RECRUITMENT & RETENTION STRATEGIES IN THE MANUFACTURING EVOLUTION
An overview on Vietnam’s Recruitment Market
Overall, labor supply is growing, although the gap between supply and demand still exists.

**No. of Job Post**

- **H1/2014**: 26,608
- **H1/2015**: 36,575
- **H1/2016**: 48,377
- **H1/2017**: 58,079
- **H1/2018**: 63,730

*10% growth y-o-y*

**No. of Job Application**

- **H1/2014**: 104,027
- **H1/2015**: 138,544
- **H1/2016**: 227,236
- **H1/2017**: 229,130
- **H1/2018**: 237,119

*5% growth y-o-y*

Source: Navigos Group Vietnam JSC – Report 2018
Top 5 job categories with the highest growth

**In recruitment demand**

- Legal/Contracts: 27%
- Finance/Investment: 24%
- Accounting: 23%
- Internet/Online Media: 22%
- Human Resources: 22%

**In labor supply**

- Internet/Online Media: 27%
- Retail/Wholesales: 22%
- QA/QC: 21%
- Education/Training: 18%
- Banking: 16%

Source: Navigos Group Vietnam JSC – Report 2018
The competition is growing at locations *where* Industrial Zones is established.

<table>
<thead>
<tr>
<th>Competitive rate by category</th>
<th>Competitive rate by location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandizing/ Purchasing/ Supply Chain</td>
<td>1/82</td>
</tr>
<tr>
<td>Human Resources</td>
<td>1/73</td>
</tr>
<tr>
<td>Administrative/ Clerical</td>
<td>1/68</td>
</tr>
<tr>
<td>Accounting</td>
<td>1/66</td>
</tr>
<tr>
<td>Export - Import</td>
<td>1/65</td>
</tr>
<tr>
<td>Hung Yen</td>
<td>1/59</td>
</tr>
<tr>
<td>Hai Duong</td>
<td>1/57</td>
</tr>
<tr>
<td>Bien Hoa</td>
<td>1/57</td>
</tr>
<tr>
<td>Ho Chi Minh</td>
<td>1/54</td>
</tr>
<tr>
<td>Dong Nai</td>
<td>1/53</td>
</tr>
</tbody>
</table>

*Source: Navigos Group Vietnam JSC – Report 2018*
Industrial Manufacturing Demand & Supply account for about 20% of the market

No. of Job Post

36% growth y-o-y

<table>
<thead>
<tr>
<th>H1/2014</th>
<th>H1/2015</th>
<th>H1/2016</th>
<th>H1/2017</th>
<th>H1/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,510</td>
<td>7,575</td>
<td>9,194</td>
<td>10,625</td>
<td>14,463</td>
</tr>
</tbody>
</table>

No. of Job Application

40% growth y-o-y

<table>
<thead>
<tr>
<th>H1/2014</th>
<th>H1/2015</th>
<th>H1/2016</th>
<th>H1/2017</th>
<th>H1/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,967</td>
<td>36,448</td>
<td>36,967</td>
<td>35,279</td>
<td>49,687</td>
</tr>
</tbody>
</table>

Source: Navigos Group Vietnam JSC – Report 2018
Manufacturing has highest demand in middle & senior level

Growth of recruitment needs – 2017

Navigos Surveys - Some highlights
Technical competencies are always critical for "Talents" in Industrial Manufacturing
Vietnam has a young and growing workforce

69% of population is in working age

27% of population is Millennials

300,000 graduated students/ year

Source: General Statistics of Vietnam
Candidates and Employers have different views on the importance of non-technical hiring requirements.

**Employers’ requirements**
- Technical skills & experience: 41%
- Working attitude: 27%
- Culture fit: 14%
- Soft skills: 3%

**Employees’ view**
- Technical skills & experience: 73%
- Soft skills: 19%
- Foreign languages: 6%

Source: *Navigos Group Vietnam JSC – Report 2018*
Manufacturing candidates are proactive to get themselves ready

- 28% Join technical skills training courses
- 25% Learn from colleagues
- 25% Improve foreign languages
- 17% Join soft skills training courses
- 3% Await for company training courses
- 1% Do nothing

Source: Navigos Group Vietnam JSC – Report 2018
Manufacturing companies become more creative in their recruitment strategies.
Companies’ common recruitment strategies

Percentage of respondents who strongly agree or agree with solution.

- Diversity recruitment channels: 81%
- Train the next generation: 51%
- Invest in Benefits program: 50%
- Build Employer brand: 31%
- Associate with training centers: 23%
- Associate with industrial zones: 7%

Source: Navigos Group Vietnam JSC – Report 2018
Effective channels for recruitment

Percentage of respondents who strongly agree or agree with each statement

- **Online job portal**: 74%
- **Internal referral**: 50%
- **HR department**: 46%
- **Recruitment agency**: 23% → **Note**: Headhunt is the most effective for senior positions
- **Vocational colleges or university communities**: 17%

Source: Navigos Group Vietnam JSC – Report 2018
Online job posting becomes popular channels for experienced (non-management) positions

Source: Navigos Group Vietnam JSC – Report 2018
Other solutions

The need for **fit-in and scalable manpower resource** becomes an important factor for company’s success under rapid technological change.

- Outsource: 46%
- Cooperate with training centers on training in accordance with hiring requirement: 21%
- Cooperate with training centers to improve the quality of training courses: 21%

Source: Navigos Group Vietnam JSC – Report 2018
Collaborating with educators **becomes a trend**

Collaboration with technical & community colleges not only helps to design a suitable manufacturing workforce but also improves the industry perception and career trends.

Percentage of respondents who strongly agree or agree with each statement

<table>
<thead>
<tr>
<th>Institution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational colleges</td>
<td>49%</td>
</tr>
<tr>
<td>Universities</td>
<td>41%</td>
</tr>
<tr>
<td>Colleges</td>
<td>23%</td>
</tr>
<tr>
<td>High schools</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: *Navigos Group Vietnam JSC – Report 2018*
Recruitment is still a challenge
QUALITY
Hard to find candidates with relevant Experience, Skills and Technical Knowledge (43%)

RETENTION
Companies need to find ways to keep talents while controlling labor costs

IMPACT OF NEW TECHNOLOGIES
Technology has pushed up the recruitment demand and “facilitated” the race for salary.

WORKING LOCATION
It is still challenging to find senior candidates around industrial zones’ areas

LANGUAGE
Beside English, the demand for Korean, Japanese and Chinese speaking candidates are rising
“76% employees said that they have to cope with increasing workload due to manpower-shortage in their department.”

Source: Navigos Group Vietnam JSC – Report 2018
Top reasons for hiring challenges

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unqualified candidates</td>
<td>35%</td>
</tr>
<tr>
<td>Unattractive salaries &amp; benefits</td>
<td>20%</td>
</tr>
<tr>
<td>Low number of candidates</td>
<td>14%</td>
</tr>
<tr>
<td>Competitive market</td>
<td>9%</td>
</tr>
<tr>
<td>Working location &amp; condition</td>
<td>9%</td>
</tr>
</tbody>
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Source: Navigos Group Vietnam JSC – Report 2018
Retention is always the priority
Factors contributing to attracting and retaining people

Percentage of respondents who strongly agree or agree with each statement

### Employers’ view

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Stable job</td>
<td>63%</td>
</tr>
<tr>
<td>Competitive salary</td>
<td>52%</td>
</tr>
<tr>
<td>Safety working environment</td>
<td>37%</td>
</tr>
<tr>
<td>Attractive compensation</td>
<td>24%</td>
</tr>
<tr>
<td>Great line manager</td>
<td>21%</td>
</tr>
<tr>
<td>Clear promotion policy</td>
<td>19%</td>
</tr>
<tr>
<td>Engagement activities of company</td>
<td>15%</td>
</tr>
<tr>
<td>Healthcare program for employee</td>
<td>11%</td>
</tr>
<tr>
<td>Practical training program</td>
<td>10%</td>
</tr>
<tr>
<td>Flexible working hours</td>
<td>10%</td>
</tr>
<tr>
<td>Healthcare program for relatives</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Employees’ view

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<tr>
<td>Healthcare program for relatives</td>
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Source: Navigos Group Vietnam JSC – Report 2018
Navigos Search’s recommendations
Proper recruitment process helps getting the right talents

- Sourcing & Screening
- Reference Check
- Test (IQ/EQ/Technical) if applicable
- Interview
- Offer
- Onboarding, evaluation, validation
Companies need to be creative in Retention Strategies

Human Capital has become the driver of strategic planning.

People-centric becomes strategic approach.

Creating pathway to grow leaders is companies’ focus.

Employers seek for initiatives for EB differentiation.

Improving talent quality becomes a priority.
Solutions for labor workforce are not short-term. A long-term strategy for hiring, developing and retaining talents is vital for sustainable growth of any business.
THANK YOU!
CONTACT US

HO CHI MINH OFFICE
- 20th Floor, e.town Central Tower,
  11 Doan Van Bo Str., Ward 12, Dist. 4,
  Ho Chi Minh City
- +84 28 3925 5000
- +84 28 3925 5111
- +84 28 5404 4936

Follow Us
- Website: www.navigossearch.com
- Email: contact@navigossearch.com
- /NavigosSearchVietnam
- /navigos-search/

HA NOI OFFICE
- 7th floor, V-Building
  125 - 127 Ba Trieu Street,
  Hai Ba Trung District, Ha Noi
- +84 24 3974 3033
- +84 24 3974 3036
- +84 24 6278 5199