



Staff Outsourcing in Viet Nam Why? Why Not?

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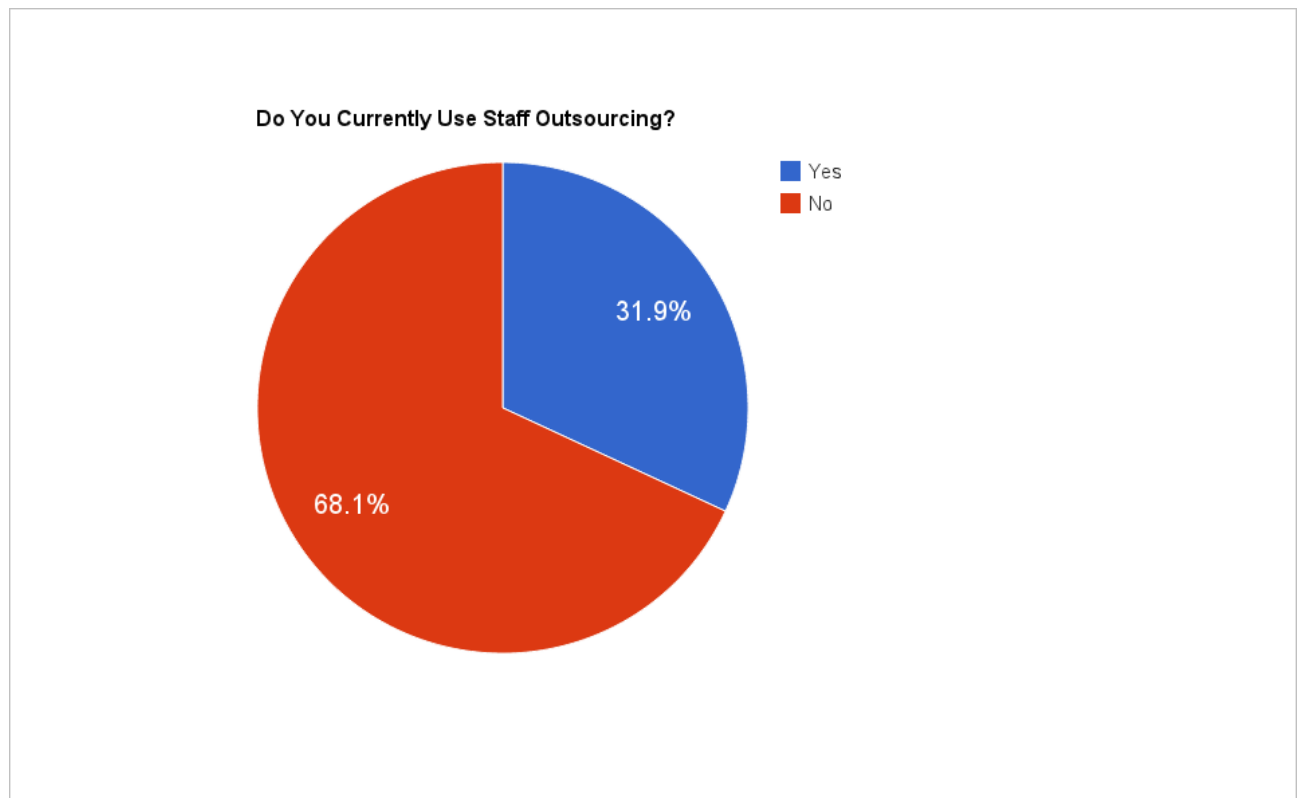
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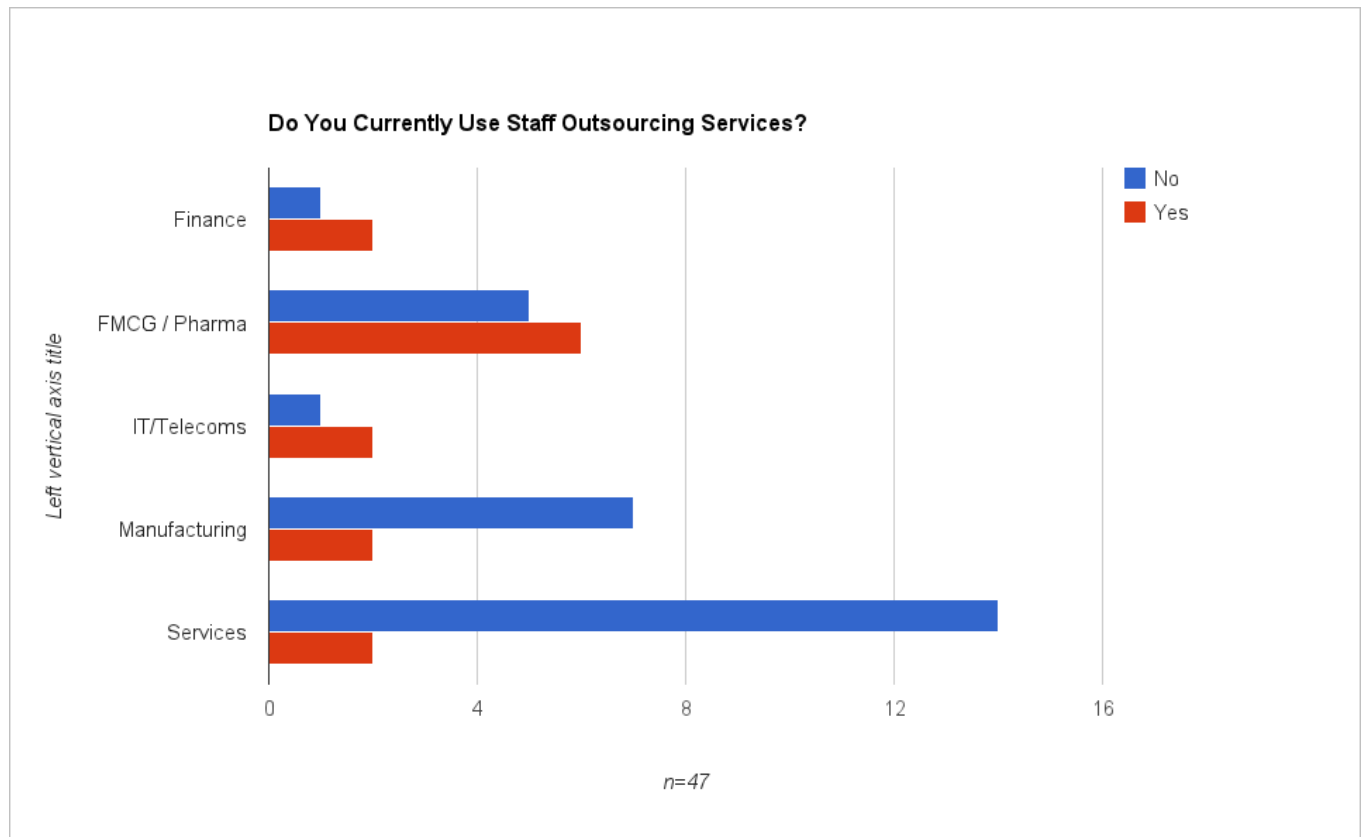


Do you Currently Use Staff Outsourcing?



Around 30% of companies in the survey currently use Staff Outsourcing Services. This is probably higher than in the whole business community as the invitation list for this survey included potential customers of HR2B.

In 2013 HR2B has seen a 300% increase in the number of enquiries regarding Staff Outsourcing service. The average group size for each customer has increased from 10 to over 30 as companies look to outsource whole functions. HR2B largest customer has over 150 people under Staff Outsourcing arrangements and the smallest has only one person.



Staff Outsourcing is more common in the FMCG and Pharma Industries than in general services or manufacturing.

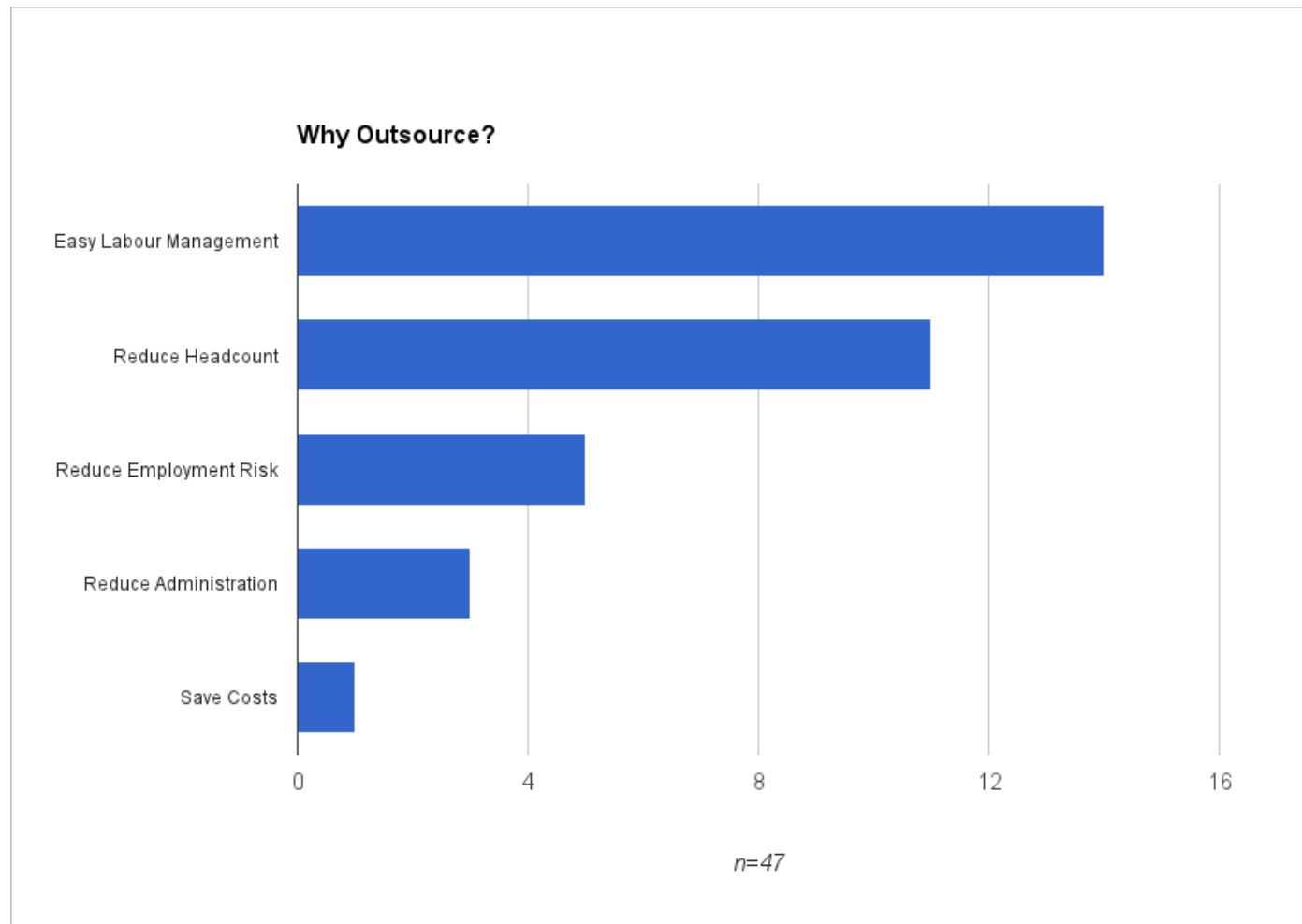
In manufacturing Staff Outsourcing is used for extra production capacity during busy periods.

FMCG, Pharma, Finance, Telecoms, Banks and Insurance companies will often outsource their Sales teams. This gives them greater flexibility during busy periods. It is easier to see and manage the costs associated with a sales campaign when you use an outsource provider.

Administration, is the next most common function that is outsourced. This can range from running a warehouse to general office administration and reception.

IT and Telecoms will often outsource their customer care teams, such as equipment service and repair.

Why Outsource?



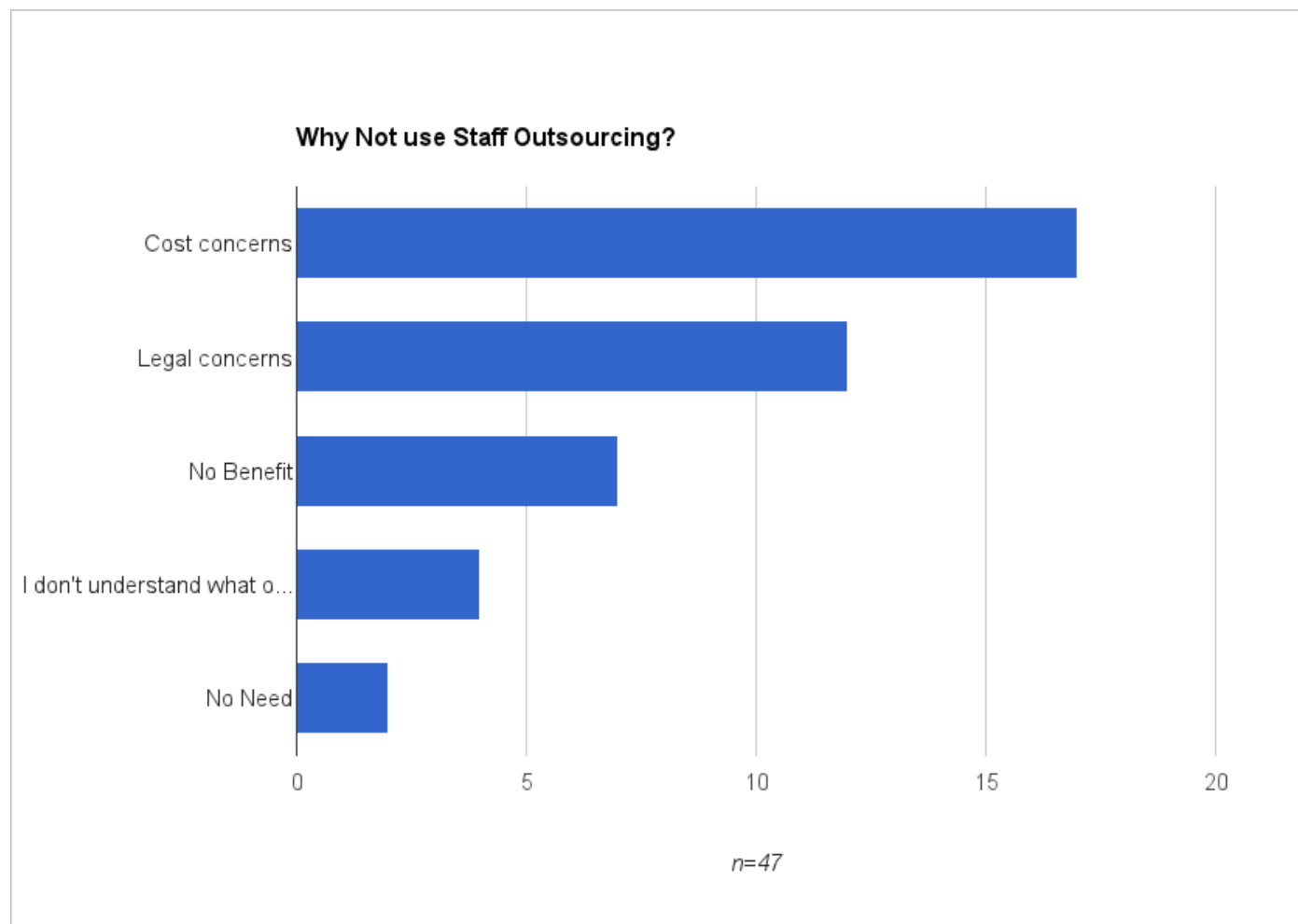
The biggest reason to use Staff Outsourcing is that it makes the managers job easier. A professional staff outsourcing service gives customers greater flexibility in hiring people quickly and removing poor performers from the work team.

Headcount reduction is a target of many international firms. This makes the remaining employees more 'valuable' as there are less people on the payroll for the same revenue. With the recent economic downturn, Vietnamese customers too have been looking for ways to limit the total number of staff in the organisation.

Staff Outsourcing provides a way for companies to move non-core headcount off the books so that managers can focus on the most important aspects of their business.

It is interesting that not many companies follow a Staff Outsourcing strategy for cost reduction reasons. Lowering headcount has a direct impact on costs.

Why Not Outsource?



Staff Outsourcing is becoming increasingly popular in Viet Nam as organisations switch away from 'growth at any cost' to 'cost efficiency' strategy. Interestingly for the people who don't outsource their biggest concern is the cost, but this is not a concern for those who do outsource.

The reason for this is that the cost savings and efficiency gains of Staff Outsourcing take time to show up in the balance sheet. Like all organisational change projects, there is an initial cost of set up and learning to work with a third party provider. The cost savings of lower headcount are not immediately obvious.

Another reason is that potential customers routinely underestimate the cost of having their current staff. Often customers will count the direct salary costs and ignore the huge savings that are on offer with indirect efficiency gains from having less people to manage.

Uniquely to the Viet Nam market are 'legal concerns'. This finding highlights the drag on business of having unclear laws inconsistently applied. Luckily the new Labour Code of May 2013 takes some steps to address this issue however more needs to be done.

What Was Done?

HR2B invited a group of 220 companies to participate in short 5 question survey on Staff Outsourcing with the following instructions:

You have been selected by HR2B to take part in this survey on "Staff Outsourcing in Viet Nam".

There are 5 questions and it takes about 5 minutes to respond.

Staff Outsourcing is a new human resources management service to business in Viet Nam.

Staff Outsourcing is common in other South East Asian countries such as Singapore, Malaysia, Indonesian and the Philippines.

Staff Outsourcing is where HR2B holds and manages the employment contract of a person (called an Assignee or Contractor).

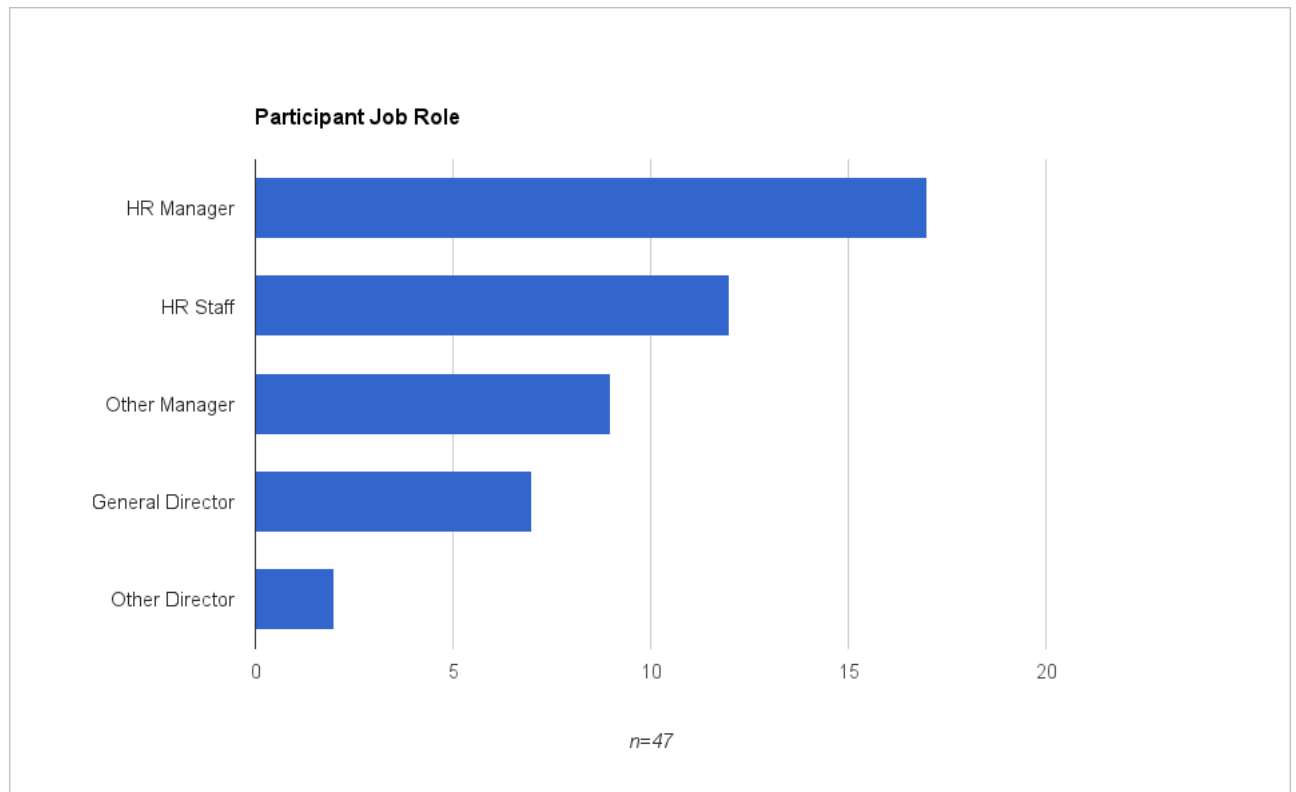
The Assignee does the work of HR2B Customers at the Customers workplace.

HR2B Customers benefit from having less administration to worry about, and from reducing their risk of an 'employment law' problem.

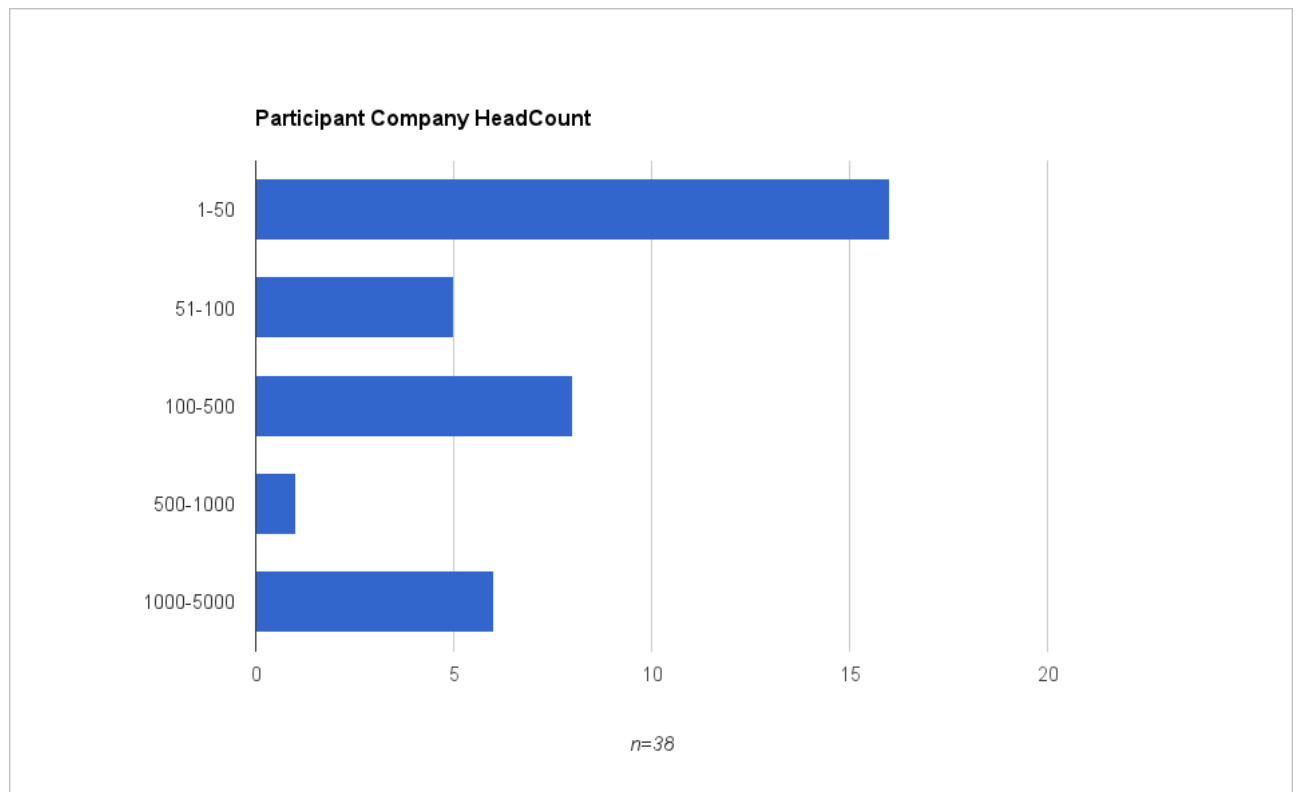
*Staff Outsourcing is also known as
Labour Sub-Leasing,
Staffing,
Outsourcing,
Outsourced Staffing,
Contract Management,
Contract Parking.*

Over 50 people responded to the survey which was held during May 2013. The response rate of 22% is considered high for such a survey. After removing duplicate and incomplete responses HR2B had a dataset of 47 valid responses.





Most participants were HR functional leaders. It was good to see General Directors taking an interest. HR2B experience is that General Directors and / or overseas head office will often drive the implementation of Staff Outsourcing in the business.



There was an equal number of small (less than 50 employees) and large (greater than 100 employees) size companies represented in the survey.

Find Out More

Are you considering Staff Outsourcing for your business?

[See a case study here.](#)

[Watch our 3 minute video here.](#)

[Find out more here.](#)

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