



The True Cost of Offshore Talent in 2026

In 2026, the offshore model isn't just about cost per hour, it's about efficiency, ownership, and long term scalability.

TL;DR

Hiring offshore talent at local market rates often results in 6–12 month turnover, preventing companies from fully recovering onboarding and training investments. Paying 30–35% above market significantly improves retention, enabling talent to stay longer and contribute increasing value over time.

In practice, this approach reduces rehiring costs and operational disruption, making above-market compensation a more cost-effective long-term strategy.

What's Inside This Handbook:

- Why paying market rate guarantees turnover.
- The freelancer platform trap and why cheap talent is expensive.
- Exemplary compensation benchmarks by role and experience level.
- The retention formula: what happens at months 1-3, 4-12, and 13-24+.
- Red flags and how to use these benchmarks strategically.

Cheap offshore talent is expensive. Above-market compensation reduces turnover and improves long-term ROI. This handbook walks through the numbers that prove why.

Author

Onia Rehman

Co-Author

Hashir Jamil

Introduction

The fundamental purpose of compiling this handbook is not to set a benchmark, but rather to give you a perspective on how benchmarking should be done. The golden rule that is often ignored: always keep retention in mind while making compensation decisions. What is retention? In simple words, making your human asset stay.

Why does it matter? An employee who knows your business, has been trained for months and has reached their peak potential is what Y Combinator is for startups, a dream come true. Yet founders exploring offshore hiring often confuse it with gig work. The reality is that both serve different purposes. If you are looking for a short-term engagement, hire a freelancer. If you want long-term commitment and a team that becomes your competitive advantage, hire offshore.

Once you decide to build a cross-border team, the question of costs inevitably arises. You begin searching for benchmarks. These benchmarks tell you what the market pays for a given role. But here is the question most companies fail to ask: Will market-competitive compensation actually retain your employee?

That question typically surfaces only after a newly hired employee leaves, taking with them all the institutional knowledge, client relationships and training investment you made over the past months, just for a better paying opportunity.

This handbook exists to help you avoid that costly mistake. The benchmark that matters is not what keeps you competitive. It is what keeps your team intact.

The Hidden Math of Offshore Hiring

As an EOR, we have interacted with hundreds of SMEs across the east coast. Our discussions usually revolve around two things: the quality of the talent and its cost.

Every other thing we talk about is secondary, the processes, terms and conditions, contract details, etc. What matters most to the companies we work with is straightforward: how good is the talent I am getting and how much am I paying for it?

But there is an important aspect that most businesses do not ask about and that is retention. We understand why. When most people think about offshore talent, they picture nomad freelancers who get the job done, collect payment and move on to the next gig. The assumption is that offshore work is transactional by nature.

But that's not the real issue and we know why this happens. There's no regulatory body governing the process. Candidates start believing that if one client can pay a few hundred bucks for a short-term engagement, there must be others who'll pay more. So they begin chasing multiple offers. What starts as a full-time role slowly turns into a gig or short-term project.

Then you have companies on the other side. They think, this person is willing to work for pennies, let's pay what they're asking, get the job done and move on. Sounds like a win-win, right? Not really. The company never finds a true long-term fit; the routine work gets done while completely ignoring the impact a loyal employee has.

When the process is done properly and systematically, both companies and candidates win. But our goal is not to advocate hiring through an EOR. We are here to give you "our secret sauce" for hiring offshore. But first, let us walk through a common scenario that we have seen play out dozens of times in the market.

A company hires a software developer for \$500 per month (at market rate). The developer works diligently for six months, delivers quality work and meets deadlines consistently. Then, they leave, without an intimation. Why? Because someone else offered them \$650-700 (30-35% above market). They deserved to be paid better. But because the first employer was following the market benchmark, they lost a valuable asset to a competitor.

This isn't an isolated incident. This is a pattern we see repeatedly in the talent market. Companies focus so intensely on the monthly cost that they completely

overlook the total cost of employment over time.

The Real Equation: Cost Per Retained Month vs. Cost Per Month

When you hire someone at the market rate i.e. \$500 per month and they leave after six months, here is what you have actually spent:

- **Direct salary costs:** \$3,000 over six months
- **Recruitment costs:** Time spent sourcing, interviewing and onboarding (conservatively 20–30 hours of management time)
- **Lost productivity:** The first 2–3 months of any junior hire are learning and ramping up. By month six, they are just becoming fully productive and that's when they leave.
- **Knowledge loss:** All the institutional knowledge, client relationships and internal processes they learned walk out the door with them.
- **Replacement costs:** Now you start the cycle again with a new hire.

According to Gallup, the turnover costs 1.5–2x of employee's annual salary.¹ For knowledge workers and technical positions, the cost is even higher, often reaching 100% to 150% of annual salary.² When you account for indirect costs like lost productivity and knowledge transfer, two-thirds of all turnover costs are intangible.³

Cost Comparison

Now consider a different scenario: You hire a developer at \$700 per month. This developer stays with you because you are paying over the market rate. Over that period:

- **Direct salary costs:** \$8,400 over 12 months
- **Recruitment costs:** You pay these once, not multiple times
- **Productivity**
 - Months 1–3: Learning, onboarding, getting up to speed
 - Months 4–8: Productive, reliable, contributing value

- Months 9–12: Fully autonomous, domain expert, potentially mentoring others or taking on additional responsibilities

By month 12, you have someone who understands your business deeply, requires minimal oversight and delivers compounding value. That is not just cost-effective hiring. That is strategic workforce planning.

The developer you paid \$500 per month cost you \$3,000 plus all the hidden costs of turnover and rehiring. The developer you paid \$700 per month (30–35% above market) cost you \$8,400 but you received 12 months of increasingly valuable work with zero turnover disruption. When you calculate cost per retained month, the above-market developer is dramatically cheaper.

Market rate scenario		Loyalty premium scenario	
Developer rate: \$500/mo (Market rate)		Developer rate: \$700/mo (30–35% above market)	
 Average tenure	6 months	 Average tenure	12 months
 Direct salary	\$3,000	 Direct salary	\$8,400
 Turnover cost	\$3,000–\$5,000 (Hiring, onboarding, lost productivity)	 Turnover cost	\$0 (Higher retention + no churn)
Total cost over tenure		Total cost over tenure	
Effective cost / retained month		Effective cost / retained month	
\$6,000–\$8,000 \$1,000–\$1,333		\$8,400 \$700	

The loyalty premium saves you
\$300–\$633 per retained month

What We Have Learned

Over the past years, East Consulting has placed and managed offshore talent for multiple SMEs. Our retention rate stays above 91% because we know when people are paid above market rates, they stay.

Our retention rate is not an accident. It is the result of a deliberate strategy: we pay above market rates because we understand the math. When someone is paid above what they could earn elsewhere, they do not spend their evenings browsing job boards. They focus on doing excellent work for the employer they have.

This is not charity. This is not us being generous. This is basic economics. The cost of replacing someone is so high that paying to retain them is still cheaper than dealing with turnover.

The Time-to-Productivity Reality

One of the most overlooked costs in offshore hiring is how long it takes for someone to become fully productive. Research on offshore software developers shows that even experienced professionals require time to reach full productivity

- Well-managed offshore developers with proper onboarding can reach high productivity within 30-90 days.⁴
- Some studies indicate that it can take 1-2 years for a new employee to reach the same productivity level as a high-performing employee who left.⁵

This matters because if you are cycling through developers every 6-12 months, you are perpetually paying for onboarding and ramp-up time. You never actually get to experience what a fully productive, long-term team member can deliver.

When you pay at market rate or below, you are essentially running a training program for your competitors. You invest the time and energy to get someone productive and then they leave just as they become valuable. When you pay a premium, you create a loyalty buffer that keeps them focused on your business, not their LinkedIn inbox.

Why the Market is Broken

The offshore talent market is filled with attractive promises. On paper, those rates look incredible. In practice, they create a race to the bottom that benefits no one.

The Freelancer Platform Problem

The unmanaged marketplaces have fundamentally changed how businesses think about offshore talent. They have made it extraordinarily easy to find someone cheap. But they have also created a false baseline for what talent actually costs.

Here is what these platforms are missing:

1. Vetting for Offshore Readiness

Anyone can create a profile on freelance platforms. There is minimal vetting, no requirement to demonstrate culture fit and no assessment of whether someone is actually prepared to work with an employer sitting on the other side of the globe. Many freelance platforms face challenges with trust and reliability.⁶ Clients often have to spend extra time and effort reviewing, testing and managing freelancers themselves to ensure the work meets their standards.

2. Communication and Cultural Training

Working with offshore talent is not just about technical skills. It is about clear communication, understanding cultural norms, being comfortable with video calls and adapting to different time zones. Freelance platforms do not prepare their workers for this. They assume that if someone can code or design, they can work with a client. That assumption isn't correct all the time.

3. Retention Infrastructure

Freelancers on these platforms are, by definition, transactional. They are looking for the next gig, not a long-term relationship. There is no infrastructure to support retention, no career development, no sense of belonging to a team. This works fine for one-off projects, but it is disastrous for ongoing work where institutional knowledge matters.

What you need	Unmanaged platforms	Managed services
Vetting for culture	✗	✓
Communication skills	✗	✓
Retention	✗	✓
Performance management	✗	✓
Compound value growth	✗	✓
Low upfront hourly rate	✓	✗

Why managed platforms make sense for you

4. The "Good Enough" Trap

The biggest problem with cheap offshore talent is not that it is terrible. It is that it is good enough to keep you from looking elsewhere. You hire someone for \$5 per hour. They do adequate work. You think you are saving money. But adequate work is not what grows a business. Adequate work is what keeps you stuck in place while competitors who invested in better talent move ahead.

Saving bucks by hiring someone cheaper can easily cost you \$10,000 in delays, missed deadlines or poor-quality deliverables that need to be redone. Research has shown that poor quality due to high turnover on production lines led to hundreds of millions of dollars in additional costs for manufacturers.⁷ The same principle applies to knowledge work.

The Reality Check

Let us talk about the actual market rates in Pakistan, India, Egypt and South Africa. According to salary surveys, the market rates for skilled professionals have been rising steadily. The days of finding a senior developer for \$400 per month are largely over.

Why? Because local markets have matured. There are now thousands of successful companies in these regions that are hiring top talent and paying competitive wages. The best technical and non-technical professionals in these markets have options. They can work for local tech companies, international

remote-first companies or start their own businesses.

When you offer someone \$500 per month for a mid-level developer role in a market where the going rate is \$600–700, you are not attracting top 10% talent. You are attracting people who are at the average and will leave the moment a better offer comes along.

Top talent knows what they are worth. In any mature offshore market, an engineer earning \$700–800/month locally is unlikely to accept comparable offers solely because the employer is based offshore. They have many other options. And if you're only paying market rate, say \$750/month, they will still leave the moment someone offers them a few bucks more. The loyalty buffer only exists when you bring that same role to \$950–1,000/month. At that level, they know they're being compensated exceptionally well and that knowledge translates into commitment and excellent work.

What Forward-Thinking Companies Already Know

We have worked with companies that made the switch from budget offshore talent to properly compensated professionals. The transformation is remarkable.

One client came to us after cycling through multiple developers in 18 months. Each was hired at \$400–\$500 per month through a freelance platform. Each left within 4–6 months for better opportunities. The client was frustrated, behind schedule and beginning to think that offshore hiring simply did not work.

We placed a developer at \$850 per month (30–35% above the prevailing market rate for that role). That developer is still with the client two years later. They have taken ownership of major features, mentored junior team members and become indispensable to the client's operations. The client now considers this developer one of their best hires ever remote or otherwise.

The difference was not just skill level, although that mattered. The difference was commitment. When someone is paid well above market, they invest in the relationship. They care about the company's success because they know the company cares about theirs. They also recognize that finding another employer willing to pay them at that level is rare, which creates a powerful retention incentive.

The Benchmark – What Retainable Talent Should Cost

This section provides a brief overview of the offshore talent market based on current data from salary surveys and our own placement experience across multiple geographies. The indexed benchmarks presented here represent an average of major offshore markets, primarily Pakistan, India and Egypt, the regions where we actively operate and have the most reliable compensation data.

These serve as a case study to illustrate the compensation framework. The principles and percentage premiums shown here can be applied to roles beyond those listed.

These benchmarks represent what you should expect to pay for talent that stays, not just what keeps you competitive, but what creates a loyalty buffer that prevents constant turnover

Technical Roles

Role	Level	Market Avg. Pay	EC's Avg. Pay	Cost Savings	Ideal Savings
Frontend Engineer	Entry (0-1 yrs.)	\$237	\$383	\$5,763	\$5,380
	Junior (1-3 yrs.)	\$378	\$612	\$10,122	\$9,510
	Middle (3-6 yrs.)	\$893	\$1,447	\$12,607	\$11,160
	Senior (6+ yrs.)	\$1,313	\$2,128	\$16,187	\$14,059
Backend Engineer	Entry (0-1 yrs.)	\$244	\$394	\$7,756	\$7,362
	Junior (1-3 yrs.)	\$401	\$650	\$10,099	\$9,449
	Middle (3-6 yrs.)	\$998	\$1,617	\$12,502	\$10,885
	Senior (6+ yrs.)	\$1,523	\$2,468	\$15,977	\$13,509
Full-Stack Engineer	Entry (0-1 yrs.)	\$260	\$421	\$7,740	\$7,320
	Junior (1-3 yrs.)	\$446	\$723	\$10,054	\$9,331
	Middle (3-6 yrs.)	\$1,208	\$1,957	\$12,292	\$10,334
	Senior (6+ yrs.)	\$1,418	\$2,298	\$16,082	\$13,784

True Cost of Offshore Talent

Technical roles, Non-technical roles

11

AI/ML Engineer	Entry (0-1 yrs.)	\$271	\$440	\$8,729	\$8,289
	Junior (1-3 yrs.)	\$416	\$674	\$11,584	\$10,910
	Middle (3-6 yrs.)	\$1,208	\$1,957	\$14,792	\$12,834
	Senior (6+ yrs.)	\$1,734	\$2,808	\$21,266	\$18,458
Business Analyst	Entry (0-1 yrs.)	\$211	\$342	\$6,289	\$5,947
	Junior (1-3 yrs.)	\$361	\$584	\$8,389	\$7,805
	Middle (3-6 yrs.)	\$1,103	\$1,787	\$10,397	\$8,610
	Senior (6+ yrs.)	\$2,168	\$3,512	\$13,332	\$9,820
Product Designer	Entry (0-1 yrs.)	\$194	\$314	\$6,306	\$5,992
	Junior (1-3 yrs.)	\$275	\$446	\$8,475	\$8,029
	Middle (3-6 yrs.)	\$998	\$1,617	\$11,002	\$9,385
	Senior (6+ yrs.)	\$1,523	\$2,468	\$15,477	\$13,009

Non-Technical Roles

Role	Level	Market Avg. Pay	EC's Avg. Pay	Cost Savings	Ideal Savings
Financial Analyst	Entry (0-1 yrs.)	\$151	\$244	\$4,599	\$4,355
	Junior (1-3 yrs.)	\$378	\$612	\$6,112	\$5,510
	Middle (3-6 yrs.)	\$787	\$1,275	\$7,713	\$6,438
	Senior (6+ yrs.)	\$1,836	\$2,974	\$9,414	\$6,440
Account Executive	Entry (0-1 yrs.)	\$162	\$263	\$5,088	\$4,825
	Junior (1-3 yrs.)	\$558	\$905	\$6,192	\$5,287
	Middle (3-6 yrs.)	\$1,311	\$2,125	\$7,439	\$5,314
	Senior (6+ yrs.)	\$2,413	\$3,909	\$9,587	\$5,678

True Cost of Offshore Talent

Non technical roles, Management roles

12

CRM Executive	Entry (0-1 yrs.)	\$162	\$263	\$5,238	\$4,975
	Junior (1-3 yrs.)	\$558	\$905	\$6,192	\$5,287
	Middle (3-6 yrs.)	\$1,311	\$2,125	\$6,939	\$4,814
	Senior (6+ yrs.)	\$2,413	\$3,909	\$7,587	\$3,678
Digital Marketer	Entry (0-1 yrs.)	\$181	\$294	\$4,419	\$4,125
	Junior (1-3 yrs.)	\$472	\$765	\$5,528	\$4,763
	Middle (3-6 yrs.)	\$1,102	\$1,785	\$6,798	\$5,014
	Senior (6+ yrs.)	\$2,046	\$3,314	\$8,454	\$5,140
Recruitment Specialist	Entry (0-1 yrs.)	\$142	\$230	\$4,108	\$3,877
	Junior (1-3 yrs.)	\$248	\$402	\$5,752	\$5,349
	Middle (3-6 yrs.)	\$892	\$1,445	\$7,108	\$5,664
	Senior (6+ yrs.)	\$1,416	\$2,295	\$9,084	\$6,789
Operations Analyst	Entry (0-1 yrs.)	\$160	\$260	\$4,690	\$4,430
	Junior (1-3 yrs.)	\$383	\$620	\$5,867	\$5,248
	Middle (3-6 yrs.)	\$577	\$935	\$7,673	\$6,738
	Senior (6+ yrs.)	\$1,311	\$2,125	\$9,689	\$7,564

Management Roles

Role	Level	Market Avg. Pay	EC's Avg. Pay	Cost Savings	Ideal Savings
Software Dev Manager	Senior (6-12 yrs.)	\$1,195	\$1,614	\$19,805	\$18,191
	Experienced (12+ yrs.)	\$1,714	\$2,313	\$24,286	\$21,973
Project Manager	Senior (6-12 yrs.)	\$1,731	\$2,337	\$13,269	\$10,932
	Experienced (12+ yrs.)	\$2,046	\$2,762	\$17,954	\$15,192
Art Director	Senior (6-12 yrs.)	\$892	\$1,204	\$13,108	\$11,904
	Experienced (12+ yrs.)	\$1,154	\$1,558	\$18,846	\$17,288

How to Read This Benchmark

The reference ranges shown represent monthly compensation in USD. If you pay significantly below these percentages, you should expect turnover. The talent you hire will be actively looking for better opportunities from day one. Paying within this range means you are competitive with other offshore employers and equivalent local companies hiring for similar roles.

At Market = Competitive But Vulnerable

Paying at market rate means you are competitive with other offshore employers and equivalent local companies. However, you have no loyalty buffer. Your team members can and will leave for a 10–15% raise elsewhere.

Loyalty Premium

Paying 30–35% above market creates a retention advantage. Your team members know they are compensated exceptionally well compared to what they could earn elsewhere. This knowledge creates a powerful psychological and economic incentive to stay. They are far less likely to entertain offers from competitors because those offers would need to be significantly higher to justify a move.

Savings: The Real Cost Perspective

This is where the economics become clear. Even after paying 30–35% above market rates, you are still saving substantially compared to hiring equivalent talent in the U.S. or other Western markets. The "Savings" column shows what you save by hiring offshore at market rate, while the "Ideal Savings" column shows your savings even after applying the loyalty premium.

You are still saving 70–80% compared to U.S. hiring costs, even with the loyalty premium. The question is not whether offshore hiring is cheaper, it demonstrably is. The question is whether you want stable, long-term team members or a revolving door of talent that costs you more in the long run.

The seemingly high percentage (30–35%) has minimal impact on your actual savings, but a massive impact on retention.

Role-Specific Considerations

Technical Roles (Software Developers, AI Engineers, QA, etc.)

Technical talent is the most competitive segment of the offshore market. Demand consistently outpaces supply for quality developers. The benchmark ranges reflect this reality. If you are hiring for specialized skills (AI/ML, advanced DevOps), expect to pay at the higher end of the range or above it.

Non-Technical Roles (Operations, Accounting, Sales, etc.)

These roles often require strong communication skills and cultural fit, which can be harder to find than pure technical ability. Paying above the market rate is justified when the talent you're hiring is among the best.

Leadership and Management Roles

These positions require not just domain expertise but also the ability to lead teams, make strategic decisions and communicate complex ideas to stakeholders. The benchmark ranges reflect the scarcity of offshore professionals who can operate effectively at this level.

A Note on Specialized Talent

Some roles command premium rates regardless of experience level:

- **AI/ML Specialists:** Currently in extremely high demand globally.
- **Medical Assistants with U.S. Healthcare Knowledge:** Requires specific training and certifications.
- **Lawyers as Consultants:** Licensed professionals providing compliance consultation or advisory services.

For these specialized roles, expect to pay 20–40% above the standard benchmarks for equivalent experience levels.

The Retention Formula – Why This Works

By now, you understand the economics: paying 30–35% above market creates a loyalty buffer while maintaining substantial cost savings compared to U.S. hiring. But understanding the numbers is only half the equation. The other half is understanding what you are actually building when you implement this compensation strategy.

It Is Not Just Salary

When you pay for talent above the market rate, you are not just paying someone's monthly compensation. You are paying for a complete retention infrastructure that dramatically reduces your risk and management burden.

1. Pre-Vetted for Offshore Readiness

Every professional we place has been screened for three things that freelance platforms ignore:

- **Culture Fit:** Can they work effectively with U.S. clients? Are they comfortable with direct communication? Do they understand cultural norms?
- **Language Proficiency:** Can they communicate clearly in English, both written and verbal? Can they participate in client calls without constant clarification?
- **Offshore Exposure:** Have they worked with international clients before? Do they understand time zone management, asynchronous communication and remote collaboration tools?

This screening saves you weeks of trial and error. When we place someone, you can be confident they will integrate smoothly into your team from day one.

2. Managed Infrastructure

When you hire someone directly, you become responsible for everything: HR paperwork, payroll, compliance with local labor laws, tax withholding, benefits administration. In offshore jurisdictions, this includes navigating complex regulations around foreign employment.

We handle all of this. You get the talent. We handle the administrative burden. This is not a small thing. Our clients tell us that the peace of mind alone is worth the premium they pay.

3. Performance Management

One of the hardest parts of managing offshore teams is addressing performance issues. Cultural differences make it difficult to give direct feedback. Time zones make it hard to have real-time conversations about problems.

We act as the intermediary. If there is a performance issue, we address it. If someone is not meeting expectations, we handle the difficult conversation. If coaching and feedback do not work, we manage the termination process according to local labor laws. You stay focused on your business. We handle the difficult people-management tasks.

Our Secret Sauce: The Compound Effect

The true value of properly compensated talent reveals itself over time. Here is what the typical trajectory looks like:

Months 1–3: Onboarding and Learning

During this period, you are making an investment. The team member is learning your systems, your codebase or processes, your client expectations and your team culture. They are productive, but they are not yet delivering full value. This is normal and expected.

If you are paying at or below market rate, this is the period when people start looking for better opportunities. They are learning valuable skills on your dime and they are already planning their exit.

If you are paying 30–35% above market rate, they are focused on proving themselves and earning their place on your team. They recognize they have an exceptional opportunity and want to demonstrate they deserve it.

Months 4–12: Productive and Reliable

By month four, a well-onboarded team member should be operating independently. They know your systems. They understand your expectations. They are delivering consistent value.

This is the period where you start seeing real ROI on your hiring investment. The person you hired is now doing the job you hired them to do, without constant supervision.

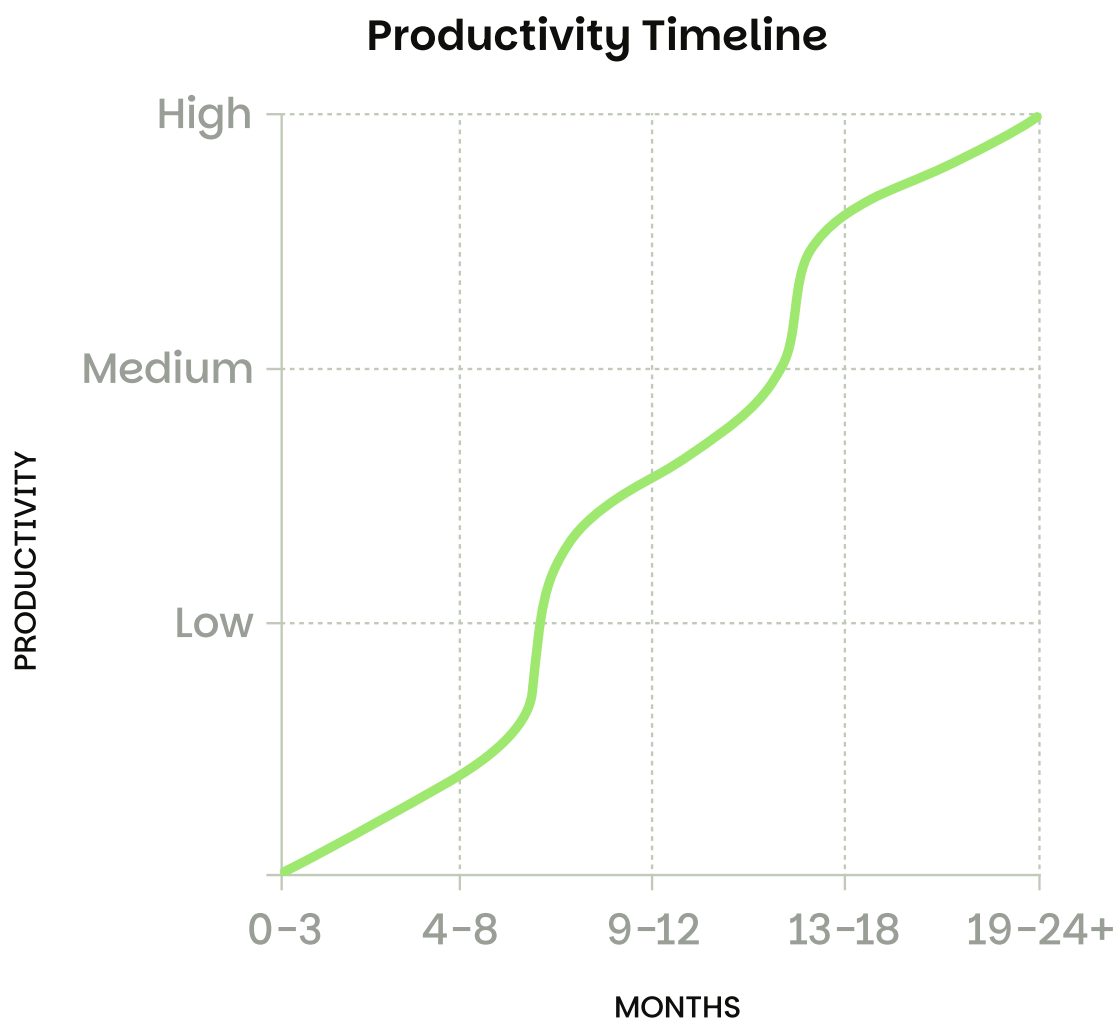
This is also the period when turnover becomes most expensive. If someone leaves at month six, you have just invested six months in training them and you are getting no return on that investment.

Months 13–24 and Beyond: Expert and Impact Multiplier

After a year, something remarkable happens. Your team member transitions from being productive to being invaluable. They know your business deeply. They anticipate problems. They suggest improvements. They mentor newer team members.

This is where the compounding value of retention really kicks in. You are no longer managing them, they are managing themselves and making your job easier.

Very few companies who hire at or below market rates ever experience this phase. They are stuck in an endless cycle of hiring, training and losing people just as they become valuable.



The Data Behind Retention and Compensation

Research consistently shows a correlation between compensation and retention:

- Studies indicate that employees who feel fairly compensated are significantly less likely to leave their positions voluntarily.⁸
- The intangible costs of turnover: lost productivity, knowledge loss and decreased morale: account for approximately two-thirds of total turnover costs.⁹
- Another study recommends that compensation should be considered as a retention strategy which leads to a competitive advantage.¹⁰

When we place someone at approximately one-third above the market benchmark, we are making a calculated bet that the reduced turnover risk more than pays for the slightly higher monthly cost.

The data proves we are right.

Red Flags: When Someone Is Willing to Work for Too Little

Here is a scenario that should make you cautious: you are hiring for a mid-level developer position. The benchmark range is \$700-\$900 per month. You post the role and someone with an impressive resume applies and says they will do the job for \$400 per month.

Why are they offering to work for 50% below market rate?

Possible explanations:

- **They are new and building a portfolio:** They might be good but inexperienced. This is not necessarily bad, but you should adjust your expectations accordingly and hire them for an entry-level position.
- **They are desperate:** Something in their background (performance issues, conflicts with previous employers, gaps in employment) is making it hard for them to get better offers. Not always a red flag, but be mindful that once a better-paying opportunity comes along, they're likely to move on.

-
- **They are waiting for a better opportunity:** They are taking your offer as a temporary stepping stone while continuing to look for better opportunities.
 - **Their resume is exaggerated:** What looks impressive on paper does not match their actual skill level and they know they cannot command market rates.

In all of these scenarios, hiring the "bargain" candidate is risky. You might get lucky. More likely, you will get exactly what you pay for: someone who is not quite ready, not quite skilled enough or not planning to stay.

The Closing Message

We started this handbook with a simple observation: most companies focus intensely on the monthly cost of offshore talent while overlooking the total cost of employment.

The truth is this: Cheap offshore talent is expensive. Above-market offshore talent is the best deal in business.

When you pay a 30-35% loyalty premium, people stay. When people stay, they become productive. When they become productive, they create value that far exceeds their cost. When they create value, your business grows.

This is not complicated math. It's just math that most companies do not do because they are too focused on the line item in their monthly budget.

We understand the instinct to save money. Every dollar matters, especially for small and medium-sized businesses. But cutting corners on talent is a false economy. You save a few hundred dollars per month and lose thousands in turnover costs, training time and missed opportunities.

Treat offshore professionals like the skilled knowledge workers they are. Create an environment where people want to stay. And watch what happens when you finally experience what long-term, committed team members can actually deliver.

It is better for your business. It is better for the talent. And it is better for the offshore hiring market as a whole. The race to the bottom helps no one. The path to the top starts with fair compensation and smart retention strategies. That is what we have built at East Consulting. That is what this handbook represents. And that is what we invite you to build with us.

References

1. Gallup Workplace, "This Fixable Problem Costs U.S. Businesses \$1 Trillion" (2019) – The cost of replacing an individual employee can range from one-half to two times the employee's annual salary.
2. Built In, "The True Costs of Employee Turnover" (2024) – Technical positions cost 100-150% of salary to replace; C-suite turnover costs 213% of salary.
3. SHRM Research, "Hidden Costs of Turnover" – Two-thirds of all sunk costs due to turnover are intangible, including lost productivity and knowledge.
4. TurnKey Staffing, "30-60-90 Day Plan for Offshore Developers" (2025) – Well-structured onboarding plans help offshore developers reach productivity within the first 90 days through clear milestones and expectations.
5. Josh Bersin Research (via Bersin by Deloitte research) – New employees can take 1-2 years to reach the same productivity level as high-performing employees who left.
6. SNS Insider, "Freelance Platforms Market Size, Share & Forecast by 2032" (2024) – Market research identifies quality control as an ongoing challenge, noting that not all freelancers meet client expectations and that the global reach introduces variability in talent quality, requiring extensive client-side vetting.
7. Ken Moon et al., "The Hidden Cost of Worker Turnover" (2022) – Study on an electronics manufacturer found to increase field failures by 0.74%–0.79%. The associated costs amount to hundreds of millions of U.S. dollars.
8. Jevtić et al., Effects of the Compensation System on Job Satisfaction and Turnover Intention (Strategic Management Journal 2025) – finding that higher/competitive compensation systems are significantly associated with lower turnover intentions and increased job satisfaction.
9. Built In, "The True Costs of Employee Turnover" (2024) – estimates that approximately two-thirds of turnover costs are intangible, including lost productivity, institutional knowledge and morale impact in addition to direct financial costs.
10. Twalib, Magutu, "Influence of Compensation on Employee Turnover at Galitos" (2025) – organizations should consider compensation as a strategy of ensuring employee loyalty which will lead to competitive advantage of the organization.