategy is worth considering

14%

No, I don't think this would work for my company

FMCG

31%

Yes, we are **already executing** this approach

36%

Yes, we are **already exploring** to implement this approach

27%

Not sure - but this strategy is worth considering

7%

No, I don't think this would work for my company

MANUFACTURING

34%

Yes, we are **already executing** this approach

31%

Yes, we are **already exploring** to implement this approach

23%

Not sure - but this strategy is worth considering

12%

No, I don't think this would work for my company

HEALTHCARE / LIFE SCIENCES / PHARMA

26%

Yes, we are **already executing** this approach

38%

Yes, we are **already exploring** to implement this approach

18%

Not sure - but this strategy is worth considering

18%

No, I don't think this would work for my company

LOGISTICS / SUPPLY CHAIN

30%

Yes, we are **already executing** this approach

32%

Yes, we are **already exploring** to implement this approach

27%

Not sure - but this strategy is worth considering

11%

No, I don't think this would work for my company

PROFESSIONAL SERVICES

25%

Yes, we are **already executing** this approach

40%

Yes, we are **already exploring** to implement this approach

23%

Not sure - but this strategy is worth considering

12%

No, I don't think this would work for my company

GOVERNMENT / STATUTORY AGENCY

24%

Yes, we are **already executing** this approach

22%

Yes, we are **already exploring** to implement this approach

22%

Not sure - but this strategy is worth considering

31%

No, I don't think this would work for my company

HI-TECH ENGINEERING

41%

Yes, we are **already executing** this approach

29%

Yes, we are **already exploring** to implement this approach

12%

Not sure - but this strategy is worth considering

17%

No, I don't think this would work for my company

OTHERS

20%

Yes, we are **already executing** this approach

22%

Yes, we are **already exploring** to implement this approach

32%

Not sure - but this strategy is worth considering

26%

No, I don't think this would work for my company

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Offshore Talent Adoption Rate – By Market

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4. [International Trade Administration, Thailand – Country Commercial Guide](#)
5. [Chartered Accountants Australia & New Zealand, What Is The Future of Offshoring?](#)

Offshore Location of Preference

Singapore

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Malaysia

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8. [India - A country profile - Eye on Asia](#)

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China

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South Korea

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Australia

16. [Australia - Market Profile - Enterprise Singapore](#)



How we can help

BTI Executive Search aims to help clients in Asia find their most valuable asset: the right PEOPLE. We firmly believe that it's through the right people that teams are able to maximise their potential and create value for their organisations. Our regional footprint across 6 markets within Asia Pacific, together with our understanding of local market insights and culture are defining reasons for our clients to place their trust in our abilities to effectively assess the right quality of talent to help them succeed.

We are also the first Asian Executive Search Firm to receive ISO9002 accreditation.

BTI Executive Search is part of PERSOLKELLY group (being a joint venture between PERSOL Holdings and Kelly Services established in 2016 where with a combined expertise of over 40 years, PERSOLKELLY is now one of the leading and largest workforce solutions company spanning 45 offices across 13 markets within the Asia Pacific region).

Contact our friendly team today

2022 Workforce Insights Report

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