



Fiji's Outsourcing Services Journey:

A systemic change case study



Market Development Facility

The Market Development Facility (MDF) is a multi-country initiative that promotes sustainable economic development, through higher incomes for women and men, in our partner countries.

We support partners from business and government to identify and grow commercial opportunities that are profitable, scalable, and deliver social and environmental value.

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Acknowledgements

This study details the journey of Fiji's outsourcing services sector, which has grown from a few pioneering firms to become an important source of employment, growth and a recognised pillar in Fiji's economic development strategy. This journey involved a broad range of stakeholders, many of whom have contributed to this study.

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Abbreviations and acronyms

AUD	Australian Dollars
APTC	Australia Pacific Training Coalition
BMO	Business Membership Organisation
BPO	Business Process Outsourcing
BPOC	Business Process Outsourcing Council
DFAT	Department of Foreign Affairs and Trade (Australia)
FCEF	Fiji Commerce and Employers Federation
FNU	Fiji National University
FJD	Fijian Dollar
GDP	Gross Domestic Product
GoF	Government of Fiji
IF	Investment Fiji
ICT	Information Communications Technology
KPO	Knowledge Process Outsourcing
MDF	The Market Development Facility
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
OS	Outsourcing Services

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What is outsourcing? Key terms and concepts



Outsourcing refers to the practice of contracting specific business processes to third-party providers. The primary drivers of outsourcing are cost savings, efficiency and access to specialised services. By outsourcing non-core functions, organisations can focus on their core competencies and strategic objectives. Outsourcing services (OS) can be categorised into:

- 1 Business process outsourcing (BPO)**, which typically involves outsourcing non-core business functions, such as customer support, technical support and back-office processes. BPO services are usually standardised and process-based, focusing on operational efficiency and cost-savings. This is the most common form of outsourcing and includes call centre operations, IT support, accounting and data entry.
- 2 Knowledge process outsourcing (KPO)** involves outsourcing knowledge-intensive functions, such as research and development, data analysis, financial modelling and IT consulting. KPO services tend to be specialised, aiming to provide value-added services and insights to clients. There is a growing trend towards KPO.



Offshoring relates to the relocation of business operations or functions to a foreign country, to take advantage of lower labour costs, access to specialised skills or other strategic advantages offered by the destination country.



Demand for outsourcing and offshoring is based on competitiveness factors, such as connectivity, reliability, labour costs, productivity, retention rates and the availability of skilled talent. Countries that can offer a combination of these factors are considered more competitive in the OS market.



The **global BPO market** was valued at over AUD140 billion in 2019. India, the Philippines, South Africa and Eastern European countries were the dominant suppliers, based on their competitiveness in language proficiency, cost and efficiency, their cultural affinity, and government support.



Our PACIFIC OFFICE

Introduction

Fiji's outsourcing services (OS) sector has transformed into a globally competitive industry in just five years. In 2019, the OS sector employed approximately 2,500 people. By 2023, employment had grown to over 5,000 people, 70 per cent of whom are women. On average, salaries are 56 per cent more than the minimum wage. MDF estimates that the sector could account for up to two per cent of GDP¹ and is set to expand by at least 5,000 workers over the next ten years.

Fiji's economy, particularly the tourism sector, was severely affected by COVID-19. However, the pandemic's impact was felt earlier in major OS destinations like India and the Philippines than in Pacific Island Countries, creating an opportunity for the Fijian OS industry. Around the world, firms wanted to diversify their outsourcing options in response to uncertainty in established OS destinations. Fiji's nascent OS providers were well positioned to capitalise on these changing market dynamics, acquire new clients and break into new markets. A pool of recently unemployed tourism workers with appropriate language skills and cultural affinity also became available to the OS industry.

Australia's Market Development Facility (MDF) began working in Fiji's OS sector in 2019. This study documents how the sector has changed over that time. It draws upon interviews conducted in October and November 2023 with more than 40 industry stakeholders in Fiji—including OS firms, government agencies and other industry organisations—and monitoring and evaluation data collected by MDF.



Audience

The study is intended for people interested in outsourcing services in Fiji and the Pacific region, including private and public sector stakeholders involved in the industry and Australia's Department of Foreign Affairs and Trade (DFAT).



Structure of the study

- 1** *The first section* provides an overview of the OS sector's evolution in Fiji.
- 2** *The second section* analyses the OS market, the opportunities and obstacles it faced, and MDF's rationale for investing in the sector.
- 3** *The third section* describes innovations promoted by MDF to assist Fiji's OS industry to achieve its potential.
- 4** *The fourth section* presents the impact that has resulted from changes in the OS sector since 2019.

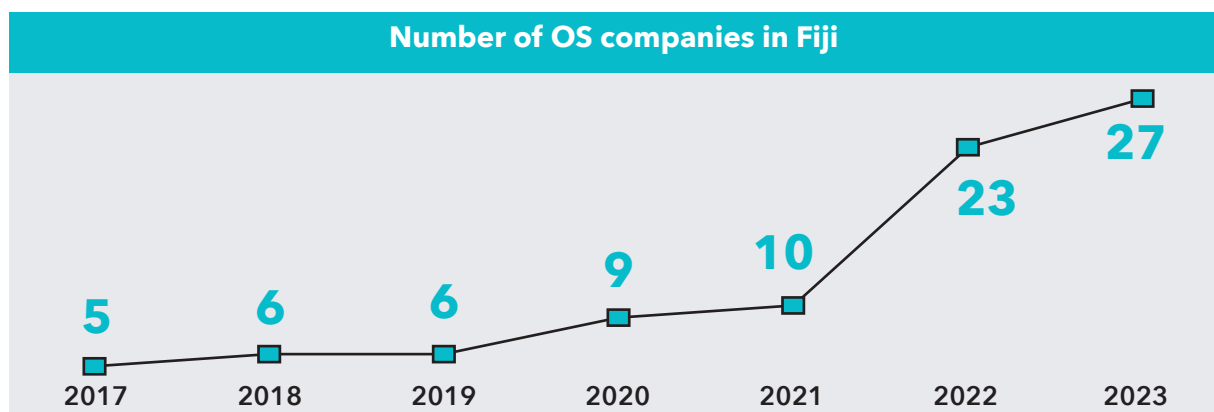
¹ There are no official records for the contribution of outsourcing services to Fiji's GDP. This estimate is based on the best available data but should be interpreted with caution. MDF will provide a more robust estimate when more data becomes available from the Reserve Bank of Fiji in early 2024.

The evolution of outsourcing services in Fiji

In 2019, outsourcing services employed approximately 2,500 people in Fiji.² The World Bank (2017) projected that the sector could grow to employ 15,000 people and generate more than AUD335 million by 2040 (Prakash 2020). At that time, the global market for BPO services was worth more than AUD140 billion (Statista 2019).

Initially, the sector offered prospects to generate urban employment and a pathway for economic diversification beyond tourism, in alignment with Fiji's National Development Plan (2017). However, the industry was nascent, informal and faced significant obstacles. Its client base was limited and relied on the word-of-mouth connections of a small number of firms, mainly in Australia and New Zealand. Firms were hesitant to pursue higher-value contracts in existing or new markets. There was an absence of concerted marketing to promote Fiji as an outsourcing destination, no industry coordination or advocacy, and limited recognition from government and policy makers.

By 2023, the industry had transformed, attracting new business and investment. It is now worth around AUD150 million (Fiji Trade Commission Australia and New Zealand 2023) and employs more than 5,000 people³ ⁴. Official records do not yet exist, but MDF conservatively estimates that in 2022 the OS sector contributed between 1-2 per cent to Fiji's GDP and accounted for 5.4 per cent of its foreign exchange earnings. It has grown to become Fiji's fourth-highest earner of foreign exchange after tourism, sugar and light manufacturing exports⁵. OS sector revenues and employment are projected to rise in the 2023-2025 period^{6, 7}.



² The official number of employees is unavailable; the industry calculated the number based on a proxy.

³ This is a minimum estimate, as of December 2023, based on data received from the industry.

⁴ According to the World Bank, Fiji's labour force was 376,303 in 2022. With the OS sector employing 5,000-8,000 people, this equates to approximately two per cent of Fiji's workforce.

⁵ MDF research, Reserve Bank of Fiji.

⁶ The calculation of GDP contribution is based on a conservative industry estimate of 5,000 employees in 2022 and uses a simple income (profits + wages) calculation method. It does not include any multiplier effects (which can be as high as 4:1 in mature OS sectors). Foreign exchange earnings are based on industry sources.

⁷ MDF research, Reserve Bank of Fiji.



The sector is now formalised with a supporting ecosystem.

There is a dynamic industry body, Outsource Fiji (formerly, the Business Process Outsourcing Council, or BPOC), which has 31 members who are engaged on issues such as infrastructure, marketing and the workforce.

A supporting ecosystem has emerged, including telecommunication and infrastructure providers, investment facilitators, and public and private training organisations. Infrastructure has been boosted by initiatives such as Lyndhurst's development of Fiji's first business park for outsourcing services. Investment Fiji, the national investment promotion agency, has developed a trade and investment strategy to attract foreign investors and facilitate new outsourcing ventures. Fiji National University (FNU) has introduced a course on basic call centre operations and a Certificate III in contact centre operations, reflecting their coordination with Outsource Fiji to establish education and training relevant to the industry's growing demand for skilled professionals.



Fiji's global image as an outsourcing hub has improved.

Dedicated marketing of Fiji as an OS destination to nearshore and offshore markets began in 2019 and continued after the COVID-19 pandemic. Outsource Fiji participated in international events that generated more than 80 new leads and organised webinars for nearshore clients that attracted more than 100 attendees. These webinars resulted in 24 additional contracts in 2022 alone, generating more than AUD3.7 million in new revenue for Fijian OS firms.

In addition to customers in Australia and New Zealand, Fijian OS companies now have customers in North America and Europe. More effective marketing practices have generated 65 new contracts over a four-year period.⁸ The number of firms operating in the sector has grown from eight in 2019 to 27 in 2023, including four new overseas operators investing and setting up operations in Fiji.



Evolving policies, regulations and standards.

In the industry's early days, regulation was limited and of little consequence for small domestic firms focused on establishing a foothold in the market. The fact that there was no minimum investment threshold encouraged foreign OS firms to set up operations in Fiji. Over time, industry practices and standards have become more robust and formalised, and the minimum foreign investment threshold is now approximately AUD204,000 (Investment Fiji). A lack of regulation on data protection is a threat to competitiveness and upcoming regulatory changes aim to ensure the secure handling and processing of data, consistent with global practices. The Fijian Government has introduced various tax-related and other inducements, such as a 20-year tax holiday for new outsourcing companies, duty-free imports on equipment and a 25 per cent investment allowance for infrastructure renovations.

⁸ This only represents new contracts verified by MDF.



Public and private investment is increasing.

The Fijian Government, which previously classified OS under the IT sector, now recognises outsourcing as a separate sector, making more inducements available to support its growth. Government investment in the sector has multiplied, from AUD33,750 in 2019 to AUD675,000 to Outsource Fiji in 2023.⁹ An additional AUD1,012,500 in 2023 was dedicated to expansion in recognition of the industry's potential to be a major driver of growth. This official recognition has supported an inflow of foreign direct investment, with seven new OS companies registering in 2021-2022 and another three beginning operations and creating more than 360 jobs by the end of 2023.



The pool of skilled labour is growing, driven by smarter human resource policies and practices.

Maintaining a pool of work-ready staff is vital for OS firms to secure and deliver new contracts. This work-ready concept is now established in the industry, supported by routine onboarding and training measures, new human resource practices such as flexible working and work-from-home options, corporate-sponsored transport, performance incentives and career pathways, and social events. The industry is also improving accessibility, with measures to onboard and train people with disability into its work-ready pools and plans to improve physical access to premises. The Higher Education Commission of Fiji and the Ministry of Education are also aiming to adjust curricula to better reflect the needs of the labour market and provide equal opportunities, including for people with disability.

However, developing and maintaining a skilled workforce to meet the growth of the OS sector has been challenging. Improved connectivity would enhance Fiji's position as a competitive outsourcing destination. The industry also needs a more reliable and efficient power supply to ensure uninterrupted operations. Renewable energy solutions are one way to achieve this and would enable Fiji's OS firms to comply with the increasingly stringent environmental requirements of buyers and regulators.

Overall, Fiji's OS sector is on a growth trajectory. Business and government are committed to providing high-quality, competitive services. The industry looks set to become an established component of Fiji's economic diversification.

⁹ All conversions from FJD to AUD were at the rate of 0.68.



Understanding the outsourcing services market



Global context

Over the last two decades, outsourcing has evolved to encompass an array of services and industries. Organisations outsource some of their requirements to access specialised skills, reduce costs and enhance efficiency. Outsourcing allows organisations to tap into global talent pools and achieve operational flexibility. Commonly outsourced services include IT support, customer service, human resources, finance and accounting, digital marketing, and software development. Eastern Europe, India and the Philippines have historically been outsourcing hubs due to their skilled workforces and competitive labour costs.

Buyers in the OS market seek providers with expertise, reliability, and scalability. Quality of service, adherence to stringent data security standards and the ability to adapt to evolving technologies are critical considerations. The industry has seen a shift towards more strategic partnerships, with buyers looking for providers that can contribute to their overall competitiveness, innovation and—since COVID-19—resilience.

Between 2021 and 2025, the OS industry is anticipated to expand at a compound annual growth rate of four per cent. In 2023, the global BPO market is projected to achieve revenues of AUD0.51 trillion (Statista 2019). The key demand markets are Australia, Europe, New Zealand and North America.



The emergence of outsourcing services in Fiji

Fiji began providing outsourcing services in 2009, with the arrival of MindPearl Fiji. The industry grew gradually during the 2010s but had a low profile compared to established outsourcing destinations like India, the Philippines and South Africa. In 2017, the World Bank recognised the sector's potential but observed that it required sustained public and private investment in improved connectivity, skills and policy, and regulation (World Bank 2017).

COVID-19 disrupted the OS market but created a window of opportunity for Fiji. Stringent lockdowns in established OS destinations interrupted services and reduced revenues by 24 per cent in the Asia-Pacific region (ISG). Projects were delayed or stopped due to low capacity for remote working in major OS destinations. For example, in India, more than 50 per cent of vendors reported being unable to offer work-from-home options (KeyUA). These disruptions prompted many businesses to diversify their outsourcing strategies. The pandemic affected Fiji later than its major competitors and its lockdowns were initially less disruptive. Strict border closures delayed community transmission of COVID-19 until April 2021 and a strong uptake of vaccinations enabled fast reopening. This allowed Fiji to build on its fledgling position and tap into its unfulfilled potential at a time when demand for OS services remained robust and buyers were seeking new outsourcing options.



Fiji has the potential to become a high quality BPO and captive call centre destination. What it lacks is global awareness ... Recently Fiji was also shortlisted in the National Outsourcing Association Awards as Destination of the Year 2013. This accolade has helped boost awareness, but there is still a long way to go. Once that awareness is achieved, I predict there is no stopping Fiji as a BPO location."

Mark Mahoney, Former General Manager, Mindpearl Fiji



Reasons for the underperformance of Fiji's outsourcing services sector

OS businesses have operated in Fiji since 2009, benefitting from the country's English-speaking, well-educated workforce; good internet connectivity and infrastructure; convenient time zone; and geographical proximity to the nearshore markets of Australia and New Zealand. Despite this promising potential, Fiji was largely unrecognised as an outsourcing destination in nearshore or offshore markets and had struggled to grow. In 2019, the industry faced several challenges.



Competition and market entry:

Fiji's main competitors were large and established outsourcing destinations, such as India, the Philippines and South Africa. As a relatively small and unknown actor in the market, Fiji needed to carve out a niche and offer unique value propositions to attract clients if it was to break into mainstream markets in the Asia-Pacific and North American regions.



Inadequate marketing:

Prospective clients had few insights into the range and complexity of services that Fiji could potentially offer. Most firms had small client bases and relied on word-of-mouth promotion through their networks to acquire new clients. There was no concerted industry-level promotion.



Insufficient work-ready labour:

Despite a well-educated, English-speaking urban population, the immaturity of the OS sector meant that there were insufficient work-ready candidates to hire. Firms needed to invest significantly in recruitment, on-boarding and training from scratch when bidding for a new contract. This increased costs and uncertainty, discentivised their appetite for growth and affected their competitiveness.



Lack of government recognition:

The Government of Fiji did not recognise outsourcing services as an industry. This reduced the amount of public support available for marketing Fiji as an outsourcing destination or for offering inducements to attract investment.



Data security and privacy concerns:

Outsourcing often involves handling sensitive information, making robust data security imperative. As a relatively immature industry, Fiji needed to invest in technology and policies to meet international data protection standards.



Market Development Facility's involvement in the outsourcing services sector

Australia's Market Development Facility (MDF) has had a privileged insight into the emergence of the OS sector in Fiji. Since 2019, MDF has supported early business pioneers and government agencies to grow the sector, helped establish BPOC (now Outsource Fiji) and supported industry initiatives to promote Fiji as an outsourcing destination to global markets.



MDF's rationale for investing in the outsourcing services sector

MDF saw a strong case for investing in the OS sector. Fiji appeared well positioned to be competitive to nearshore markets. It had a well-educated, English-speaking labour pool. Fiji's timezone and geographic proximity to Australia and New Zealand, ICT infrastructure and high call conversion rates¹⁰ were also competitive assets.

Developing the sector would support Fiji's economic diversification and growth by attracting foreign investment, generating foreign exchange, creating employment opportunities and developing a skilled workforce. The OS sector offered potential to address the country's urban unemployment challenge, which stood at more than 18 per cent, fuelled by growing rural-urban migration. The industry employed a high proportion of women and youth, therefore contributing to economic inclusion. Outsourcing services could be a pathway to economic diversification, reducing the country's overreliance on tourism and agriculture. Fiji was also striving to become a regional service hub, which could include the OS industry and connect the private sectors of Australia, Fiji and New Zealand. Support for the sector aligned with the government's National Development Plans, and DFAT's Aid Investment Plan 2018-2019, which prioritised private sector development through investment in exports of goods and services.

MDF was also well positioned to support the OS industry to achieve its potential. MDF was designed by the Australian Government to be a flexible mechanism that supports early-stage, pre-commercial business innovation and investment. MDF worked in multiple sectors in Fiji with private and public stakeholders. It had an experienced local team, with extensive business expertise, analytical capabilities and networks. It could co-invest with pioneering organisations by providing the financial and technical support to research, de-risk and test new business ventures, build know-how and mobilise further investment.

¹⁰ In BPO, call conversion rates typically refer to the percentage of incoming or outgoing calls that result in a desired outcome, such as a sale, appointment booking, or resolution of a customer issue. This metric is important for measuring the effectiveness of call center operations and the performance of agents. While Fiji's labour costs were higher than its competitors, its call conversion (success) rates were 25 per cent—far higher than the global average of 13 per cent.



Prioritising the critical functions that MDF could address

In 2018, MDF identified three critical functions in the OS ecosystem that were constraining the sector's growth. By addressing these underperforming market functions, MDF aimed to unlock the industry's potential.

- 1 Industry- and firm-level marketing:** Fijian OS firms generated leads primarily through word-of-mouth recommendations via their partners in Australia. They lacked marketing expertise to generate and convert new leads. The inability of firms to position themselves with new clients was compounded by Fiji's comparative invisibility as an OS destination, due to a lack of industry-level promotion. **MDF supported industry-level initiatives to position Fiji in nearshore and offshore markets, and directly assisted individual firms with brand development, digital marketing, and hiring campaign management personnel.**
- 2 Coordination and advocacy in the industry:** Fiji's major competitors support their outsourcing industries with national marketing campaigns and financial inducements. In 2019, the industry in Fiji lacked representation and concerted support. *MDF supported BPOC to expand its membership, enhance its capacity to support its members and advocate to government and other statutory agencies such as Investment Fiji.*
- 3 Human resource attraction and retention:** International BPO work is awarded via tenders for large pro-rata contracts. Initially, Fijian firms would rarely bid for these international tenders because they required substantial upfront investment to recruit and retain staff before the contract was awarded. The challenge of securing a pool of work-ready staff to bid for new work was an impediment to the industry's growth. *MDF worked with firms to de-risk the initial hiring and training of large pools of work-ready staff. MDF also worked with other stakeholders (such as Outsource Fiji) to expand appropriate vocational education and training, and test recruitment and retention models that incentivise hiring women and people with disability.*

Table 1: Timeline of MDF involvement and key industry moments

2019	2020	2021	2022	2023
<ul style="list-style-type: none"> – MDF signs Greymouse, Packleader and BPOC – BPOC (Outsource Fiji) grows to 9 members (from 7 in 2017) 	<ul style="list-style-type: none"> – MDF signs Lyndhurst 	<ul style="list-style-type: none"> – MDF signs ACTON, Investment Fiji, Centrecom, TKW and BTR 	<ul style="list-style-type: none"> – MDF signs DHL 	<ul style="list-style-type: none"> – MDF signs BPOC (part 2)
	<ul style="list-style-type: none"> – 15 BPOC members 	<ul style="list-style-type: none"> – 20 BPOC members 	<ul style="list-style-type: none"> – 31 BPOC members 	<ul style="list-style-type: none"> – 36 BPOC members
	<ul style="list-style-type: none"> – MDF engages Matchboard for 2 webinars for Outsource Fiji 	<ul style="list-style-type: none"> – MDF engages Matchboard for 4 webinars for Outsource Fiji – BPOC becomes member of FCEF and hires an executive director and secretariat with MDF support 	<ul style="list-style-type: none"> – BPOC and members engage Matchboard directly as well as Derick Lafleur Consulting for webinars – BPOC hires marketing and communications coordinator and manager of corporate affairs – Investment Fiji Trade and Investment Strategy, OS prospectus, BPOC marketing materials, and videos developed with support from MDF – BPOC started using Outsource Accelerator to market Fiji in addition to Matchboard 	<ul style="list-style-type: none"> – BPOC and members engage Matchboard directly for webinars – BPOC runs their own webinar using learnings from Matchboard and Derick
		<ul style="list-style-type: none"> – ANZ Demand Study Report developed by Matchboard with support from MDF 	<ul style="list-style-type: none"> – MDF supported BPOC and Investment Fiji to attend 2 international events – BPOC and members, including Investment Fiji, continued to attend international events on their own – MDF supported lead conversion support specialists for BPOC members 	<ul style="list-style-type: none"> – US Demand Study Report developed by Matchboard via support from MDF – MDF supported BPOC to host first international event in New Zealand – BPOC hosts inaugural Women-In-Tech Event – BPOC and members continued to attend international events on their own, including Investment Fiji

2019	2020	2021	2022	2023
			<ul style="list-style-type: none"> - BPOC rebranded as Outsource Fiji - BTR rebranded to Our Pacific Office - BPOC launches MDF-supported strategic plan and infrastructure standards and new website - Centrecom opens new office in Nadi and second office in Suva - BTR opens new office in Suva - BPOC signed a memorandum of understanding with Investment Fiji - MDF supported BPOC executive director to hot desk from the IF office and supported 7 new foreign direct investment registrations 	<ul style="list-style-type: none"> - Greymouse rebranded to Nearshore through MDF support - BDE Group rebranded to Vuvale Outsourcing - Centrecom opens new office in Navua and Lautoka - BPOC opens own office space in Garden City
	<ul style="list-style-type: none"> - GoF budget allocation for BPOC FJD50K 	<ul style="list-style-type: none"> - GoF budget allocation for BPOC FJD200,000 - GoF announces OS as essential services and approved operations during COVID lockdown. 	<ul style="list-style-type: none"> - GoF budget allocation for BPOC FJD600,000 and additional FJD1m for BPO expansion projects - GoF budget allocation for Investment Fiji increased from standard FJD1.8m to FJD2.7m - GoF attends/participates at local and international OS events as well as trade shows and highlights OS events in parliament sessions and budget address (Fiji Ministry of Economy 2022) 	<ul style="list-style-type: none"> - GoF budget allocation for BPOC is FJD1m and additional FJD1.5m for BPO expansion projects - Excellence in Outsourcing Award included in the 2023 Prime Minister's International Business Awards - GoF continues to support OS events
	<ul style="list-style-type: none"> - Lyndhurst announces plan to develop ICT Park 	<ul style="list-style-type: none"> - GoF introduces incentives (tax holidays, exempt income, duty concession) for investment in: infrastructure for ICT purposes/ BPO; ICT park; and network cabling and infrastructure 	<ul style="list-style-type: none"> - Telecom announces plan to develop ICT park and data centre - New Southern Cross cable built in Vanualevu 	<ul style="list-style-type: none"> - Tappoos, KK's Hardware, Damodar and other property developers build office spaces suitable for OS companies - Lyndhurst converts manufacturing warehouses to OS office spaces - GoF announces partnership with Google to establish major cable project (Tabua Cable) and SpaceX's Starlink satellite internet

2019	2020	2021	2022	2023
		<ul style="list-style-type: none"> - BPOC and FNU launches new short course: Basic Operations in a Call Centre 	<ul style="list-style-type: none"> - MDF supports Centrecom and ACTON to develop a work-ready pool - MDF supports BPOC to offer skills consulting group accredited courses to their members employees - BPOC & APTC conduct workshops with members on training needs assessment and skills gaps - FCEF and APTC conducted a consultation with Higher Education Commission Fiji, Fiji National University, the University of the South Pacific and BPOC to measure and understand the skill needs of the industry and inform the national Technical and Vocational Education and Training policy that is being currently developed 	<ul style="list-style-type: none"> - Launch of Level III Certificate in Contact Centre Operations by FNU - BPOC offers Toastmaster courses for members, supporting soft skills development for OS staff - 100 scholarships (Learning Plant Online Learning program) provided by BPOC for people in the business process outsourcing or BPO sector or prospective employees - BPOC signed memorandum of understanding with Higher Education Commission Fiji, paving the way for specific BPO courses



Innovations to grow Fiji's outsourcing services sector

MDF has worked with the OS industry on three areas of innovation that could strengthen Fiji's position in international OS markets: marketing, coordination and workforce. The sequence of innovations has proved important. Initial support to OS firms to market their services internationally was an achievable entry point from which MDF could gain traction and credibility with the industry and build momentum for larger innovations and change. In particular, it convinced stakeholders of the importance of marketing Fiji as an OS destination, built advocacy for policy and budget changes, and encouraged investment in workforce development and retention.



Innovation one: Marketing Fiji as an outsourcing destination and Fijian firms as high-quality outsourcing providers



Challenge:

Key OS demand markets include Australia, Europe, New Zealand and North America (IBISWorld 2023). Compared to India, the Philippines and South Africa—which tend to focus on big clients requiring much larger operations and personnel—demand in the nearshore markets (i.e. Australia and New Zealand) is usually for smaller-scale processing needs, which Fiji is better suited to serving.

However, **Fijian businesses struggled to capture these nearshore markets, due to their limited marketing and the lack of recognition of Fiji as an OS destination.** OS firms in Fiji tended to rely on word-of-mouth promotion as the easiest way of generating business. Fijian firms were also risk averse and saw marketing as unnecessary. Most were unable to estimate demand or opportunities for growth that could be achieved by more purposeful marketing. This locked firms into a low-growth trajectory with few prospects of breaking into new markets. Unlike its competitors, Fiji's OS industry had limited support from government and lacked any concerted approach to marketing the country as an outsourcing destination, leaving Fiji somewhat invisible to international buyers.



"Initially, we used word-of-mouth marketing, and this has now evolved to include digital marketing as well. We started with 10 staff and now we are at 130."

Josie Prasad, CEO, Bula Outsourcing



Solutions:

- 1 Supporting efforts to promote Fiji as an OS destination. This included collaborating with Outsource Fiji, national stakeholders (such as the Ministry of Trade, Co-operatives, Small and Medium Enterprises and Communications¹¹ and Investment Fiji) and Fijian trade commissions in Australia, New Zealand and North America.
- 2 Co-investing with Fijian firms in their marketing efforts.

MDF's proposed support initially faced scepticism. Having operated in the same manner for years, OS firms were reluctant to change behaviour. However, in 2019, MDF signed three partnerships: two enterprise-level partnerships with Greymouse (now known as Nearshore) and Packleader Pacific, and one industry-level partnership with Outsource Fiji, which kickstarted wider attention on marketing.

Enterprise-level partnerships aimed to develop and execute new marketing strategies and activities, including:

testing dedicated business development managers to secure and convert leads	upgrading online presence and investing in search engine optimisation and search engine marketing for websites
attending outsourcing events to promote Fijian services to potential clients	developing marketing and promotional material
hiring sales and marketing officers	trailing customer relationship management software.

Industry-level partnerships allowed Outsource Fiji to test the use of a business development manager to market Fiji as an outsourcing destination in Australia and to secure leads that could be matched to its member firms.

The positive results achieved through marketing during 2019 and 2020 convinced other stakeholders about MDF's value proposition. By the end of 2022, MDF had eight partners engaged in marketing initiatives.

At the enterprise level, MDF strengthened its collaboration with initial partners, Greymouse and Packleader, while forming new partnerships with BTR (now rebranded as Our Pacific Office), Acton (recently acquired by KPMG Fiji), Pacific Centrecom, and DHL. After initially targeting potential clients in Australia and New Zealand, where Fiji had a distinct advantage, some partners realised the potential to expand to other markets by expanding their operations into night shifts. Consequently, new marketing was tailored to attract clients in North America. In 2023, MDF phased out of direct enterprise-level support.

Within six months, investments in marketing had generated AUD355,000 of new business for OS firms, providing a glimpse of the untapped potential of the outsourcing industry. This also created 19 new full-time jobs, 80 per cent of which were filled by women, and generated more than AUD81,000 in worker income, averaging approximately AUD4,260 per person.

¹¹ Formerly the Ministry of Commerce, Trade, Tourism and Transport (MCTTT)

MDF continues to build Fiji's visibility in nearshore markets and offshore markets, supporting Outsource Fiji's marketing activities, engaging Matchboard (an Australian business matchmaker) and Derrick Lafleur Consulting to provide lead generation and conversion services, and by partnering with Lyndhurst to develop and market Fiji's first business park for OS services. One of MDF's key activities is establishing a marketing service provider panel with Outsource Fiji members to facilitate acquisition and conversion of new clients. Investment Fiji, an Outsource Fiji council member tasked with promoting domestic and foreign investment, is developing a new trade and investment strategy and an OS investment prospectus with MDF support.



Market reaction:

The industry responded positively following webinars showcasing Fiji's appeal to nearshore clients and drawing in over 100 participants across six sessions. Outsource Fiji extended its collaboration with Matchboard, hosting six additional webinars targeting the Australian market. In 2022, these efforts resulted in the conversion of 24 leads, generating AUD3.7 million in revenue for Fijian firms. Three OS companies—Centrecom, Packleader and TKW—went on to engage Matchboard directly to boost their lead conversion, creating 220 new jobs in 2023 alone.

In 2023, Fijian OS firms took this initiative a step further by subscribing to Outsource Accelerator, a similar business matching service based in the Philippines. Outsource Accelerator, an online outsourcing marketplace, connects potential clients and service providers through developing content using a subscription model. To date, four Fijian OS firms are listed on Outsource Accelerator: Skale CX (trading name, TKW), Proficient Customer Solutions (PCS), Packleader and Vuvale Outsourcing.

As awareness of Fiji as an OS destination grew, Outsource Fiji experienced a surge in membership, from seven in 2017 and nine in 2019 when it was officially formed, to 36 in 2023. The membership base diversified from traditional BPO services to other support services, such as the telecommunications providers (Digicel, Telecom Fiji, Vodafone), investment and infrastructure operators (Investment Fiji, Lyndhurst) and international firms (ANZ, DHL, HLB, Insurance Holding Pacific and KPMG). This diversification gave Outsource Fiji a strategic edge when promoting Fiji as an alternative OS destination, especially as nearshore businesses began shifting away from established Asian OS destinations due to the COVID-19 pandemic.

Growing awareness about outsourcing to Fiji has prompted the entry of offshore operators, firms headquartered overseas that relocate parts of their business operations to newly established teams in Fiji that are integrated into their existing operations. Since early 2022, this emerging model has created 180 jobs.

Companies that have moved part of their core operations to Fiji are building on Fiji's outsourcing capabilities and are less likely to outsource these operations to other countries. One example is Solar Hub, which provides clean, renewable energy and water to Fijian and New Zealand households and businesses. Their Fiji operation now remotely supports their New Zealand business, through a highly trained local team. Another example is Zekitek, a Queensland-based company developing innovative green energy solutions and providing energy infrastructure and systems. Solar Hub now has Fiji-based technical staff providing engineering design services to the New Zealand market. These staff members are trained and considered part of Solar Hub's core team.



Innovation two: Increasing industry coordination and advocacy



Challenge:

BPOC (previously Outsource Fiji) started in 2017 with seven members, but struggled to build membership, define priorities, coordinate activities or lobby government for recognition. In the absence of official recognition, no funding was provided to develop the industry. Lack of cohesion prevented the industry from tackling the obstacles to its growth and competitiveness, which included limited market visibility and credibility as an OS destination, insufficient infrastructure, and unfavourable policies and regulations. It also diluted the private sector's appetite to invest. The COVID-19 pandemic provided an impetus for collective action by the industry.



"There was not a lot of support in terms of budget allocation and other areas until recently, and hence the setup of the Council has been slow. There is a lack of people that are BPO ready, lack of buildings for expansion of BPO companies, and high telecommunication costs. The Council now has people but no money."

Carol Watkins, CEO, Pacific Centrecom and Chair of BPO Council in 2018



Solution:

MDF recognised that several of the obstacles impeding the development of outsourcing services in Fiji required collective industry action. A unified and credible image was also required in the global market. In late 2019, MDF partnered with Outsource Fiji to build its capability for coordination and advocacy. This entailed recruiting an Executive Director and establishing a professional secretariat. With further support from MDF, Outsource Fiji became the tenth council member of the Fiji Commerce and Employers Federation (FCEF)—the country's largest private sector organisation—launched their new brand and became one of the most effective industry councils in the country.

MDF supported Investment Fiji to develop a new trade and investment strategy. MDF contracted OCO Global—an international trade and investment advisory firm—to help prepare the strategy. The strategy aimed to improve the national trade and investment climate, and government coordination and support for priority sectors, including outsourcing services. MDF also helped Investment Fiji set up a hot desk for BPOC's Executive Director in Investment Fiji's office, to foster closer collaboration on new trade opportunities and investment.



Market reaction:

The Fijian Government officially recognised outsourcing as an economic sector in 2019 and began to substantially increase its budgetary support.

Fiji Government's budgetary support to the OS industry and BPOC				
AUD33,800	AUD67,600	AUD135,000	AUD405,000 plus an additional AUD676,000 for expansion	AUD676,000 plus an additional AUD1,010,000 for expansion
2019	2020	2021	2022	2023

The government also introduced inducements to foster the sector's growth. These include a 20-year tax holiday for new OS firms, duty-free imports on equipment used by OS firms, a 25 per cent investment allowance for infrastructure renovation, a 100 per cent tax deduction for employer contributions to superannuation, and employment taxation schemes that enable tax deductions of more than 100 per cent for specific employment categories, such as first-time hires, people with disability, work placements, family care, and paternity leave.

Various parts of the Fijian Government now directly engage with Outsource Fiji. Fiji's Trade Commissions in Australia, New Zealand and North America interact with the industry to promote Fiji as an OS destination. This has facilitated discussions between the Fijian Government and major investors like Google and secured a partnership with Starlink to enhance internet connectivity in Fiji and Pacific Island Countries east of Fiji. Fiji's status as a regional outsourcing hub and its appeal as an outsourcing destination is continuing to grow.

Investment Fiji's strategy has enabled the agency to effectively target and convert a significant number of investors into Fiji. In 2022-2023, seven foreign direct investors have registered to establish OS companies, with four beginning operations (TKW, Pepper Advantage, Duco Consultancy and Unity4 Fiji) and generating 207 new jobs. Investment Fiji's success in outsourcing has informed its approach to other sectors, leading to the development of investment strategies for tourism with Tourism Fiji, the garment industry with the Textile, Clothing and Footwear Council, and taking the chairing role of the taskforce for commercialisation of agriculture in Fiji.¹²



"Thanks to MDF, a lot of things at BPOC and outsourcing companies have been enabled including marketing, a formally functioning council structure, and MDF can say that they really helped to push what is happening now in outsourcing."

Hon. Manoa Kamikamica, Deputy Prime Minister of Fiji and Minister for Trade, Cooperatives, Small and Medium Enterprises and Communications

¹² This multifaceted collaboration involves a range of stakeholders, including PHAMA Plus, Ministry of Agriculture, Biosecurity Authority of Fiji, MTC/SME, Fiji Water and other private companies, with the possibility of MDF's involvement in the future.



Innovation three: Developing a pool of work-ready staff through more effective recruitment and retention



Challenge:

Improved marketing and changing market dynamics increased demand for Fijian outsourcing services. However, Fijian firms struggled to increase their staffing to meet this increase in business. Many firms opted not to bid for large BPO contracts, citing concerns about the difficulty of finding and retaining the staff to deliver on the contract.



"Staff turnover has been a huge issue over the past two years. Much of the issues of retention are due to local competition and migration."

Kelera Tukana, Learning Development Manager, Recoveries Corp Ltd

OS firms survive based on their reputation for reliability. To scale operations and maintain service reliability and quality, firms need a pool of work-ready staff and limited staff turnover. Due to the industry's nascent status in Fiji, recruitment practices tended to be reactive, triggered only upon securing a new client. Onboarding and training new staff usually fell to overstretched senior staff, resulting in substantial delays. The typical onboarding process took two to four months. This extended period added to costs and reduced productivity. Therefore, most firms gravitated to smaller contracts to mitigate the costs and risks associated with staffing shortages. Firms in established outsourcing destinations, like India and the Philippines, have more active, structured and efficient onboarding practices and dedicated teams to handle the process. Their onboarding duration tends to be shorter and allows new staff to begin revenue-generating work more quickly.

The risk-averse nature of Fijian businesses compounded this problem, manifesting in a reluctance to invest in recruiting staff to align with the gradual growth of clientele.



Solution:

MDF recognised that addressing the human resource challenge systemically was crucial to the sector's competitiveness and growth. MDF's pilot approach encompassed hiring and retaining staff for BPOs, developing soft skills, and the formulation and implementation of comprehensive human resource development plans. This included de-risking the innovative concept of creating work-ready pools of staff with key partners, such as Acton, Centrecom, and DHL.

Most of MDF's partnerships in human resource development and management commenced in 2022-2023, so interventions are still underway. MDF introduced incentives to encourage firms to hire and train a pool of readily deployable staff, with MDF supporting a portion of onboarding costs. The ability to demonstrate a work-ready pool of staff enhanced OS firms' appeal to potential clients and enabled them to bid for new and larger contracts. These incentives played a vital role in de-risking the initial investment in recruiting, onboarding and training new staff, and accelerated their preparedness to work on new contracts from the outset, reducing costs and increasing profit margins. To promote a more inclusive workforce, MDF supported OS firms to recruit women and people with disability into their work-ready pools. This included financial incentives for recruiting, training and workspace enhancements, and a feasibility study of after-school childcare.

Early results have been promising: the work-ready pool now has 34 individuals (15 women) and is enabling MDF's partners to secure new contracts and deploy staff immediately. These individuals are trained and are immediately available for hire as companies win new contracts. They are equipped with the basic services and skills necessary to fulfill various roles within outsourcing companies.

Firms like Pacific Centrecom are now integrating the work-ready concept into their recruitment strategies. Centrecom has introduced 'academies' across Fiji, where eligible unemployed youth undergo culture training (focusing on a potential client's business, location and organisational culture) and client training (specific to the type of work they would be undertaking). Out of 70 individuals trained in these academies in 2023, 15 have been hired.



"Because of the success of this approach, it is now a permanent practice for when we are trying to win a bid for any potential client."

Carol Watkins, CEO, Pacific Centrecom



Market reaction:

Market uptake is in its infancy and is largely confined to MDF's partners. However, there are signs of wider expansion. For example, Rosie Holidays, a tourism business, is adopting the work-ready concept in its recruitment processes.

The industry recognises the need for a readily deployable labour pool. The post-COVID boom in tourism, high levels of labour migration out of Fiji, and competition between OS firms are causing labour shortages and increasing attrition in the OS sector. The average attrition rate is 12 per cent—significantly higher than five per cent recorded in 2019. Some firms are grappling with attrition rates as high as 40 per cent, which pose a significant risk to the industry. High attrition can impact the quality and reliability of services provided by OS companies. Internationally, OS providers advertise their high staff retention rates, showcasing stability and expertise. If attrition rates continue to rise, it might put Fiji at a competitive disadvantage and affect its ability to attract and retain clients. In response, Outsource Fiji and the government collaborated with the FNU to pilot a course for outsourcing services: Basic Operations in a Call Centre. Initially included in the government's reskilling and upskilling scholarships in 2022, this was a free short course for individuals who became unemployed because of the effects of the pandemic. Following its success, FNU and Outsource Fiji introduced a Certificate III in Contact Centre Operations. Twenty students enrolled in 2023 and efforts are underway to include the course in the government's tertiary education loan scheme.

Outsource Fiji also partnered with education providers such as the DFAT-funded Australian Pacific Training Coalition, Skills Consulting Group, Learning Planet and Toastmasters, to offer short online courses to enhance soft skills. These courses provide essential tools for employees in contact centres and smaller OS firms, which lack in-house training. The Higher Education Commission of Fiji is discussing a memorandum of understanding with Outsource Fiji that would increase the number of accredited courses offered by tertiary education institutes. The Ministry of Education, which is seeking to change high school education to better align curricula with labour market needs, is now including outsourcing services in its career information handbook and showcasing outsourcing firms in career expos.



Adapting to climate risk in Fiji's OS sector

Fiji's climate projections indicate higher temperatures, increased rainfall and more frequent tropical cyclones. These changes are likely to impact the OS sector.

Climate change risks to the OS sector	
<p>Infrastructure risk More frequent and/or intense extreme weather events, changed rainfall patterns and higher temperatures can cause:</p> <ul style="list-style-type: none"> – damage to buildings and loss of equipment – loss of connectivity due to damaged wires, undersea cables and communication towers – disrupted water and electricity supply – increased cost of cooling premises. 	<p>Human resources risk More frequent and intense extreme weather events, changed rainfall patterns and higher temperatures can:</p> <ul style="list-style-type: none"> – disrupt service delivery due to disrupted access to OS premises – increase absenteeism due to heat stress and disease outbreaks.
<p>Market risk More frequent and intense extreme weather events, changed rainfall patterns and higher temperatures can cause:</p> <ul style="list-style-type: none"> – reputational damage to OS firms and Fiji as an OS destination if the incidents reduce service quality or reliability – higher costs related to recovery from frequent and intense incidents of extreme weather. 	<p>Legislation and compliance risk Governments are introducing legislation to control emissions, which can create risks for OS operators.</p> <p>Overseas legislation to control supply chain emissions could affect Fiji's competitiveness because of high emission intensity of a diesel-based grid.</p> <p>New infrastructure or energy generation standards may lead to costs relating to retrofitting buildings or replacing obsolete assets.</p>

MDF is supporting the OS industry to manage these risks and adopt innovative climate adaptation and mitigation measures. To assist DHL to achieve a zero-carbon emission office, MDF connected it with the Australia Pacific Climate Partnership for technical support to convert its Nadi office to solar power. MDF is working closely with Solar Hub, a solar energy service provider, to provide solutions to households and businesses including OS firms. A pilot for commercial leasing of electric vehicles for businesses transporting people and products might also benefit the industry. These efforts align with statements made by OS firms that their target markets increasingly require green certifications for all elements of their value chains, including their OS providers.



MDF's impact in the outsourcing services sector 2019-2023

MDF's support to the OS sector contributed to the following results:¹³

1,100 Additional jobs generated	AUD8,600,000 Additional income generated	AUD7,800 Average net additional income per person	AUD17.3m Value of additional market transactions	AUD1.38m Private sector investment leveraged
-------------------------------------------	----------------------------------------------------	-------------------------------------------------------------	------------------------------------------------------------	--------------------------------------------------------



Economic impact

Outsourcing in Fiji has played an important role in economic diversification and resilience, positioning the country as a competitive source of services beyond tourism. Fiji is moving from lower-value BPO services towards higher-yielding KPO services. Outsourcing services have supported wider economic development by creating opportunities for skilled employment and innovation. This shift towards more knowledge-intensive industries is essential for Fiji's economic growth, enabling the country to transition to more value-added economic activities.

The development of an enabling business ecosystem, with improved infrastructure, connectivity and support for innovation and investment, is attracting more foreign investors and consolidating Fiji's position as a competitive destination for outsourcing services.



Market impact

Fiji's OS sector has formalised and professionalised, enabling it to compete successfully in international markets. In three years, the industry has expanded dramatically, with 17 new firms registering operations and 65 new clients starting to outsource to Fiji, including from new markets in North America and Europe.

Altering the trajectory of Fiji's OS sector required a variety of actors to commit, invest and change behaviour: OS firms, government, industry bodies and promotion agencies, and supporting service providers, such as accounting and legal firms, telecommunication service providers and internet service providers. This is evident in the expanding membership of Outsource Fiji. For example, Vodafone Fiji's membership helped address network and cabling issues and bolstered Vodafone's business. Collaboration between Outsource Fiji, government and education providers is bolstering labour supply and enhancing the industry's appeal to graduates. Investment in property development by Lyndhurst, Tappoo and KK Hardware is meeting rising demand for office space. Other property

¹³ All figures are as of December 2023.

owners are investing in renovations and improvements to cater to the industry. It is estimated that over the next three years, an additional 17,000 seats will become available. The partnership recently struck between the Fijian Government and Starlink will improve internet connectivity and speed in Fiji and the eastern Pacific.

To enhance Fiji's attractiveness as an OS destination, the government is working to enhance Fiji's reputation for cybersecurity and data protection. Fiji is pursuing a partnership with Australia, under the auspices of the Vuvale Partnership, focusing on cybersecurity.

While Fiji's OS industry is still developing, promising signs of resilience and adaptation are evident. In addition to foreign direct investment in outsourcing services, the industry is growing through offshoring. In contrast to outsourcing, offshoring is the establishment of entire business operations in another country as a subsidiary. As outsourcing services have grown in Fiji, particularly specialised KPO services, major business services firms, such as KPMG, Tower Group Services and DHL, have relocated some of their service delivery from Australia and New Zealand to Fiji to capitalise on its emerging talent base and status as a service hub for the Pacific. The presence of more international business, financial and logistical services firms in Fiji is another avenue for economic diversification and growth, and a consequence of Fiji's success as an OS destination.



Socioeconomic impact

MDF's interventions have generated considerable socio-economic impact: the creation of 1,100 additional seats has generated more than AUD8 million in worker income.¹⁴ This includes more than 700 new jobs for women and approximately AUD5 million in additional income for women. Notably, 70 per cent of interviewed employees stated an intention to remain in the sector over the next three to five years. This commitment is fuelled by the industry's growth and its resilience during the pandemic. The industry is perceived to be a catalyst for skills development and personal growth. MDF observed former OS industry employees starting their own OS businesses to capitalise on increasing demand.

Non-wage benefits—including transport and meals, flexible working hours and work-from-home options, the absence of seasonality, and relative job security—attract people to work in the sector, particularly female employees. A supportive and motivating work environment, knowledge sharing and camaraderie are seen as key dimensions of job satisfaction. More than half of interviewed female employees cited a substantial degree of influence or full autonomy in decision-making over use of their earnings.



"We actually kept our jobs when the pandemic hit and were given other work to do. It was one of the most trying times but we pulled through. They really looked after us when the pandemic hit"

Rosie Tasere, Senior Supervisor, Our Pacific Office (formerly BTR)

The industry has struggled to attract people with disability, primarily due to poor accessibility at business premises. Some firms are responding. Infrastructure development firms, such as Tappoo and Lyndhurst, are planning or developing premises that prioritise accessibility, which MDF intends to support where feasible.

¹⁴ The measurement window covers 2020-2023 and figures are cumulative. MDF is still measuring some of its active interventions, and these numbers will be updated.



Empowering women with employment: opportunities during and after the pandemic

At the height of COVID-19, many businesses in Fiji struggled to sustain operations and keep their staff employed. At the same time, the pandemic presented Fiji's OS sector with an opportunity for growth. Businesses in nearshore markets, such as Australia and New Zealand, began re-evaluating their outsourcing strategies. Firms began looking for OS providers geographically closer to diversify risk and build resilience. The OS sector historically employs a high proportion of women. Its growth in Fiji has generated significant opportunities for women, particularly those who lost their livelihoods due to the downturn in tourism, providing a lifeline for many households, contributing to women's economic empowerment and the greater resilience of Fiji's workforce.

With MDF support for outsourcing services expanding between 2020 and 2021, there have been many stories of livelihoods regained. MDF Fiji spoke to Courtney Robinson, a former tourism employee who is now carving out a successful career in outsourcing services.¹⁵

Courtney Robinson first found out about BTR (Fiji), an outsourcing services business based in Nadi and Suva, when she noticed their job advertisement for a medical practice administration position.

"This instantly piqued my interest. In particular, the role was for a psychology/psychiatry practice and, having studied psychology at university, it was a perfect fit for me. I knew that it would be challenging - I just had to try," Courtney said.



"Our model is very much 'it's your team', where the clients select their team members, so keeping them is key. Once engaged, they rarely look elsewhere as they have invested in their Fiji team, offering job security to their team members."

**Brad Russell, Our Pacific Office
Co-Founder and Director**

At the time, Courtney had been unemployed for several months. The 28-year-old had worked for a renowned international resort chain as a reservation sales agent and was part of a dynamic, 15-member team. But when COVID-19 reached Fiji's shores, the tourism industry, which accounts for approximately 40 per cent of national employment (Fiji Ministry of Finance 2024) suffered immensely. Courtney started working at BTR (Fiji) one month later. She works fulltime and is the sole breadwinner for her household of six, which includes her retired parents, two brothers, daughter and herself. The money she earns is more than enough to cover their general expenses at home, so she is also able to save in the process. Her determination and commitment to the role has paid off and in just over one year, Courtney's responsibilities have grown to include three different portfolios: intake officer, administration team leader and 'As Campaign' team leader, where she oversees a team of nine. To support her career aspirations, she intends to enrol in a business management course at FNU. She shares how entering the industry and working in her role has been challenging; she found herself having to learn an entirely different culture, medical system and procedures of a company based in another country. However, she rose to the challenge and chose to learn as much as she could benefit her clients and herself.

¹⁵ MDF conducted the systemic change research during 2023, however, this interview was conducted in early 2022.



At the beginning of it all, I made the switch because I needed a job but as I progressed and learned more about the company, I became even more determined because I wanted to be part of everything Brad and Tracy Russell [BTR/Our Pacific Office Fiji] stood for.

Courtney Robinson, Team Leader, BTR/Our Pacific Office.



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