

CONNECTED GROUP

An aerial photograph of the Hong Kong skyline, featuring numerous skyscrapers and dense urban development. A large, dark purple diagonal shape overlays the bottom-left portion of the image, creating a modern, geometric design. The background shows the city extending to the mountains under a clear sky.

Talent Insights Report

Q2 2025

A report by ConnectedGroup – August 2025

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Introduction

Welcome to our Q2 2025 Talent Insights Report (TIR). In this edition, we take a closer look at the trends shaping both the global job market and Hong Kong's own talent landscape. Over the past quarter, uncertainty in global trade, shifting employer sentiment, and rising demand for advanced skills, especially in AI and technology, have been the key themes influencing hiring decisions.

Around the world, employment markets are at what the IMF calls “a critical juncture amid policy shifts.” Companies are navigating shorter planning horizons and exercising greater caution, even as the demand for digital and AI-driven capabilities continues to grow.

Here in Hong Kong, these global pressures are being felt alongside unique local challenges. Business confidence has dropped, hiring outlooks are more cautious than the regional average, and many professionals are prioritising stability over career moves. At the same time, fresh opportunities are emerging, from new government-backed AI initiatives to the growing use of contract talent and managed services.

We will start this report with a global overview before turning to Hong Kong, where we unpack hiring trends, candidate behaviours, and the strategies organisations are using to adapt. Our goal is to give business leaders, HR professionals, and job seekers alike a clear and practical view of the challenges and opportunities ahead.

External references and sources are listed at the end of this report.

Global Overview

The first half of 2025 has proven challenging for global employment markets, with what the International Monetary Fund describes as "a critical juncture amid policy shifts." Trade tensions have reached levels not seen in a century, creating what economists describe as a "highly unpredictable environment" that has fundamentally altered business planning horizons and investment decisions.

Trade uncertainty has emerged as the dominant factor influencing employment decisions across virtually all major economies. According to ManpowerGroup's Q3 2025 Employment Outlook Survey, 89% of companies worldwide report that trade uncertainty directly impacted their hiring decisions in April 2025. This represents one of the highest levels of policy-induced employment hesitation recorded in recent decades, with more than 80% of employers across 41 countries acknowledging that changing trade conditions forced them to pause or reconsider staffing plans.

The International Labour Organization has revised its global employment forecast for 2025 downward by up to 7 million jobs, now projecting 53 million jobs. This downward revision represents more than a statistical adjustment; it signals a fundamental shift in how businesses approach workforce expansion in an environment where international trade rules appear in constant flux.

Despite this, the ManpowerGroup survey reveals complex patterns of resilience. The global Net Employment Outlook stands at +24%, representing only a modest one-point



decline from the previous quarter while showing a two-point improvement year-over-year. This stability suggests that while employers exercise greater caution, they haven't abandoned growth plans entirely but are adopting "wait-and-see" approaches.

Regional distribution reveals how different parts of the world navigate uncertain waters. Asia Pacific leads global hiring intentions with a 29% outlook, followed by the Americas at 27%, while Europe and the Middle East lag at 19%. These figures reflect varying degrees of exposure to trade disruptions and policy volatility.

Sector analysis shows Information Technology maintaining the strongest hiring outlook at 36%, followed by Financials & Real Estate at 28%, and Industrials & Materials at 26%. Technology's continued strength reflects ongoing digital transformation acceleration, as companies recognize technological advancement remains essential for competitiveness regardless of economic environment.

Global Talent Market Trends

Advanced Skills Gap Dynamics

The skills gap has evolved beyond traditional mismatches to encompass sophisticated capability requirements. Organizations now face shortages not just in technical skills but in professionals who can integrate emerging technologies into strategic business functions. The challenge extends to finding candidates who can adapt to rapidly evolving role requirements while managing the ethical implications of technological implementation.

The emergence of generative AI has created demand for entirely new skill combinations. Companies need professionals who bridge technical proficiency with strategic thinking, combining data science capabilities with business transformation expertise. The most valuable professionals are those who can translate AI capabilities into tangible business outcomes while ensuring responsible implementation.

Geographic skills distribution reveals interesting patterns reflecting educational systems and economic development levels. Developed economies struggle with emerging technology shortages, while developing economies face broader foundational skill challenges. This distribution influences global talent mobility strategies and organizational approaches to accessing required capabilities.



Retention Evolution Beyond Traditional Models

Employee retention dynamics have shifted beyond traditional engagement metrics to encompass security-focused decision-making. The phenomenon extends beyond simple risk aversion to include fundamental changes in career prioritization, where professionals weigh stability factors more heavily than advancement opportunities.

Organizations are discovering that traditional retention strategies may be insufficient in environments where external mobility is constrained by economic uncertainty. The challenge involves maintaining innovation and organizational dynamism when natural talent circulation is reduced.

Companies must create internal ecosystems that provide variety, challenge, and growth without relying on external talent flow.

The most successful retention approaches focus on creating internal marketplaces where employees can explore different responsibilities, develop new capabilities, and experience career variety within organizational boundaries. This requires sophisticated internal mobility frameworks that can provide the diversity and progression employees traditionally sought through external moves.

Hong Kong Overview

Hong Kong's economic landscape in the first half of 2025 reflects global uncertainties while grappling with unique regional challenges. The territory's position as an international financial hub faces pressure from shifting global dynamics and evolving relationships between major economic powers.

The economic fundamentals show mixed signals. While first-quarter growth reached 3.1% year-over-year, momentum appears to be moderating with full-year projections revised to 1.9%. This growth trajectory reflects the impact of global uncertainties on the territory's export-dependent economy, with private sector economists adopting increasingly conservative projections.

Employment indicators reveal concerning trends that extend beyond recurring fluctuations. The seasonally adjusted unemployment rate climbed to 3.5% in the March-May period, compared to 3.0% in the same period of 2024. This upward trajectory continued into the second quarter, signalling underlying structural challenges in the labour market.

Business confidence has experienced dramatic erosion, declining from 73% in 2024 to 40% following implementation of new U.S. tariff policies. This sharp decline influences immediate hiring decisions and longer-term strategic planning, with psychological impacts extending beyond immediate business considerations to affect risk assessment processes and investment horizons.

Hong Kong Overview

The ManpowerGroup Employment Outlook Survey positions Hong Kong among the most cautious markets globally, with a Net Employment Outlook of just 8% for Q3 2025. This figure significantly trails the Asia-Pacific regional average of 29%, reflecting the combination of economic uncertainty, geopolitical tensions, and structural challenges constraining business confidence.

Strategic government initiatives offer potential counterbalances to these challenges. The comprehensive package of 30 measures aimed at addressing population aging represents significant policy shift toward leveraging Hong Kong's aging workforce. Additionally, the HK\$1 billion commitment to establishing the Hong Kong Artificial Intelligence Research and Development Institute signals strategic focus on technological advancement and regional positioning.

However, Hong Kong's business complexity ranking has deteriorated, now placing 76th out of 79 jurisdictions in the Global Business Complexity Index. This ranking encompasses regulatory compliance, tax administration, employment regulations, and cross-border operations, all influencing business location decisions and investment flows.



“Despite challenges, Hong Kong's status as the top global IPO market in the first half of the year, along with enterprise companies gaining some momentum, shows signs for cautious optimism.”



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Hong Kong Talent Market Trends

Security-First Career Decision Making

The prioritization of job security over career advancement has become the defining characteristic of Hong Kong's talent market. KPMG's research reveals that stability emerged as the top non-monetary factor in employer selection, with this preference showing dramatic increases throughout 2025.

Risk-averse behavior displays in measurable ways across the talent market. Active job-seeking activity declined from 39% in 2024 to 29% in the first half of 2025, representing a fundamental psychological shift toward stability prioritization. The trend creates a situation where, despite a seemingly large talent pool, attracting high-quality candidates remains difficult.

Robert Walters' findings indicate that stronger candidates demonstrate particular risk aversion, prioritizing job stability over opportunity exploration. This situation has created new cost factors in talent acquisition, with organizations finding they must offer significant "risk premiums" to overcome candidate reluctance to change positions.

The financial implications extend beyond salary considerations to encompass total value propositions that address security concerns. Organizations compete not just on compensation but on perceived stability, career development within existing structures, and long-term organizational viability.

Sophisticated Skills Development Challenges

Hong Kong's skills gap reflects both global trends and unique local circumstances. KPMG's research indicates that 97% of C-level and HR respondents encounter talent acquisition challenges, with these deemed unmanageable across multiple sectors: 75% in professional services, 70% in public sector, and 59% in financial services.

The challenge is intensified by employee confidence levels regarding skill development. Only 24% of Hong Kong employees feel confident in their advancement capabilities, creating cycles where security concerns prevent opportunity pursuit while organizations struggle to identify qualified candidates.

Demand for artificial intelligence and generative AI skills has become particularly acute, with nearly 90% of Hong Kong C-suite executives reporting current or anticipated AI implementation within three years. This widespread adoption creates both opportunities for capable professionals and challenges for those unable to adapt to technological landscape changes.

Organizations respond through increased focus on internal development and comprehensive learning ecosystems supporting continuous adaptation. The most successful companies develop programs that provide clear pathways for career progression while addressing the changing technological requirements of modern business operations.

Hong Kong Talent Market Trends

Workforce Model Innovation

Traditional employment structures are evolving as organizations seek flexibility and cost-effectiveness in talent acquisition. Contract worker demand, particularly in technology for project-based work, has increased significantly as companies balance uncertainty with capability needs.

Managed services models have gained traction as organizations enhance operational flexibility while accessing specialized skills without long-term commitments. These arrangements allow companies to maintain lean permanent structures while scaling capabilities based on project requirements and market conditions.

Hong Kong's talent attraction initiatives show measurable results, with businesses actively recruiting from Mainland China, particularly for technical roles. The openness of Mainland professionals to contract arrangements indicates that government strategies are effectively expanding available talent pools while creating new competitive dynamics for local professionals.



Sector Bright Spots¹

Technology: Operational AI Implementation

Technology sector hiring maintains exceptional strength with organizations moving decisively beyond experimental AI applications to operational implementation at scale. This maturation represents fundamental shifts in how businesses approach AI integration, moving from proof-of-concept to core business function integration.

The establishment of Hong Kong's AI Research and Development Institute, backed by HK\$1 billion in government funding, signals strategic commitment to regional technology hub positioning. This initiative bridges research and industrial applications, creating opportunities in both development and commercialization of AI technologies.

FinOps and Cloud Strategy Evolution

Cost efficiency through Financial Operations (FinOps) has become crucial for organizational success, with cloud strategy optimization yielding significant savings. Interestingly, private cloud solutions are gaining renewed favor as organizations balance scalability needs with cost management, data sovereignty, and enhanced security requirements.

The demand for IT operations professionals has reached unprecedented levels as organizations require sophisticated technical expertise to navigate complex cloud environments and optimize operational expenditures. This trend creates opportunities for professionals who understand both technical implementation and financial optimization.

Cybersecurity: Critical Infrastructure Protection

Cybersecurity demand has intensified following a 65% quarter-on-quarter increase in incidents during Q1 2024, continuing into 2025. The government's Protection of Critical Infrastructure (Computer System) Bill creates new regulatory requirements driving systematic investment in cybersecurity frameworks.

Organizations across healthcare, education, technology, and logistics sectors are investing heavily in cloud security, network protection, and incident response capabilities. The shortage of qualified professionals has

created competitive salary environments and comprehensive professional development programs.

Digital government service transformation creates opportunities for professionals with expertise in user experience design, data analytics, cybersecurity, and system integration. The public sector's approach differs significantly from private sector initiatives, requiring professionals who can adapt their skills to unique government service delivery requirements.

Sector Bright Spots¹

Tourism Recovery and Experience Innovation

The tourism sector demonstrates renewed vitality with government commitment of over HK\$1 billion for development and event support. Recovery efforts create opportunities extending beyond traditional hospitality to include experience design, digital marketing, event management, and cultural programming.

Regional integration through new permit classes allowing unlimited Greater Bay Area visits creates opportunities for professionals understanding cross-border tourism dynamics.

This trend requires cultural sensitivity, language capabilities, and understanding of different market segment preferences and expectations.

Technology integration into tourism experiences creates new role categories combining hospitality expertise with digital capabilities, from virtual reality experience designers to data analysts optimizing visitor flows and experiences.

Insurance: Transformation Under Pressure

The insurance market showed steady growth with premiums reaching HK\$311 billion in 2024, representing a 5.1% increase. However, major global insurers adopt conservative headcount approaches while facing rising operational and transformation demands.

Talent needs focus on risk management, compliance, legal, actuarial, and cybersecurity capabilities. Modern insurance complexity, combined with evolving regulations and technological disruption, creates demand for professionals navigating multiple domains simultaneously.

Competition for specialists drives salaries and benefits upward as organizations compete for limited resources. The sector faces further challenges with signs some operations may shift to Southeast Asia, potentially affecting Hong Kong's insurance market positioning.





Tactical Insights

Adaptive Talent Strategies for Market Volatility

Organizations navigating 2025's complex landscape require fundamentally different approaches to talent management. Traditional strategies may prove insufficient or counterproductive in environments characterized by unprecedented uncertainty, technological disruption, and shifting employee expectations.

Tactical Insights

Dynamic Workforce Architecture

Modern workforce planning must accommodate multiple scenarios simultaneously rather than relying on single-point forecasts. Organizations need flexible talent architectures that can expand, or contract based on changing conditions while maintaining core capabilities and strategic positioning.

Effective approaches involve creating talent portfolios combining permanent employees, contract specialists, and strategic partnerships providing access to specialized capabilities.

This architecture provides scaling flexibility while ensuring access to critical skills regardless of market conditions.

The most successful organizations develop talent supply chain relationships similar to manufacturing supply chains, with multiple sources of capability that can be activated based on needs. This includes maintaining relationships with educational institutions, professional networks, and specialized service providers.

Innovation in Retention Approaches

Current market conditions require retention strategies that go beyond traditional engagement models to address fundamental security concerns driving employee behavior. Organizations must create internal environments that provide growth, variety, and challenge within existing structures.

Successful retention focuses on building internal talent ecosystems where employees can experience career diversity without external movement.

This requires sophisticated internal mobility frameworks, cross-functional development programs, and career pathing that provides meaningful progression opportunities.

The most effective approaches involve creating internal marketplaces where employees can explore different responsibilities, develop new capabilities, and build diverse experience portfolios. This internal variety helps satisfy professional development needs traditionally met through external job changes.

Tactical Insights

Human-AI Collaboration Excellence

Technology integration in talent management must enhance rather than replace human capabilities, creating hybrid approaches that leverage both technological efficiency and human insight. Organizations need governance frameworks ensuring fair, transparent, and ethical technology use in talent decisions.

Successful implementations require ongoing investment in human capability development, enabling professionals to work effectively

with AI systems while maintaining critical thinking, creativity, and emotional intelligence capabilities. The goal is making employees more effective through technology rather than replacing them.

Advanced AI integration creates new professional categories specializing in human-technology collaboration, requiring understanding of both technological capabilities and human psychology to create effective talent management experiences.

Global Talent Integration Excellence

Hong Kong's international hub positioning requires sophisticated approaches to cross-border talent acquisition and management. Current conditions have complicated international mobility while creating opportunities for organizations that can navigate these complexities effectively.

Comprehensive integration strategies must address immediate logistical challenges and longer-term cultural integration requirements.

This includes specialized onboarding programs, mentorship systems facilitating cultural adaptation, and practical support for housing, banking, and family integration needs.

Technology can support cross-border strategies through virtual onboarding programs, digital collaboration tools enabling remote arrangements, and AI-powered communication tools bridging language and cultural gaps.

Tactical Insights

Organizational Resilience Through Strategic Diversity

Building organizational resilience requires talent diversity encompassing demographics, skills, experiences, perspectives, and thinking styles that help organizations navigate complex challenges and adapt to changing conditions.

Effective diversity strategies focus on building talent portfolios including permanent employees, contract workers, and strategic partnerships providing flexibility while maintaining access to critical capabilities.

This approach enables scaling based on changing needs while preserving essential skills.

The most successful organizations leverage diversity to enhance adaptability and innovation capabilities, moving beyond compliance-focused approaches to develop strategies that actively use diverse perspectives for improved organizational performance and resilience.



How Can ConnectedGroup Help?

Our recruitment and search expertise can assist companies in identifying key talent to resolve capacity gaps and resolve succession planning risk.

Our Connected Solutions team can build and deploy resources to support technology integration. Our consultants can help organizations thoughtfully integrate AI and other technologies into their talent management processes, ensuring that technology enhances rather than replaces human capabilities while addressing concerns about bias, privacy, and ethical decision-making.

Our ConnectedConsult division offers a comprehensive range of services designed to help organizations navigate the complex talent challenges of the current environment.

Our expertise includes:

Strategic Workforce Planning: We help organizations develop scenario-based workforce plans that provide flexibility and adaptability while maintaining focus on strategic objectives. Our approach includes analysis of talent supply and demand dynamics, identification of critical skills and capabilities, and development of strategies for accessing required talent across multiple scenarios.

Talent Acquisition Optimization: Our team can help organizations optimize their talent acquisition processes for the current environment, including development of flexible recruitment strategies, enhancement of candidate experience programs, and implementation of technology solutions that improve efficiency while maintaining human-centered approaches.

Employee Engagement and Retention: We provide comprehensive employee engagement assessments and retention strategy development, with particular focus on the unique challenges of managing talent in uncertain environments. Our services include culture assessment, leadership development, and design of internal mobility and career development programs.

Cross-Border Talent Integration: We offer specialized services for organizations seeking to integrate international talent, including cultural assessment, onboarding program design, and development of support systems that facilitate successful cross-cultural collaboration.

How Can ConnectedGroup Help?

For more information about how ConnectedGroup can support your organization's talent strategy in the current environment, please contact our CEO, Mathew Gollop at Mat@ConnectedGroup.com.



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