

02 December 2015

## Building a multi-country contingent workforce strategy for Asia Pacific

**Peter Reagan, Director** - Contingent Workforce Strategies and Research Europe and Asia, Staffing Industry Analysts

**Roop Kaistha, Director** - Center of Expertise Asia Pacific, Randstad Sourceright  
**Vinos Samuel, Senior Manager (VMS/MSP)**, Randstad Sourceright

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# Who We Are

## Over 1000 client organizations benefit from our international research services

- 80% of the largest 50 U.S. staffing firms and 60% of the world's 25 largest staffing firms are corporate members
- Over 70 buyers of contingent labour are members of our CWS Council, representing over \$100 billion in annual contingent workforce spend
- Customers in more than 80 countries



## Founded in 1989

- Acquired by Crain Communications (\$200M media conglomerate) in 2008
- Headquartered in Mountain View, California and London, England
- 80+ years of industry and advisory service experience among executive team



# CWS Council Members (partial public list)

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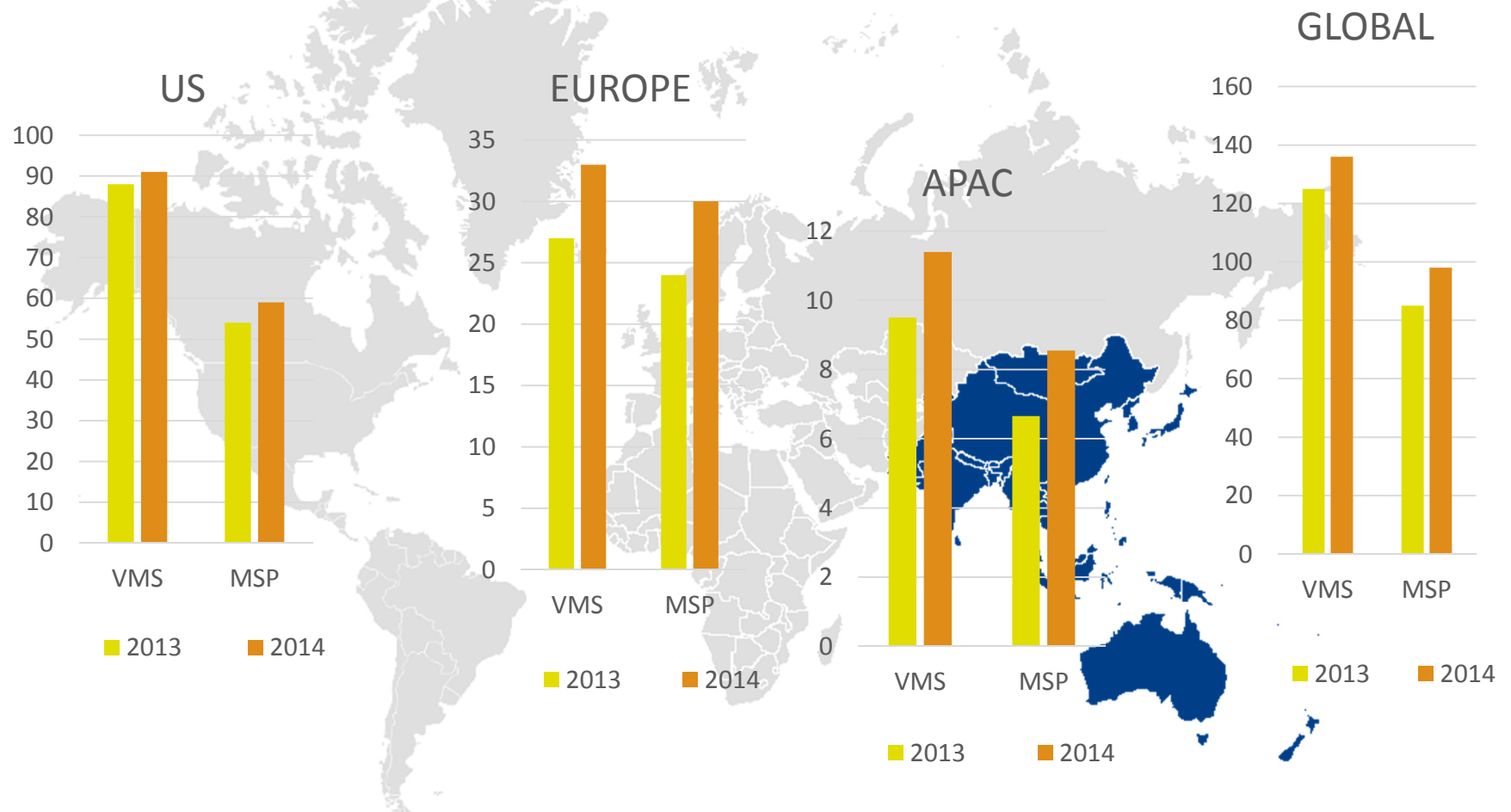




# Your Guide to all things Council.....







Source: 2014 & 2015 VMS & MSP Competitive Landscape Report

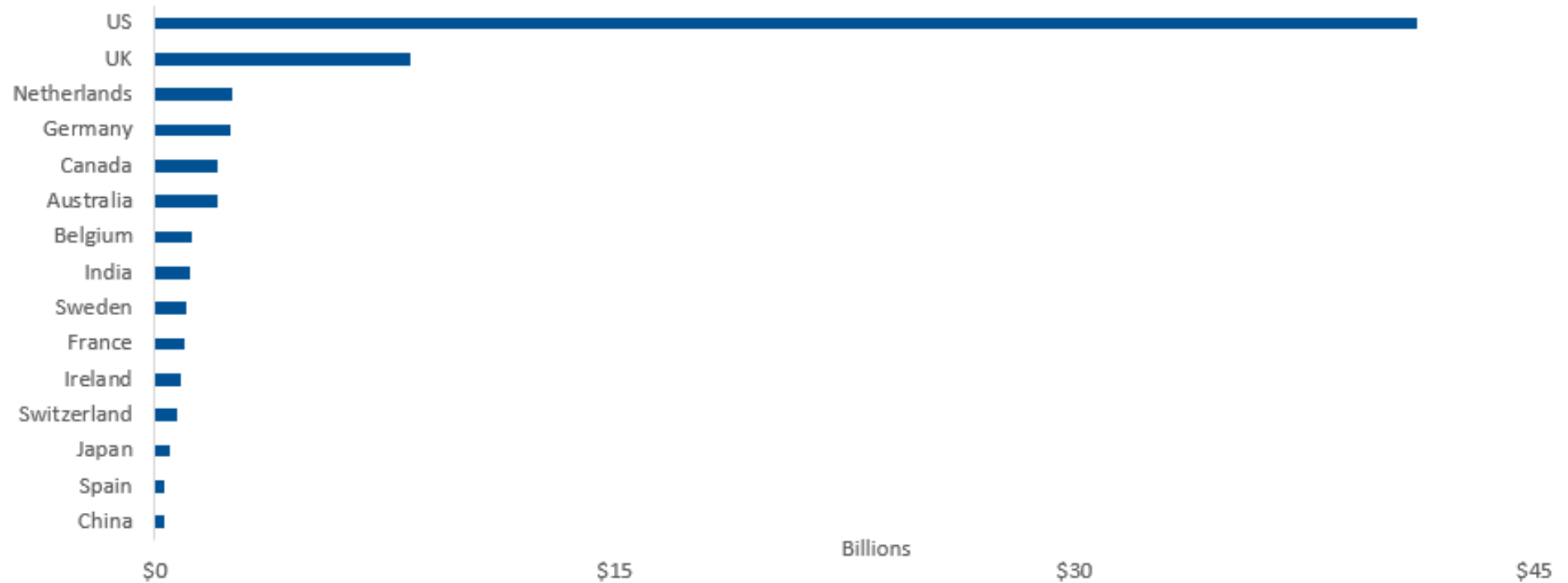
## 2014 MSP/VMS client count - APAC

| Country     | MSP | VMS |
|-------------|-----|-----|
| Afghanistan | 1   | -   |
| Australia   | 53  | 16  |
| Brunel      | 1   | 1   |
| China       | 33  | 13  |
| India       | 71  | 39  |
| Indonesia   | 16  | 2   |
| Japan       | 52  | 7   |
| Malaysia    | 37  | 5   |
| Nepal       | 1   | -   |

| Country     | MSP | VMS |
|-------------|-----|-----|
| New Zealand | 20  | 7   |
| Pakistan    | 1   | 1   |
| Philippines | 15  | 6   |
| Singapore   | 50  | 17  |
| South Korea | 9   | 7   |
| Sri Lanka   | 1   | 1   |
| Taiwan      | 10  | 3   |
| Thailand    | 14  | 3   |
| Vietnam     | 8   | 3   |

Source: 2015 VMS & MSP Competitive Landscape Report

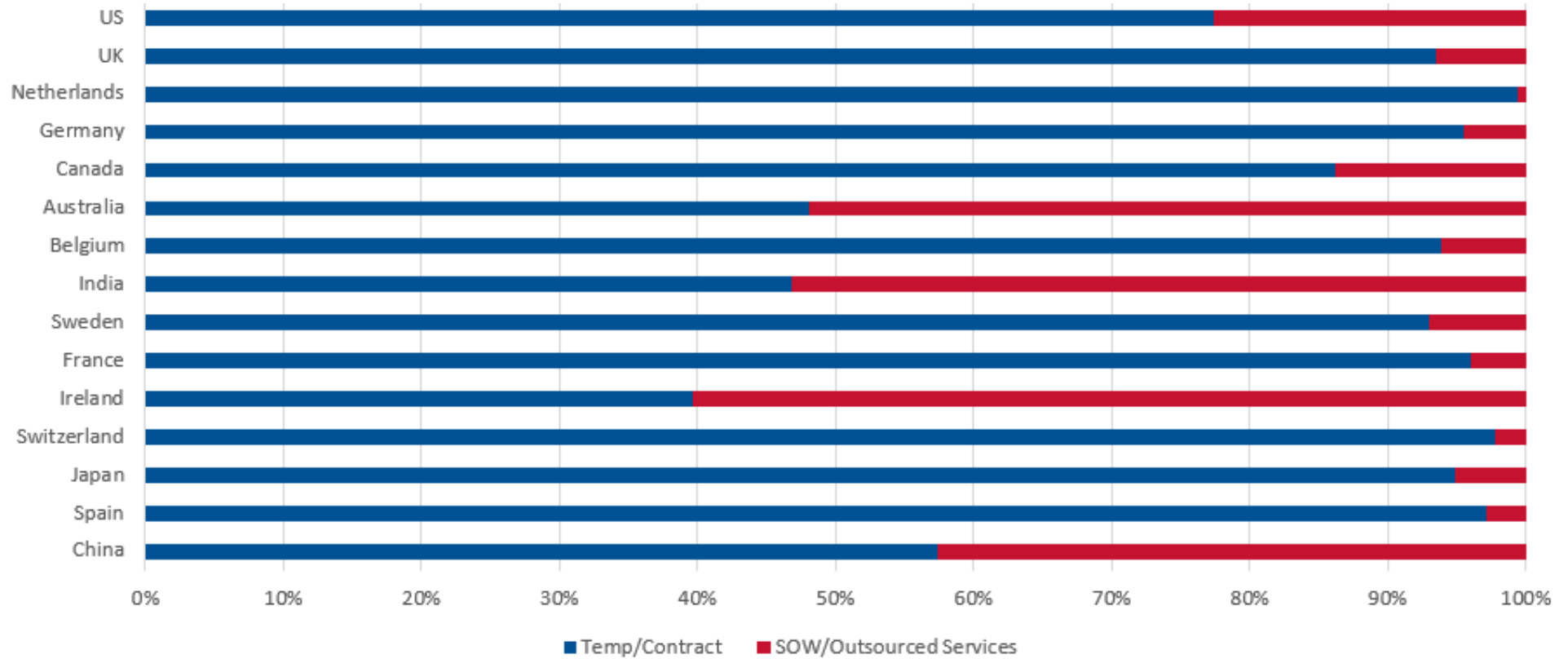
## 2104 MSP spend by country - Largest 15



Source: 2015 VMS & MSP Competitive Landscape Report

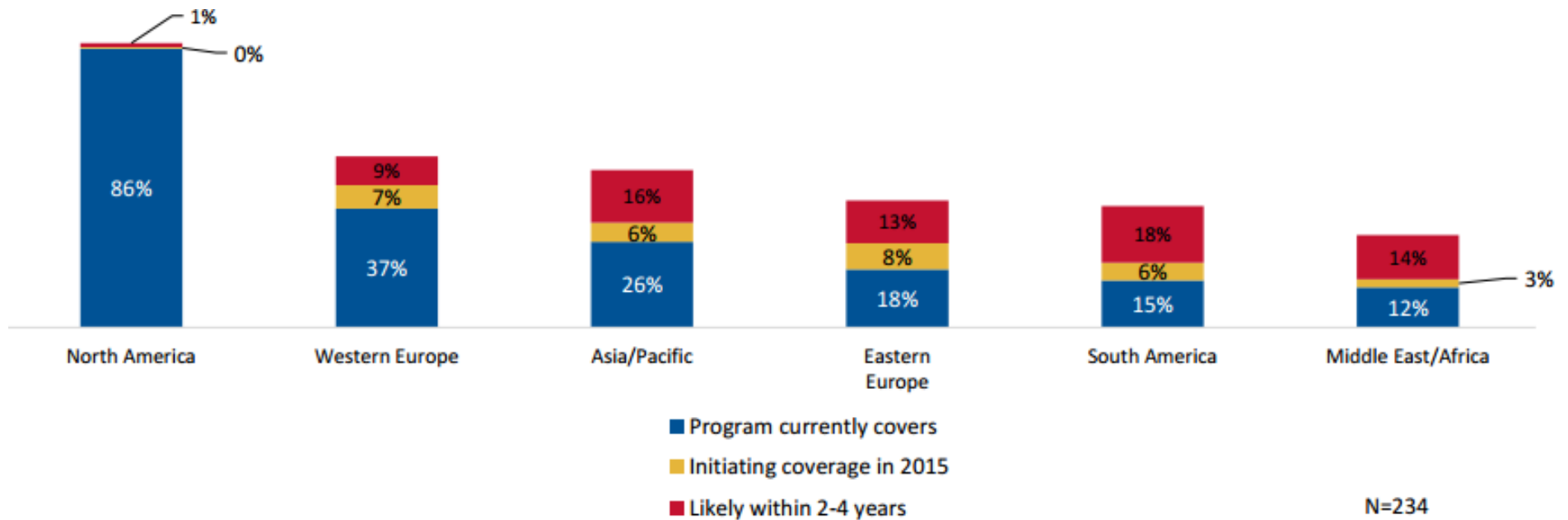


## Mix of 2014 MSP spend by country – Largest 15



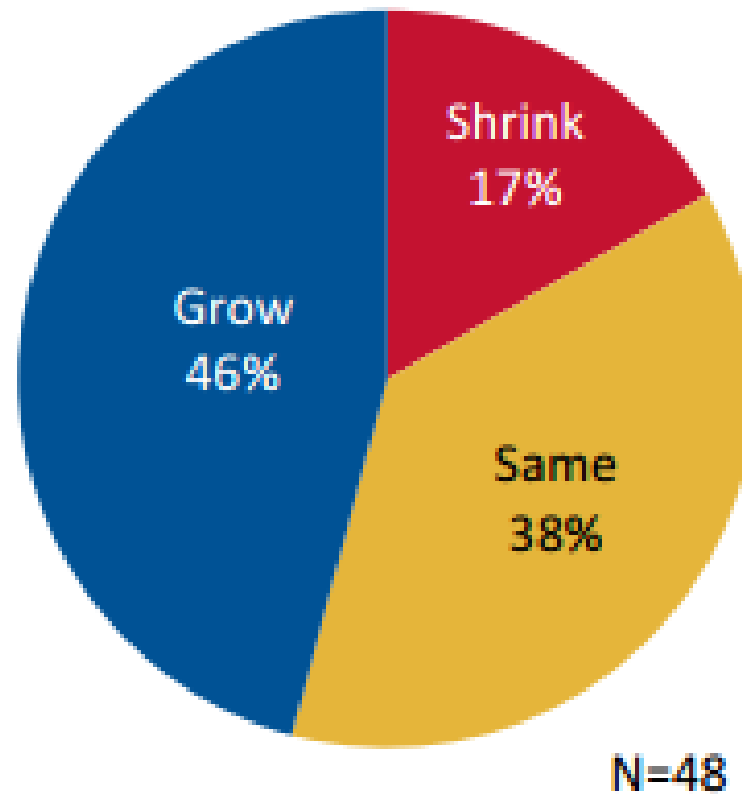
Source: 2015 VMS & MSP Competitive Landscape Report

# Regions covered by Buyers' CW programmes, currently and in near future



Source: 2015 Global Buyers Survey

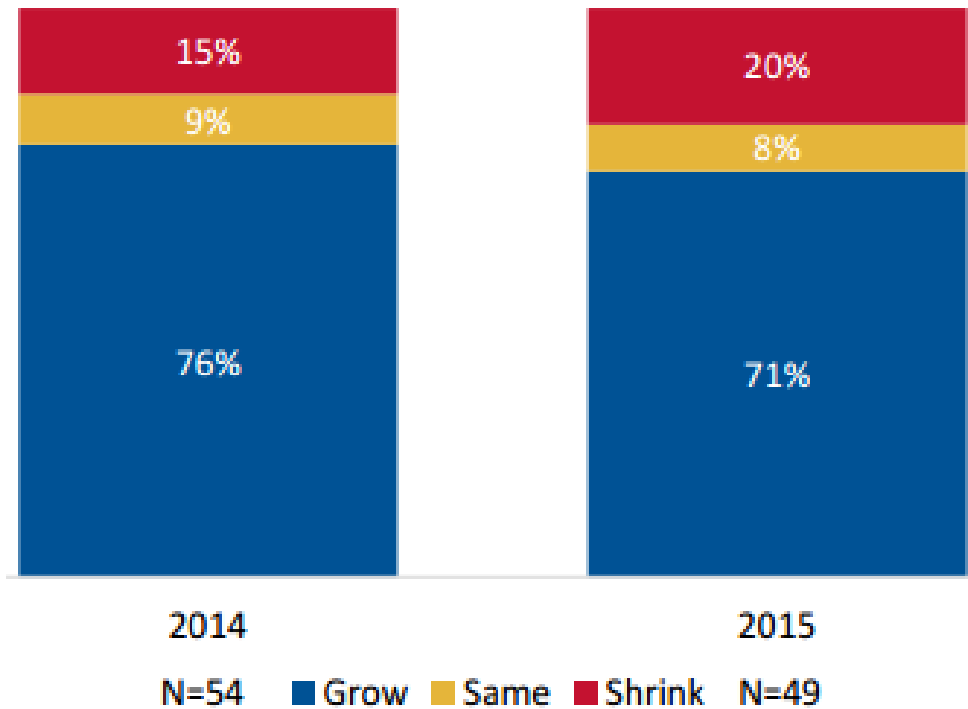
## Expected change in contingent share over next 2 years



Source: 2015 APAC Buyers Survey

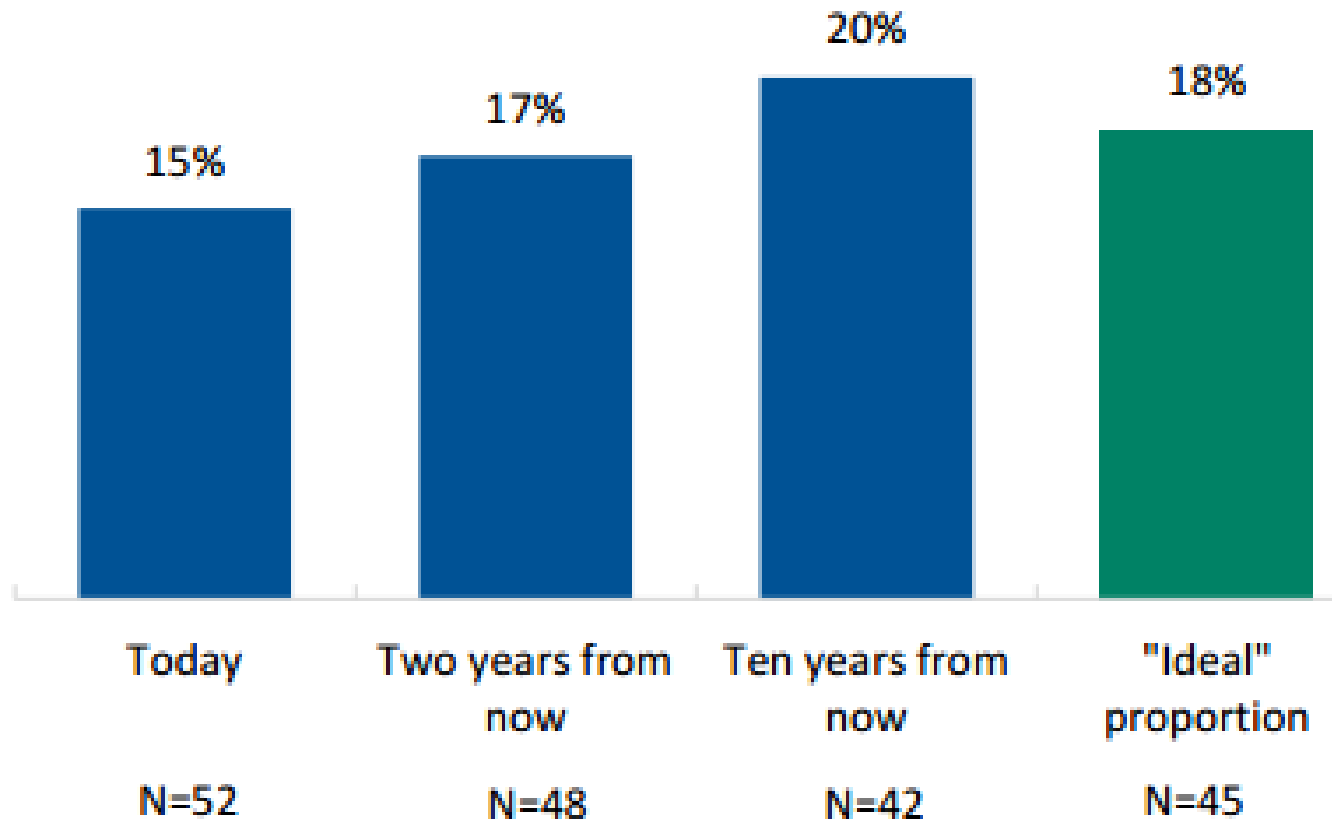


# How will your total workforce change over the next 2 years?



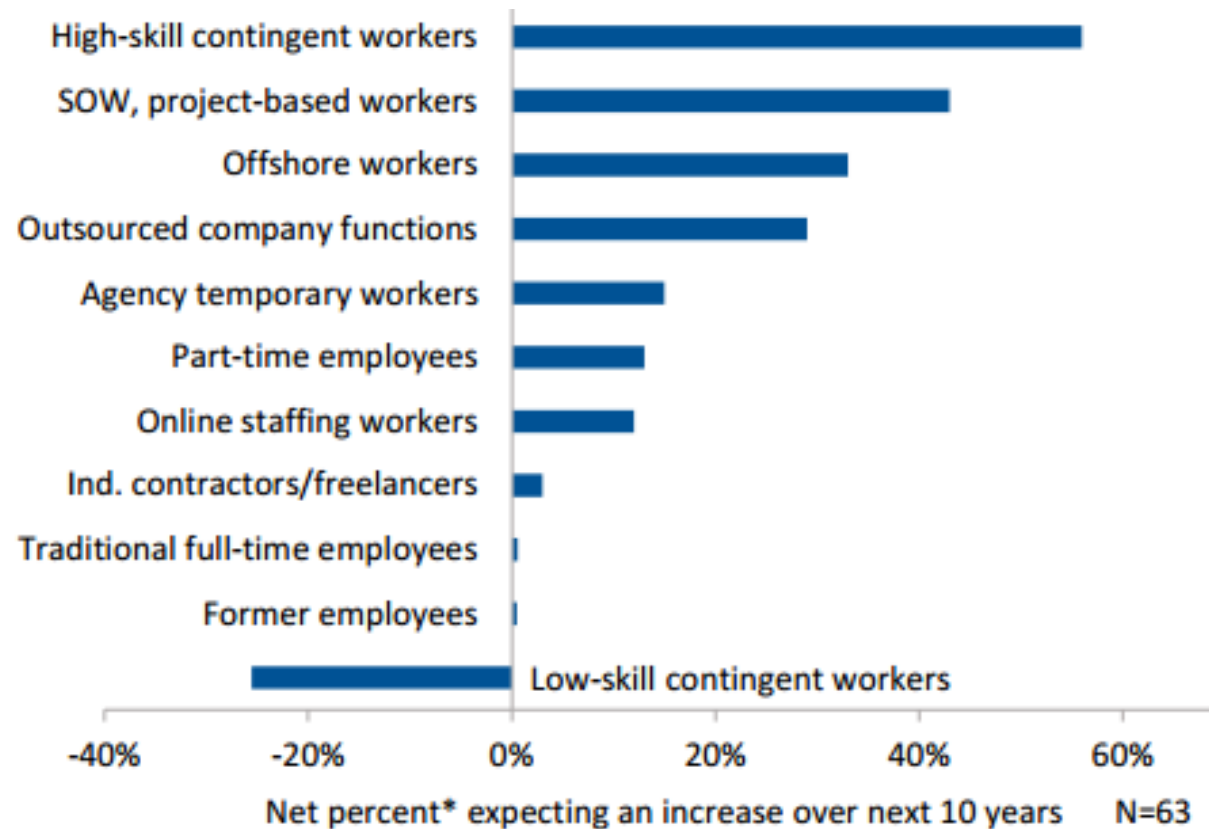
Source: 2015 APAC Buyers Survey

## Contingent share of workforce



Source: 2015 APAC Buyers Survey

# How will the following employee types change as a share of your total labour force over the next 10 years?



\*Calculated as the percent of buyers reporting they plan to increase use minus the percent noting they plan to decrease use.

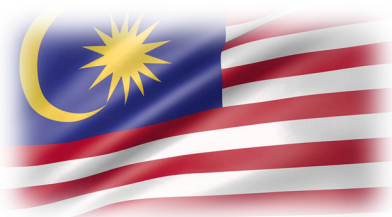
Source: 2015 APAC Buyers Survey





*Vietnam faces shortage of IT professionals if growth of labour supply is not improved*

30 November 2015



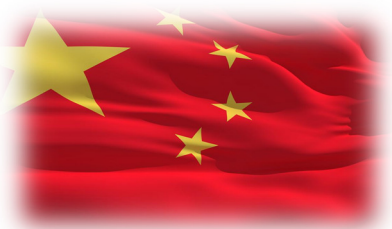
*Nepali workers in Malaysia decrease as the country turns to low-cost recruitment*

30 November 2015



*Japan to change rules on temporary worker's child-care leave*

27 November 2015



*Hidden unemployment belies China's encouraging job figures*

02 November 2015

# Decisions made in silos



**Strategic  
Workforce  
Planning**

# Workforce Solutions Ecosystem





# Workforce Solutions Ecosystem



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## Roop Kaistha, director - Center of Expertise, APAC



- 15 years experience in outsourcing solutions
- MSP thought leader
- responsible for solution design across regional and global MSP programs
- leads advanced recruiting strategies, talent analytics and employer branding in APAC operations
- has held leadership roles in India, Malaysia, Hong Kong, Singapore and now across the APAC region within the Randstad group

## Vinos Samuel, senior manager – MSP, APAC



- 7 years experience leading MSP programs across APAC
- 6 years experience in process management and training in the BPO space
- MSP thought leader in APAC with key expertise in MSP program management, expansion, implementation and consulting
- oversees one of Randstad Sourceright's largest MSP accounts in the region
- author of several industry whitepapers and a regular speaker in MSP events, most recently at the 2015 CWS Summit



building a multi-country contingent workforce strategy in APAC

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# one size does not fit all



cultural antipathy towards non-regular work

union hostility to temp labour

double dispatch & other labour regulations

taxation & invoicing

talent availability

key drivers: visibility & compliance

## key markets – overview

|  | India  | China | Japan  | Australia | Singapore | Hong Kong |
|--|--------|-------|--------|-----------|-----------|-----------|
| MSP adoption                                 | Medium | Low   | Medium | High      | Medium    | Medium    |
| VMS Penetration                              | Medium | Low   | Medium | High      | Medium    | Medium    |
| Acceptance of Supplier funded models         | Low    | Low   | Medium | High      | High      | High      |
| Technology integration                       | Medium | Low   | High   | High      | High      | High      |
| Supplier capability and access to technology | Low    | Low   | High   | High      | High      | High      |
| Legal / Regulatory /Tax issues               | Medium | High  | High   | Low       | Low       | Low       |

# India

- temp staffing laws differ by state
- tech integration - a huge amount of manual processes (paperwork) in Indian supplier companies
- compliance is a key aspect in the Indian market
- self-billing is not possible in India as each invoice must have a sequential number. A significant part of the market is based on the "paid when paid"
- unique identifier - the PAN number (Personal Asset Number) is used but it does not guarantee the uniqueness
- no tenure rule by law, no limits in renewing assignments
- electronic invoice (e-billing) requires electronic signature

## Australia

- low unemployment and talent shortage for specialist roles
- complex pay awards by state
- labour laws differ by state
- casual loading of +15% to +25% applies to casual worker wages
- most mature MSP market in Asia Pacific

## China

- double dispatch regulation
- 10% cap on contractor workforce
- labour law varies per municipality, province and region
- employers need licence per region to hire staff and hence high demand for outsourcing
- tax regime is a grey area

# Japan

- the VMS needs to take into consideration various terminology differences, interview is illegal to use, refer to 'office tour'; only putting forward one candidate per agency without any personal details, refer to as 'skill sheet'
- all candidate information submitted in the VMS must be anonymised
- cultural antipathy towards non-regular work-change
- legislation has been a barrier to rapid adoption of full supply chain MSP solutions
  - MSP cannot legally contract with 3rd party supplier
  - suppliers must bill directly with client

## Singapore

- unemployment rate is 2% resulting to less appetite to work on a temp basis
- candidates unwilling to take short term contracts due to buoyant employment market
- increasing difficulty in getting overseas workers

## Hong Kong

- Hong Kong culture – candidates prefer permanent, more 'stable roles'
- minimum labour ordinance requirements do not make contingent working attractive to candidates
- high wage inflation

## other countries

- **Indonesia, Vietnam, Taiwan:** challenging to fund MSPs and very few VMS implementations
- **Korea, Taiwan:** co-employment issues for long term, part-time and contract workers
- **Philippines:** local labour laws prohibit temporary staff in the Western sense, however fixed term contracts and seasonal agreements are allowed
- **Vietnam:** subleasing of employees is illegal
- **Thailand:** skilled labour shortage, majority of contingent workforce is blue-collar

# MSP design approach for Asia Pacific



headcount tracking/ MSP lite

augment technology with manual processes

procure to pro-forma with direct client invoicing

client-funded models

hub & spoke delivery

master supplier/ direct delivery







case study: APAC MSP for a global financial institution

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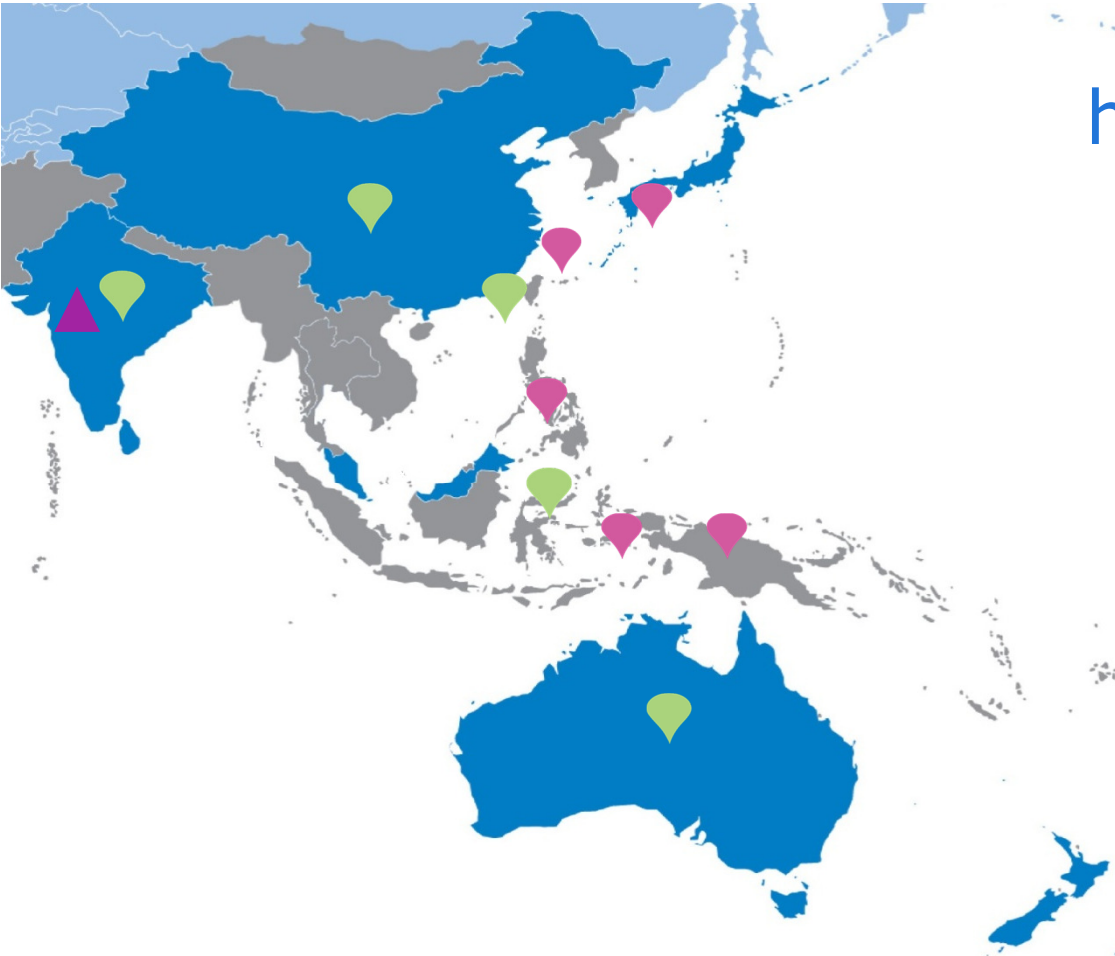
## client objectives and challenges




- clear visibility on spend/practices and direct control on their contingent workforce procurement and operations in APAC
- high touch service to hiring managers with in-country point of contact
- create talent pools and pipelining for key skills
- drive cost savings
- VMS implemented but with very low adoption from the hiring committee
- major locations: India, Singapore, Hong Kong, Australia, China, Philippines
- secondary locations: Korea, Indonesia, Malaysia, Taiwan
- labour category: white collar
- spend: \$37 million per year
- locations covered: 25+
- suppliers managed in the program: 25

- Hub and Spoke model
- process unique for each country
- phased approach to ensure thorough due diligence and change management
- direct sourcing



# hub & spoke model



-  delivered from centralised hub
-  onsite presence
-  centralised MSP hub



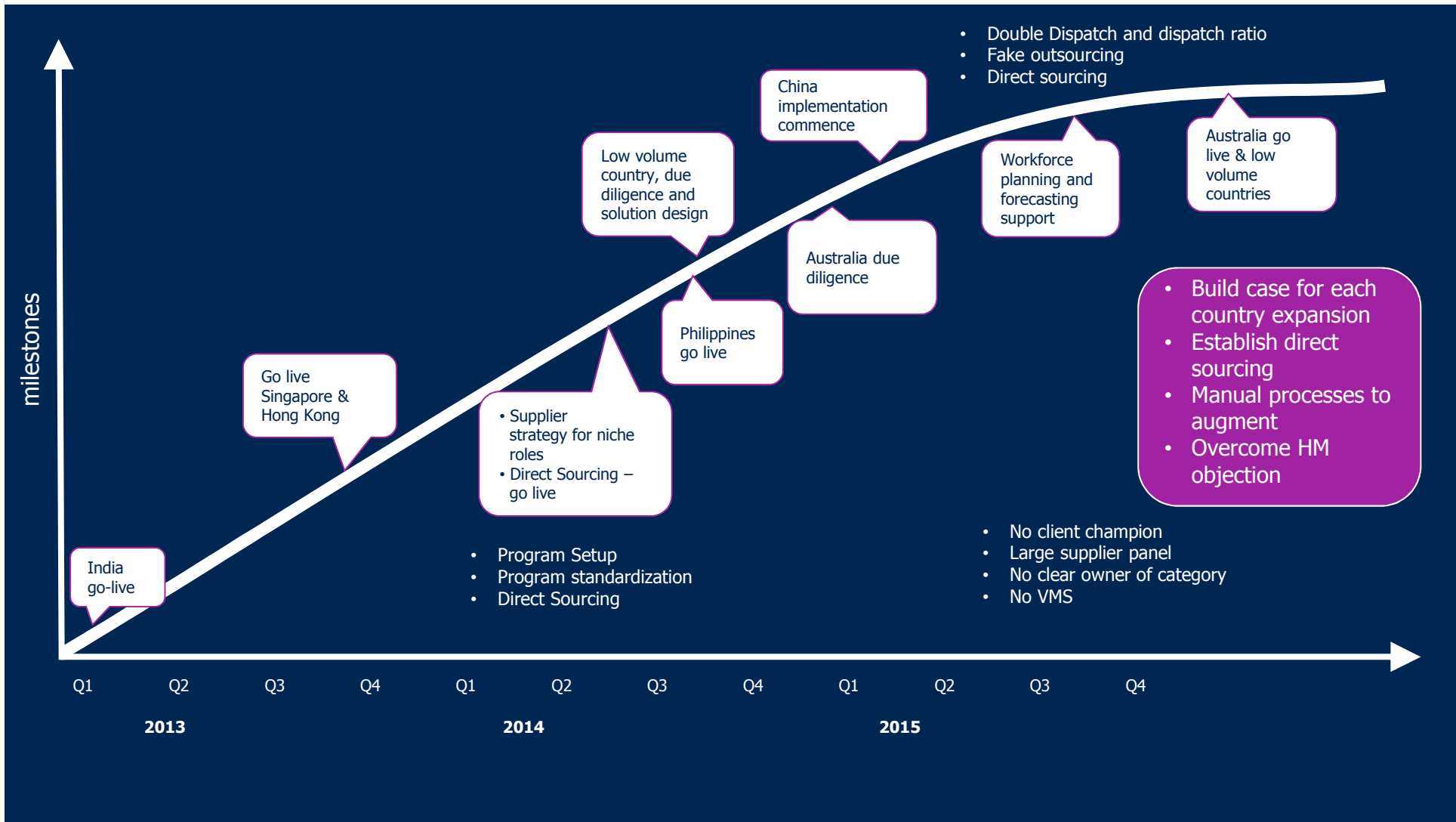


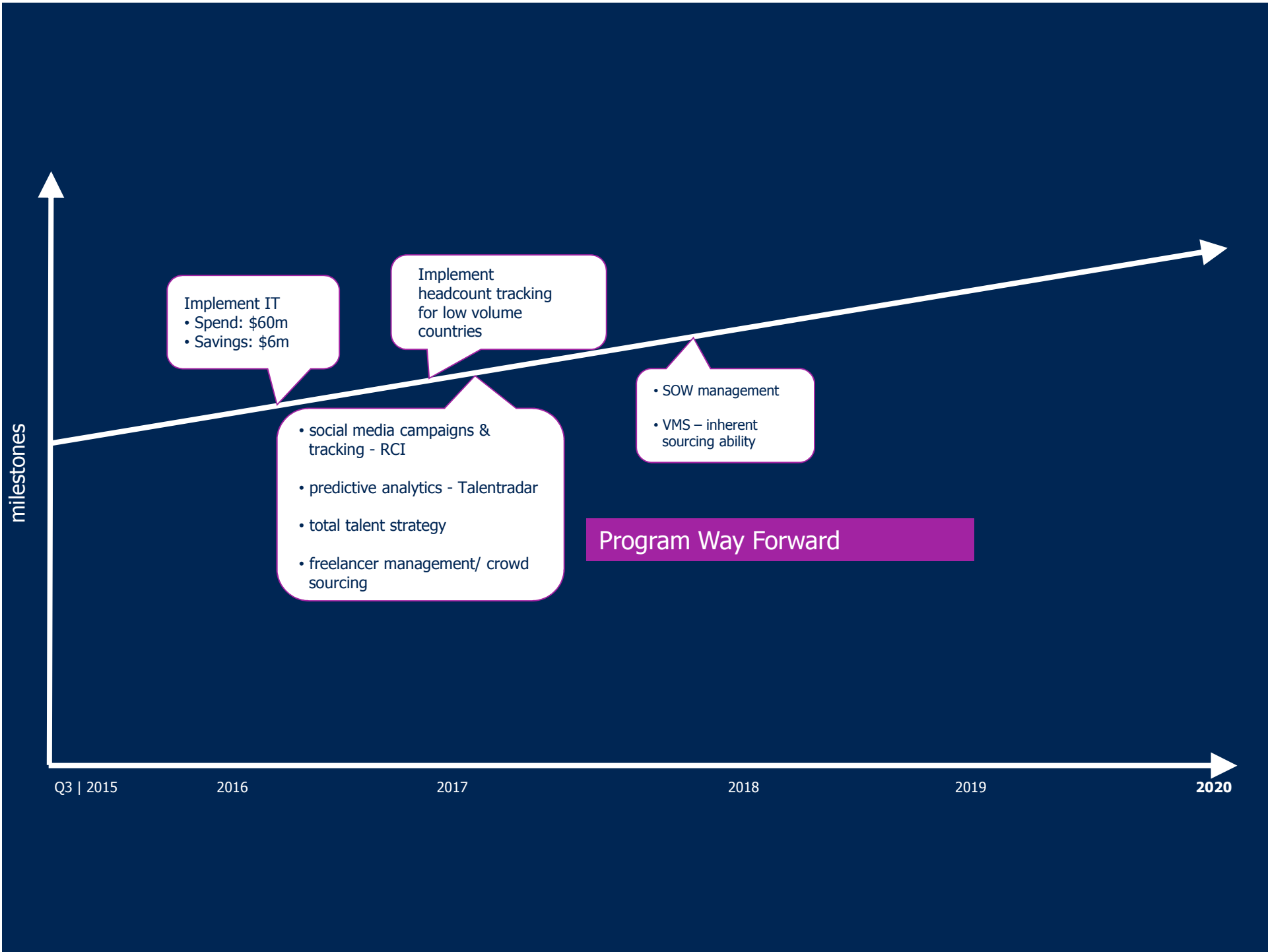
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# program roadmap









## future trends in APAC

- shift in the program office roles
- total talent management
- SOW
- digital marketplace/ talent without borders



## old vs new – PMO structure





## future trends in APAC

- shift in the program office roles
- total talent management
- SOW
- digital marketplace/ talent without borders



# Questions



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**April 13-14, 2016 | Park Plaza Westminster Bridge London**  
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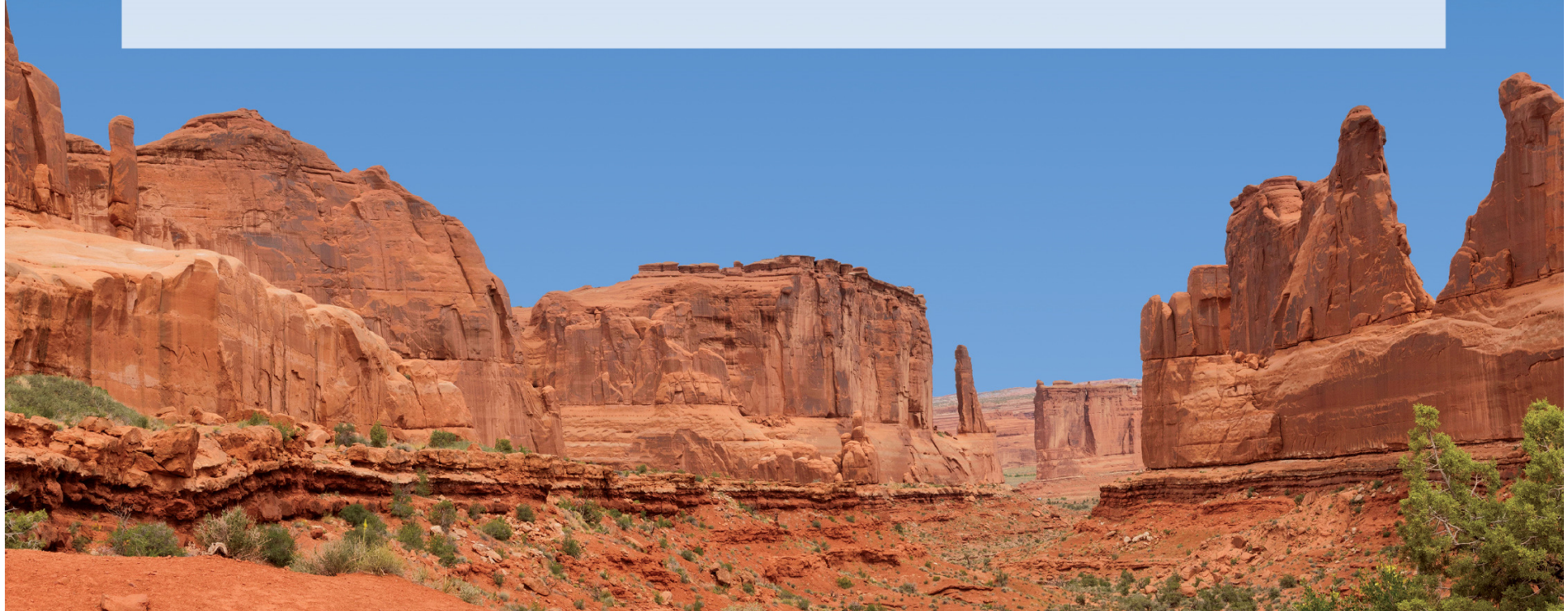




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