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# Up to speed

With recruiting and retaining high-quality workers in the manufacturing and processing sector posing ongoing challenges, many foreign enterprises are actively working to improve the situation.

| By **GIANG HOANG**

The findings from the PCI-FDI 2022 survey conducted by the Vietnam Chamber of Commerce and Industry (VCCI) underscores the existing potential for enhancing the quality of workers in various cities and provinces around Vietnam. A significant 54 per cent of foreign businesses said the quality of workers meets only average needs, indicating considerable scope for improvement. Additionally, about one-third of FDI enterprises believed that worker quality meets most of their requirements, while a mere 9 per cent expressed complete satisfaction with the quality of Vietnam's workforce; a notable decline from 15 per cent in 2021. This suggests a persistent challenge in aligning workforce skills with the evolving requirements of businesses. The report further highlights a concern raised by 33.7 per cent of FDI businesses, that labor costs outpaced increases in workplace productivity in 2021. This discrepancy poses a challenge, especially in the manufacturing and processing sector, where the increase in workplace productivity struggles to match the rising costs associated with the workforce. This underscores a broader trend that needs attention to boost overall efficiency and competitiveness.

Triumph International Vietnam, with a workforce of over 2,500 employees, is constantly recruiting skilled workers. In the past two years, however, the company has faced challenges in recruitment due to candidate quality falling short of expectations. "Only 10 per cent of the workforce we recruit is immediately usable, while 50 per cent have skills but need retraining, and 40 per cent are unskilled and require 30 days of training

before joining the production process," said Ms. Tham Tran, Head of Human Resources at Triumph International Vietnam.

According to the PCI-2022 survey, businesses hope to maintain a stable workforce as this allows them to invest in training programs for large, long-term orders. The survey indicated that, on average, each worker stays with a business for one to three years. Some FDI enterprises have longer average working times, with 29 per cent having workers for three to five years and 18 per cent for five years or more. However, retaining workers has become more challenging post-pandemic.

"In the last two years, due to the impact of Covid-19, the lifestyles and work preferences of the workforce have changed significantly," Ms. Tham explained. "Workers tend to choose jobs with high flexibility, to balance work and life. With the boom in e-commerce and the emergence of many freelance and online business opportunities, workers have more employment choices than before. This significantly affects labor supply for the manufacturing and processing sector in Vietnam, both in terms of quantity and quality." Ms. Hong Nguyen, General Director at HR2B, has a similar perspective, saying that, over the last two years, the quality of the workforce in the manufacturing and processing industry has slipped due to the rapid adoption of high-tech solutions and Industry 4.0, leading to a skills gap in meeting actual job requirements compared to academic expertise.

Looking at the positive aspects, as of the present moment, Vietnam continues to be regarded as a labor market of potential

in the region and a promising destination for many global businesses, especially those implementing a "China + 1" strategy and particularly manufacturing and processing companies, Ms. Tham noted. One of the strengths of Vietnam's workforce is the relatively low labor cost, which holds particular significance in a challenging global economic landscape that prompts businesses to look to reduce outlays. Vietnam is also seen as a market with a young, dynamic workforce characterized by a high spirit of learning, ambition, and the ability to progress quickly when trained by businesses or working alongside foreign experts. Moreover, the increasing trend of jobseekers using online platforms adds to the convenience for businesses in recruitment.

## IMPROVING EFFORTS

According to the General Statistics Office (GSO) in summarizing 2023, Vietnam's labor market and employment situation showed positive signs compared to the previous year. Specifically, the workforce aged 15 and above reached 52.4 million people last year, an increase of 666,500 compared to 2022. Additionally, an estimated 14.1 million people, or 27 per cent, received training and held certificates, marking a 0.6 percentage point increase against a year prior. To continually improve workforce quality while ensuring worker stability, foreign enterprises have made efforts to adapt to the constant changes and updates in the manufacturing and processing industry. Training remains the top solution selected by these foreign enterprises to enhance the quality of their workforce. "Internal training is the most effective tool for businesses," Ms. Hong said. "They understand their technology and processes better than anyone else, allowing them to proactively plan training for their employees. Businesses should also actively cooperate with educational institutions like vocational schools and technical schools to implement internship programs or offer practical training, thereby actively building a skilled workforce for their operations."

At Triumph International Vietnam, meanwhile, training and development are always a focal point, to enhance the quality of the workforce for both short-term and long-term production needs. "We develop training programs for different target groups, from workers to technical teams, supervisors, and managers," Ms. Tham said. "Within this, English communication is a central program, helping employees improve their language skills and opening up many opportunities for professional learning and development with foreign experts. We also gradually build succession training programs for key positions, to serve the company's long-term development." ■