

Vietnam Employment Outlook Survey

Q3 2020
&
Q4 2020



ManpowerGroup®

Dear business leaders and HR communities in Vietnam,

We are pleased to introduce our biannual survey carried out among our HR professional network in Vietnam. ManpowerGroup Vietnam's Employment Outlook Survey is aimed at understanding the impact of the pandemic and other global issues on the local business community, forecasting the employment trends of top industries in Vietnam, and looking at how companies manage flexible work models in the “new normal”, etc.

As the largest global recruitment, staffing and outsourcing company in Vietnam, ManpowerGroup Vietnam has found many positive signs of the local labor market as the national economy is on its way to gradually recover. We hope you will find Vietnam Employment Outlook Survey Q3 & Q4 2022 helpful and turn those valuable insights into meaningful human resource development strategies.

Sincerely yours,

Andree Mangels
General Manager
at ManpowerGroup Vietnam



BRIGHT ECONOMIC OUTLOOK WITH THE REMARKABLE RECOVERY OF LOCAL BUSINESSES

Vietnam Employment Outlook Survey for the second half of 2022 is aimed at forecasting the recruitment trends of businesses in Vietnam nearly 9 months after the nationwide restrictions lifted and business activities reopened. The survey was conducted in the context that Vietnam's economy is thriving in many industries as shown via the 6.42% increase in gross domestic product (GDP) in the first 6 months of 2022. Notably, for the first time, the number of enterprises entering and re-entering the market in the first half of 2022 surpassed 100,000 to reach 116,900 enterprises, which is 25.4% over the same period last year and 1.4 times higher than the number of enterprises having withdrawn from the market ¹. This is a record high number as well as a good sign for the national economic recovery after nearly two years of fighting against the Covid-19 pandemic.

Companies with more than 250 employees account for over one-third of the respondents (37%) while the rest are small and medium sized ones. Surveyed enterprises operate in 21 industries, including Manufacturing & Processing, Wholesale, Retail & Trading, High Technology, Professional Consulting Services, Real Estate, Textile & Footwear, Supply Chain/Logistics, Finance, Construction, etc.



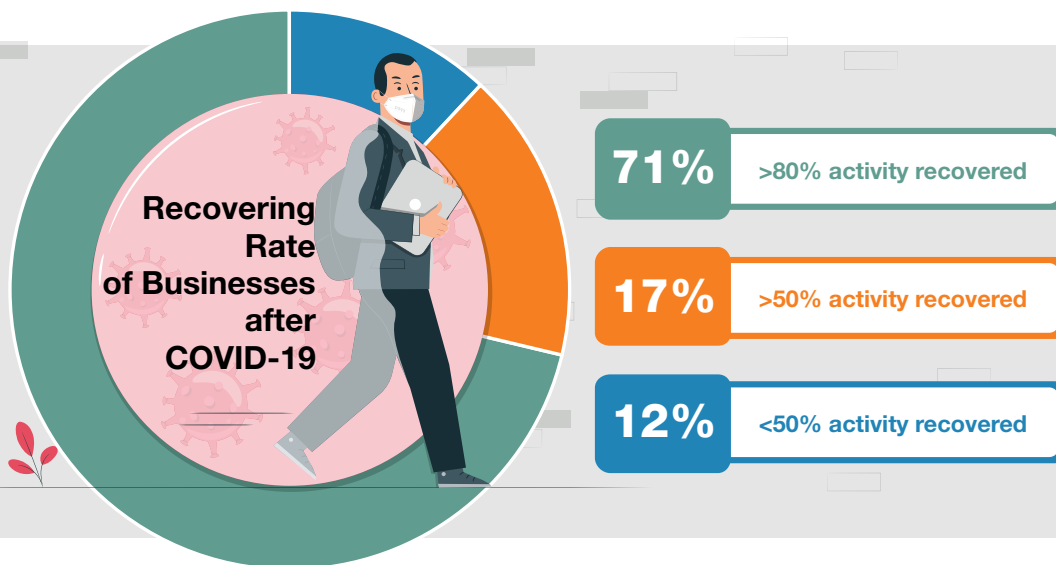
At the time of the survey, more than 70% of employers said that their business activities had almost completely recovered compared with before the Covid-19 pandemic. About 17% of businesses had 50% or more actively recovered, and 12% admitted that they were still significantly affected by the pandemic.

¹<https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2022/06/thong-cao-bao-chi-ve-tinh-hinh-kinh-te-xa-hoi-quy-ii-va-6-thang-dau-nam-2022/>

RECOVERING RATE OF BUSINESSES

It can be seen that businesses in Vietnam have been returning to normal thanks to flexibly and proactively adapting to the new normal context, and being ready for innovation to catch up with the development of the world economies. These above figures have also reflected the effectiveness of the Government's timely and practical support policies for people and businesses in recent years.

In the Vietnam Macro-economic Update in June 2022, World Bank said that Vietnam's economy has maintained a strong recovery momentum despite the increasing global uncertainties related to Russia - Ukraine war. The organization projects that Vietnam's economic growth may reach 5.8% in 2022, higher than the 5.5% forecast rate made in January 2022 as well as the estimated economic growth rates of other Southeast Asian countries like the Philippines, Malaysia, Indonesia and Thailand ².



However, the war tensions showing no signs of easing off continue to cause many uncertainties to the global economy. Adverse factors, such as rising energy and commodity prices, inflation, tightened financial conditions and supply chain disruptions, are making domestic enterprises more cautious in business management. This may be considered as one of the reasons why the demand for human resource services shows a slightly decreasing trend as opposed to the first two quarters of 2022.

²<https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2022/06/tong-quan-du-bao-tinh-hinh-kinh-te-the-gioi-quy-ii-va-ca-nam-2022/>

STRONG RECRUITMENT PROSPECTS FOR THE SECOND HALF OF 2022 - SECTORS WITH THE HIGHEST HIRING INTENTION

Business activities recovered also results in increasing recruitment demand in many industries. Specifically, up to 61% of the surveyed companies intend to increase recruitment activities from now until the end of the year, and 27% of enterprises have no intention to recruit more. In total, nearly 90% of the surveyed enterprises plan to increase or at least maintain the current headcounts. About 12% of the respondents announce their plan to trim hiring activities. The sharp rise in raw material prices which causes businesses to struggle to optimize costs could be one of the reasons for this rate.



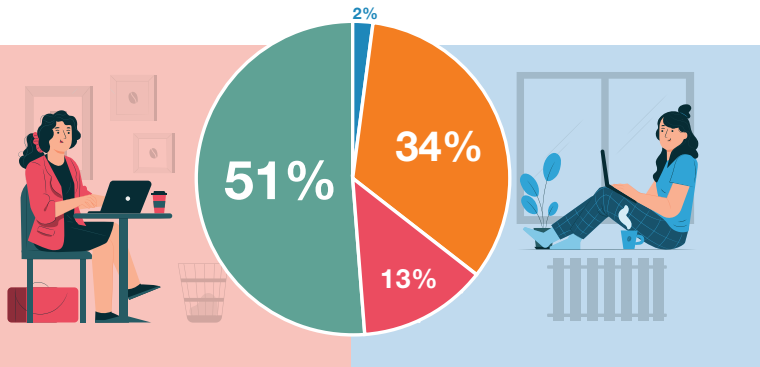
Recruitment outlook expected to increase in the next 6 months is most evident in the top 7 sectors, including **Manufacturing & Processing, Wholesale, Retail & Trading, Banking & Finance, Professional Consulting Services, Construction, F&B & Hospitality - Leisure, and Real Estate**. In which, Manufacturing & Processing - the key engine for economic growth - accounts for over 19% of the total number of enterprises planning to increase recruitment in Q3 & Q4 2022.

INDUSTRIES WITH THE STRONGEST RECRUITMENT INTENTIONS

Top industries planning to increase recruitment within the next 6 months



WORKING MODEL THAT ORGANIZATIONS PLAN TO APPLY IN THE NEXT 6 MONTHS



Working model that organizations plan to apply in the next 6 months

51% We will not offer any flexibility options

34% A mix of remote working and workplace-based working

13% Flexible start & finish times

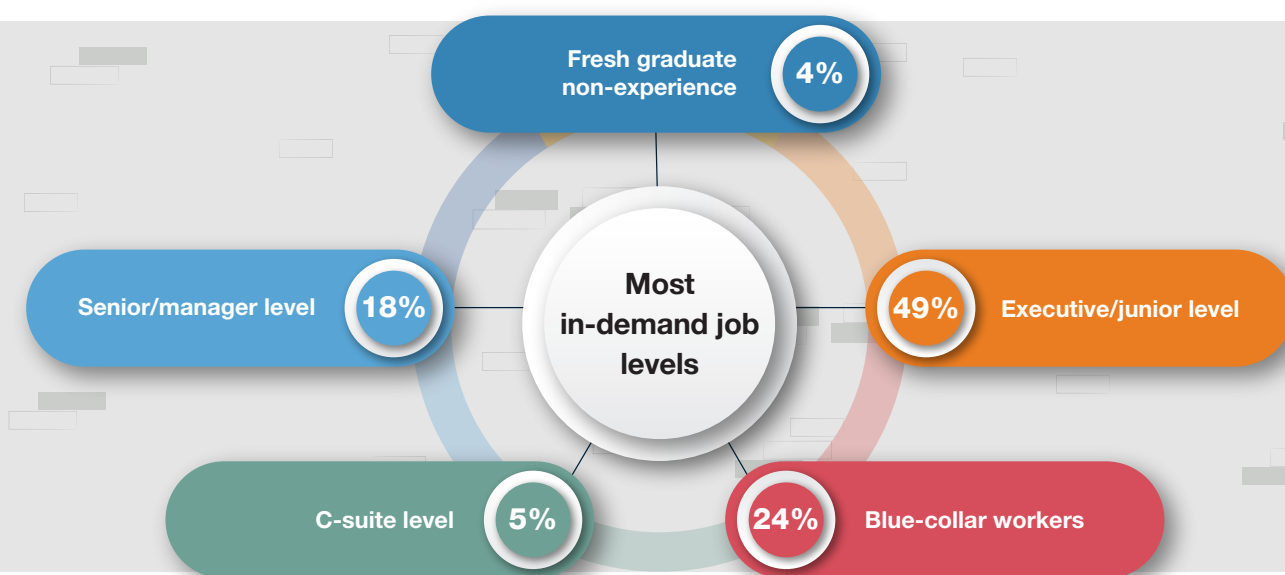
2% A choice of locations to work from

Business activities gradually returning to the new normal affects the working models that employers expect to apply at their organizations. More than half of the surveyed enterprises (51%) decide to remain the traditional workplace-based model in the next 6 months. Notably, over one-third of the respondents (34%) prefer hybrid work (a mix of workplace-based and remote work) as a rising global trend. Two fairly new working models, i.e. flexible start & finish times and a choice of locations to work from, are not favored by many businesses in Vietnam, at a rate of 13% and 2% respectively.



RECRUITMENT DEMAND BY SKILLS IN VIETNAM

The recruitment needs of the surveyed enterprises focus mostly on the mid-career ladder. Nearly 50% of enterprises plan to recruit executive/junior positions with at least 6 months of experience; while 18% of them have demand for senior/manager level roles and nearly one-fourth (24%) are in need of blue-collar workers.



Mr. Nguyen Xuan Son

Acting Country Operations Manager
Staffing and Outsourcing, ManpowerGroup Vietnam

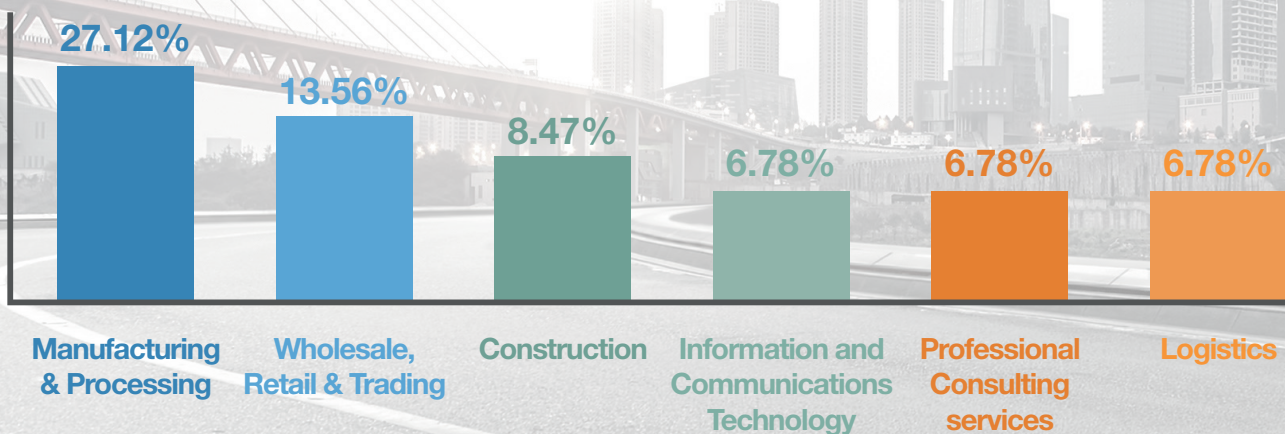
"The current Vietnamese labor market from our perspective is bustling, especially in mass recruitment and blue-collar workers hiring. The Supply Chain/Logistics industry continues its remarkable growth, especially since the pandemic as it has played a key role in circulation and transportation of goods, necessities, and production materials. Regarding the demand for blue-collar workers, we realize that the need for production workers in certain industries, such as Manufacturing, Healthcare - Pharmaceutical, Consumer Goods, etc., is high. Sectors with high employee turnover currently are Telesales and Customer services in Finance, Insurance, and e-Commerce."

LEVELS OF DIFFICULTY ORGANIZATIONS HAVE MOST IN HIRING

Regardless the increasing demand for both white-collar workers, businesses in various fields are facing recruitment challenges. According to the survey, up to **57% of the surveyed employers have difficulty in hiring workers satisfying their requirements** and only 4% say that recruiting is relatively easy.



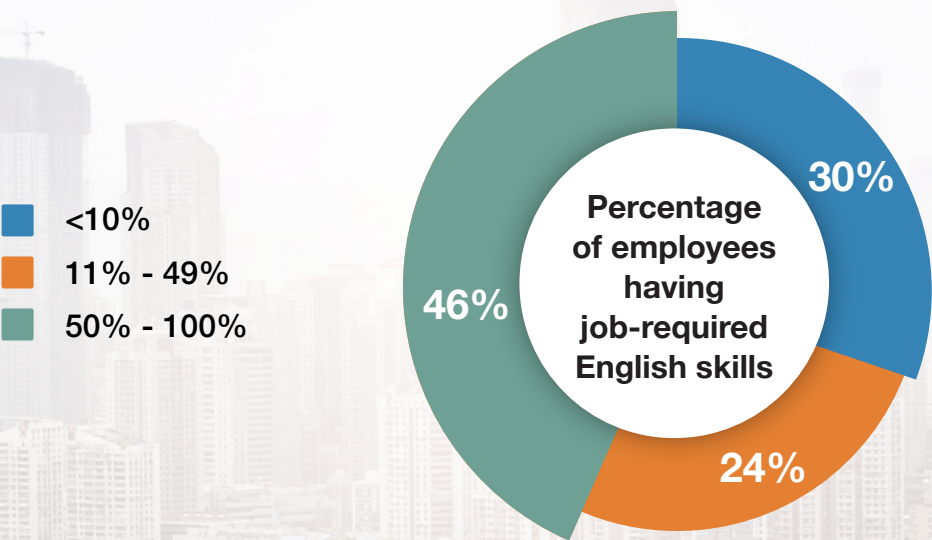
Top 6 industries that are hardest to recruit





PERCENTAGE OF EMPLOYEES IN ORGANIZATIONS WITH ENGLISH PROFICIENCY MEETING JOB REQUIREMENTS

From ManpowerGroup Vietnam's recruitment experience, workers' failure to meet the requirements for soft skills in the context of increasing digitalization and global integration, including foreign language skills, is believed to be one of the causes of recruitment difficulties. As per our findings, English proficiency of employees at organizations is concerned by the surveyed employers. Up to 24% of the respondents reveal that the percentage of their employees with English proficiency is quite low, accounting for less than 50% of the total staff. Particularly, 30% of the surveyed companies admitted that fewer than 10% of their employees have the necessary English skills to work.



Mr. **Chris Jeffery**
Chief Academic Officer, British University Vietnam

"As Vietnam gathers speed in its development both within the region and globally, the skills of its workforce at all levels are growing in importance. The country is moving towards becoming a global influencer in politics, business, and education; hence, the skill to communicate with all stakeholders in international settings is one of the key soft skills required, and English is an element within this equation. As a global language of business, English is a fundamental tool needed to succeed and accelerate one's career path at all levels. It is essential that professionals prepare themselves to stand out in an increasingly competitive marketplace, with the guidance of their employers for the entire workforce to develop and flourish."

DEMAND FOR CONTINGENT WORKERS IN THE NEXT 6 MONTHS

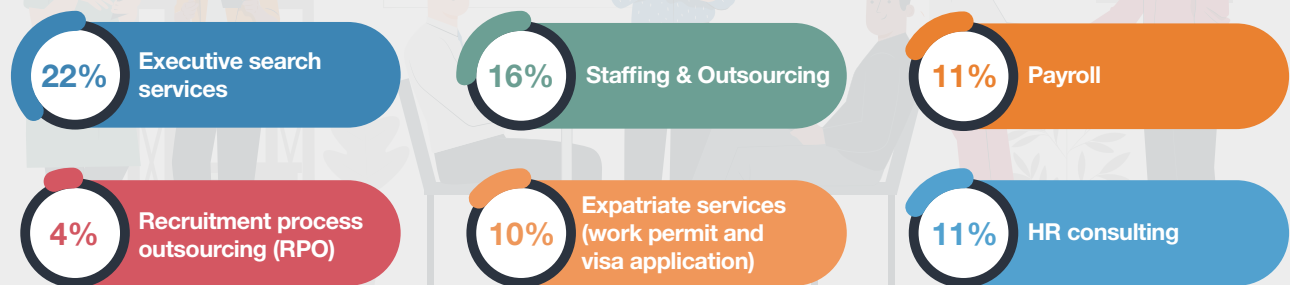
Businesses planning to use contingent workers in the next 6 months



As reported in our survey, using contingent (seasonal/part-time) workers is becoming an important human resource strategy and has been increasingly applied by countries in recent years. Contingent workers are those who only work for a company for a certain period of time, the employment relationship will end as soon as the work is completed. The use of contingent workers enables businesses to leverage untapped talent pools owing desired skill sets, and reduce operating expenses. This source of labor is also suitable for a flexible working mode with no time constraints, and they are ready to adapt to the unexpected work requests of the business. Last but not least, contingent workers make it easier for companies to adjust the number of workers based on their flexible production plans, helping them to save more costs as compared to using permanent workers.

This labor trend is also reflected in the survey results. **Up to 45% of surveyed employers said that they intend to use seasonal/part-time workers in the next 3 - 6 months.**

HR services from external vendors businesses expect to use in H2 2022



Ms. **Nguyen Thu Trang**
Country Sales Manager, ManpowerGroup Vietnam

"The current demand for recruitment in industrial parks is vibrant, especially in Manufacturing & Processing, Electronics, and High technology. Many employers said that they could not recruit the desired number of workers despite increasing the benefits package. Besides permanent recruitment services, businesses increasingly use Outsourcing service to supplement their current labor force during peak seasons."

About the survey

Vietnam Employment Outlook Survey Q3 & Q4 2022 was conducted by ManpowerGroup Vietnam at the end of the second quarter of 2022 on more than 100 employers in 21 different industries across the country. The respondents were Human Resources Managers, Talent Acquisition Managers, business owners and HR Specialists in diverse industries, namely Manufacturing & Processing, High technology, Wholesale, Retail & Trading, Real Estate, Information Technology, Professional Consulting Services, Construction, Chemicals, Supply Chain/Logistics, Finance - Banking, etc.

About ManpowerGroup Vietnam

ManpowerGroup Vietnam is the largest global recruitment, staffing and outsourcing company in the country, operating in Vietnam since 2008. We are the first 100% foreign invested company licensed to provide recruitment, staffing and outsourcing services by the Ministry of Labor, Invalids and Social Affairs (MOLISA) since 2008. Manpower is part of ManpowerGroup - the world's leading workforce expert. Every day, all around the world, hundreds of thousands of people go to work because of Manpower; and hundreds of thousands of companies thrive because of people we find for them. With offices in over 75 countries and more than 70 years of history, Manpower is the global leader in contingent and permanent staffing, providing organizations of all sizes with a continuum of staffing solutions to enhance business agility and competitiveness. With our thorough understanding of staffing trends and our deep pool of highly qualified candidates, Manpower can deliver the talent, matching the right individual to the right job - faster and with better business results.