

Hong Kong tech firms woo talent from Southeast Asia with bigger pay packages amid brain drain



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After a tedious and fruitless hunt for talent in Hong Kong, Tutor Circle founder and CEO Andy Ng decided to expand the company's search to Southeast Asia, as the city's largest tutor-matching platform had trouble finding suitable candidates locally.

Ng hired two remote software engineers from Malaysia to join his 20-strong team this year.

Tutor Circle is among a growing number of businesses in Hong Kong that are turning to Southeast Asia's tech talent pool for skilled staff to combat the city's brain drain in the sector.

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"A significant number of Hong Kong's young talent have jumped ship in recent years, resulting in a talent shortage," Ng said. "With the increasing demand for tech talent in Hong Kong, higher hiring costs are needed to retain them."



Tutor Circle CEO Andy Ng (centre) hired two remote software engineers from Malaysia as he could not find suitable candidates locally. Photo: Handout alt=Tutor Circle CEO Andy Ng (centre) hired two remote software engineers from Malaysia as he could not find suitable candidates locally. Photo: Handout>

Hong Kong has seen a severe talent crunch in recent years. More than 200,000 expats and Hongkongers left the city between mid-2020 and last summer, following the social unrest and harsh quarantine measures due to the Covid-19 pandemic.

The government has promised HK\$16 billion (US\$2.03 billion) in funding to turn Hong Kong into a global innovation and technology hub. With investments in artificial intelligence, quantum computing technology, health and life sciences, the local tech sector is experiencing rapid growth amid the talent shortage.

The government is also actively luring global talents to combat the brain drain, rolling out a new scheme in January offering applicants from the world's top 100 universities a two-year visa to work in Hong Kong.

A report published on Tuesday by recruitment platform Glints and Monk's Hill Ventures said that Hong Kong companies are showing growing interest in Southeast Asian talent to join the city's burgeoning tech sector.

Jerry Chang, managing director of executive search firm Barons & Company, said that his company has also geared itself towards offering clients recruits from outside Hong Kong to combat the talent crunch, especially when remote-working has become more viable.

"Everyone is fighting for the same pool of fish in the same pond," said Chang. "Going out of the country is definitely the way to go. Because of technology, programmers just need a laptop and VPN access to work."

Glints' report, which identified hiring trends, salary, and equity data for start-up talent from over 10,000 data points and interviews with founders across Southeast Asia, found that the median salaries for tech roles in Hong Kong are 2.5 times higher than Southeast Asia.

Senior software engineers in Hong Kong with five to 10 years' experience earn a median salary of US\$67,560 a year, three times more than their Indonesian counterparts, according to the report.

Countries like Vietnam, which is seeing a trend of engineers trained in Silicon Valley returning to their homeland to build start-ups, are contributing to the rapidly growing pool of tech talent in Southeast Asia.

One of the employers' main concerns when hiring remote employees is communication, Barons' Chang said, adding that cost savings were the least of their worries. "I think people are really just trying to find the right talent irrespective of where they come from," he said.

Tutor Circle's Ng said the remote hires have worked out favourably for him. Ng said he saved 30 to 40 per cent in costs to grow his team without having to move to a bigger office, and he makes them feel valued by constantly engaging in frequent video conferencing to build bonds.

The high demand for tech talent was reflected in a salary report by KPMG last month, which found that over 83 per cent of information technology employees expect salary increases this year, compared with 62 per cent last year as companies struggle to retain staff.

"Every company needs talent in order to compete and survive, and the salary of local talent will swell," Ng said.

"Companies in Hong Kong will seek alternative labour solutions to maintain the growth of their business in the post-pandemic era."

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