

THE NEXT BIG THING IN SOUTHEAST ASIA

ASIA PACIFIC REGION ON THE RISE

An emerging trend is taking hold in the Asia-Pacific region: companies are starting to locate their operations in **Malaysia, Indonesia and the Philippines (the MIP countries)**, the way they used to do in China. While offshoring to China was mostly driven by the availability of cheaper labor, cost is only one of the factors influencing decisions to relocate to Southeast Asia. Other key considerations, such as **favorable regulatory, political and demographic trends** play an important role. Simply put:

“ *It is no longer about moving somewhere just for **cost savings**, but about the **total opportunity**.* ”

WHY THE MIP COUNTRIES ARE THE RELOCATION TRIAD

Factors, common to all three MIP countries, impacting employers' decisions to locate business operations in Malaysia, Indonesia and the Philippines:



COST

- Low wages, especially as contrasted with other Asian countries
- High productivity relative to wages



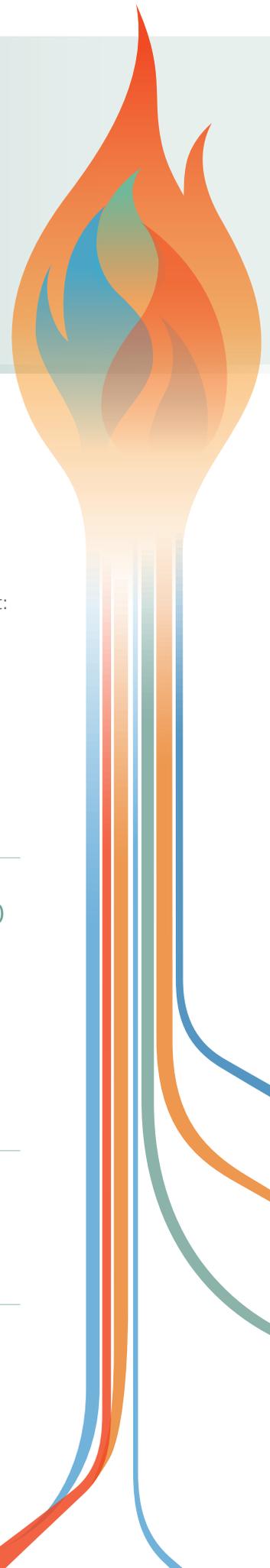
DEMOGRAPHICS

- Demographic dividend driving steady supply of younger workers
- Greater availability of incoming talent



MARKET CONDITIONS

- Favorable taxation, regulations and political climate
- Growing middle class and increasing consumerism



PROS & CONS OF RELOCATING TO THE MIP COUNTRIES

	MALAYSIA 	INDONESIA 	PHILIPPINES 
	<ul style="list-style-type: none"> • Political stability • Geography: north Asia hub • Well-developed infrastructure • Favorable foreign investment policies and protections • Multiple tax incentives 	<ul style="list-style-type: none"> • Largest economy in the region • Political stability • Favorable taxation and customs reforms • Economic boom 	<ul style="list-style-type: none"> • Significant tax incentives • Simplified import/export procedures • Geography: trans-Pacific shipping hub • Large English-speaking population
	<ul style="list-style-type: none"> • Potential skills mismatch • Skilled talent shortage (only 27%) • English no longer taught in schools • Emigration of Chinese speakers 	<ul style="list-style-type: none"> • Talent shortage • Worker mobility • Increased wage pressure • Corruption 	<ul style="list-style-type: none"> • Nationality quotas • High cost of infrastructure • Competition for talent

THE MANPOWERGROUP ADVANTAGE

In the Human Age, talent is the biggest differentiator and the driver of business success. Companies moving their operations to Malaysia, Indonesia or the Philippines must be able to capitalize on the MIP countries' greatest asset — talent. To outpace their competition and win, they must have the right partners on the ground, including experts who can navigate local regulatory and political environments, who know cultural nuances and who have access to the right local and global talent communities.

Below are a few examples of how ManpowerGroup™ helps businesses win in Southeast Asia:

- **Malaysia** - launched Manpower Academy to close the technical and language skills gaps for recent graduates; since the program was first piloted in 2010, more than 9,500 people have been placed with Manpower Malaysia clients
- **Malaysia** - developed customized technical training for a leading global computer systems consulting firm which resulted in a 94% retention rate
- **Philippines** - developed a sourcing, assessment and interview strategy that outperformed client's days-to-hire performance metrics and resulted in hiring more than 200 professionals
- **Philippines** - through continuous client and candidate engagement, and the development of feedback loops, significantly reduced client's attrition rate to 2% when the national average is 50%

Years of experience developing talent communities, combined with a thorough understanding of local market conditions, make ManpowerGroup uniquely poised to support companies as they seek to compete in this region and around the globe.