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# Human Resource Management in Vietnam

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## **Human Resource Management Practice in Vietnam**

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### **Recruitment and Selection Strategies**

1. Internal Recruitment Channel  
consists of recruitment within the companies and recruitment through joint-venture partners in cases where the studied firms are Joint-ventures with Vietnamese State-Owned Enterprise.
2. External Recruitment Channel  
consists of direct recruitment from the external labor market, recruitment by employment agencies and recruitment through personal networks.

In Vietnam, many enterprises give priority to hiring their employees' immediate family members (parents, spouse, children) and relatives. It is not unusual to see up to three or four members of a family working in the same company. Employment based on personal contacts often has beneficial effects for the management, since sponsors do not normally low-quality people for fear of losing their own reputation. It is argued that the selection prices of State-owned Enterprises is simple, subject to personal agenda and has a low level of reliability and validity. (Vo, 2009)

A panel of 3-5 is established, including one representative of the personnel/HR department, one functional head and one members of the board of directors.

It is a common practice to have some informal discussion within the interview panel before the interviews, in which, not only the candidates' qualifications, skills and abilities but also their relationship with their sponsors (who either work in the company or have connections with those in power in the company) are discussed. In most cases, the selection decision is made before the interview is ever conducted.

The selection criteria is not published and focuses on political reliability, educational qualifications, previous working performance and personal connections/links of the candidates within the power circles.

### **Training and Development Methods**

There are numerous techniques available for presenting information and transmitting skills. Each of the techniques has their own advantages and disadvantages. The application of training method depends on the specific situation. In general, training has been widely used by companies in Vietnam. But, they differ in the use of training options (Quang, 2006).

1. On-site Training Methods
  - a. Orientation
  - b. OJT
  - c. Apprenticeship Training
  - d. Job Aids
  - e. Coaching/Mentoring
  - f. Computer based training
  - g. Job Rotation

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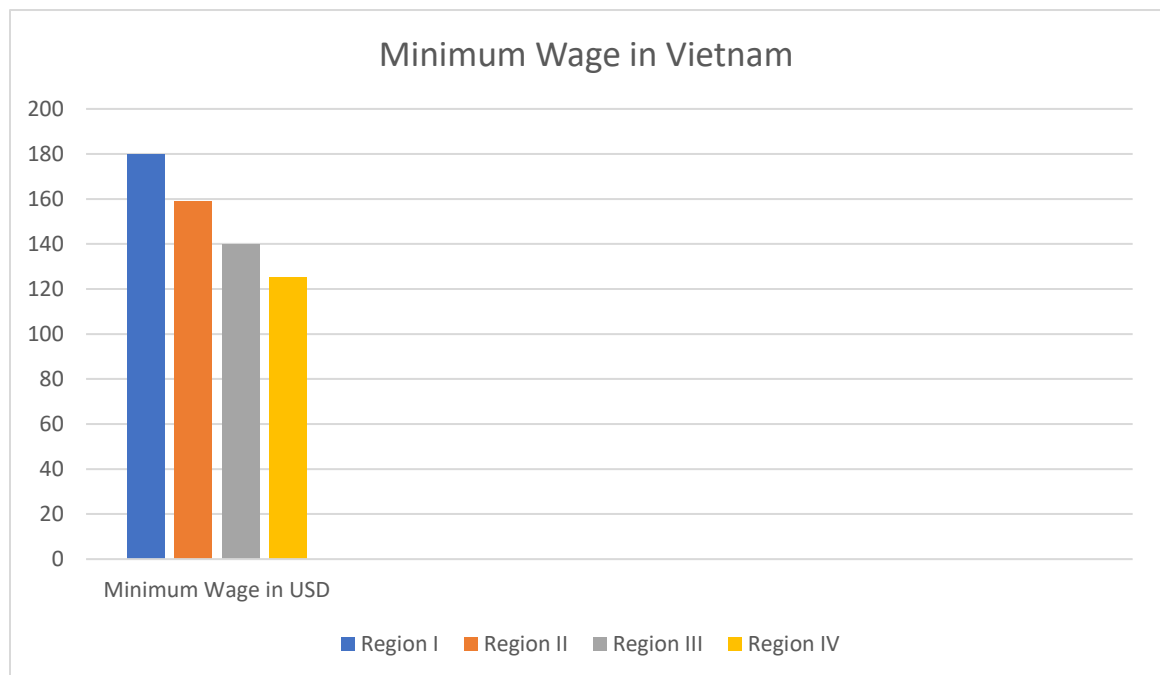
2. Offsite Training Methods
  - a. Lecture
  - b. Teleconferencing
  - c. Corporate Classrooms
  - d. Equipment Simulators
  - e. Computer-Assisted Instruction

### Performance Appraisal and Feedback

In State-Owned Enterprises (SOEs), there were many problems embedded in the appraisal system. Such problems consisted of prejudice, favoritism, insufficient knowledge of the employees performance, ignored outcomes, time-consuming, and deteriorating relationships among workers (Quang & Dung, 1998). Obviously, in spite of the fact that there were appraisal systems in SOEs, in almost all situations, it was just a lip-service exercise that both managers and employees manipulated to generate satisfactory outcomes (Quang & Dung, 1998).

### Pay and Benefits

According to an article by Dezan Shira and Associates on ASEAN briefing, below is the current minimum wage in Vietnam.



Region 1. \$180

Region 2. \$159

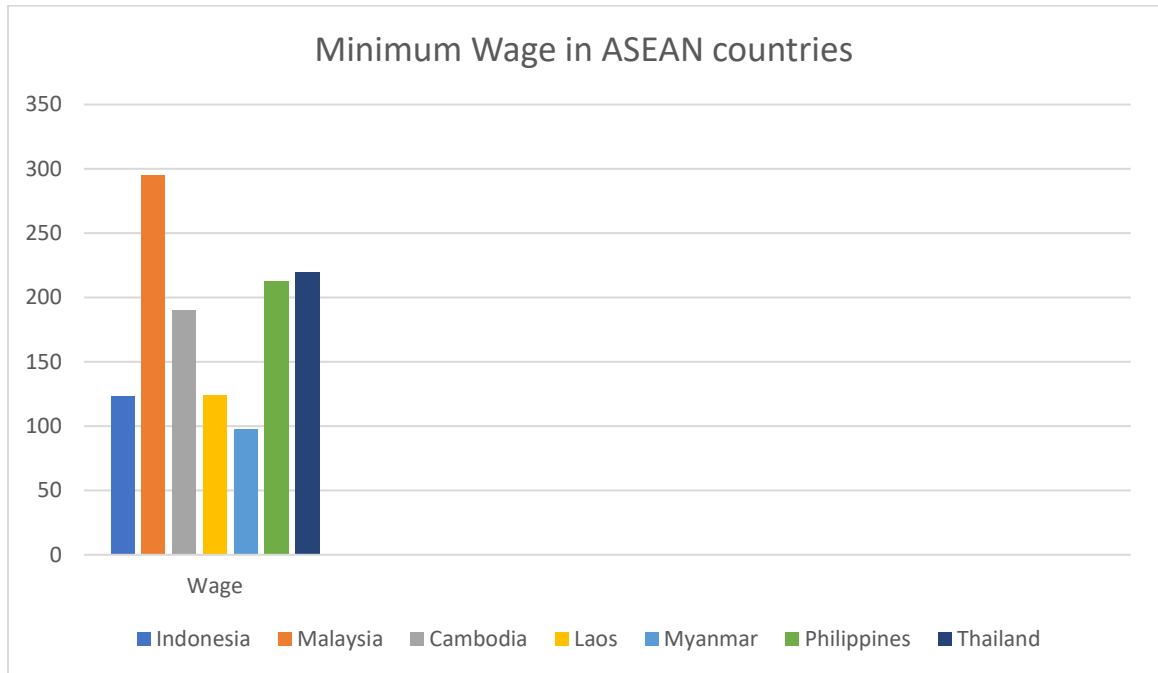
Region 3. \$140

Region 4. \$125

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According to an article by Dezan Shira and Associates on ASEAN briefing, below is the current minimum wage in ASEAN countries.



Indonesia \$123  
Malaysia \$295  
Cambodia \$190  
Laos \$124  
Myanmar \$97.6  
Philippines \$212.2  
Thailand \$220

### Benefits in Vietnam

- 13th month pay
- Lunar New Year (Tet Bonus) - dependent on both company and employee performance and progress

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### **Allowances and benefits**

Apart from salary and bonuses, an employee may be entitled to several kinds of allowances and monetary or non-monetary benefits designed to retain staff. Some of these are subject to PIT. (Shira, 2019)

Taxable benefits include:

- Housing rent;
- Payments for power, water, and associated services for employees that amount to more than 15 percent of their total taxable income;
- Transportation allowances;
- Premiums for life insurance;
- Health care services;
- Entertainment fees; and
- Sports/athletics fees or membership fees to golf clubs, tennis courts, and other exclusive clubs.
- Prefixed lump sum amounts (or "khoan chi" amounts) for telephone calls and services, stationery, uniforms and per diem allowances are not subject to taxes if the amounts are within the levels set out under the relevant regulations.
- 12 paid annual leave
- Sick Leave
- Maternity Leave
- Personal Leave

### **Labor Relations (PERSOLKELLY, 2019)**

- Labor Code 2012 (Law No. 10/2012/QH13)  
This law comprehensively regulates the basic labor-related matters of Vietnam. In addition to prescribing provisions regarding employment contracts, work hours, and holidays, the Labor Code also sets forth the labor dispute resolution procedures (Labor Code, Article 194 onward), and the outline of social insurance (Labor Code, Article 186 onward).  
The Labor Code guarantees the shortening of work hours and additional leaves for minors, elderly persons, physically disabled persons, and females, and it should be noted that, with regard to part-timers whose work hours are shorter than statutory work hours, the Labor Code guarantees them the same level of treatment and wage systems as full-time workers (Labor Code, Article 34). And Labor Cord is under whole revision process scheduled to Diet Approval at the end of 2019.
- Law on Trade Unions 2012 (Law No. 12/2012/QH13)  
A new Law on Trade Unions has been enforced since January 2013. The Law on Trade Unions prescribes matters related to the organization, rights and obligations of trade unions. The Law on Trade Unions also sets forth matters related to legal strike procedures in addition to the company's involvement in the creation of internal work regulations of trade unions and in the employment contract negotiations with trade unions, as well as its function to serve as the

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window of labor disputes (involvement in disputes, initiation of lawsuits), and its relation with the labor department (cooperation with investigations). A company is required to cooperate with the establishment of a trade union, and, once established, the company is obligated to provide information to, and discuss and cooperate with, the trade union, and must make a contribution to the trade union fund in an amount of 2% of the wages to be used as the basis for calculating the social insurance (Law on Trade Unions, Article

- Employment Law 2013 (Law No. 38/2013/QH13)  
The Employment Law is composed of a total of 7 chapters and 62 articles, and prescribes in detail matters related to the employment generation, information related to the labor market, national trade certificate, recruiting service, unemployment insurance etc.,.
- Social Insurance Law 2014 (Law No. 58/2014/QH13)  
Social Insurance Law is composed of a total of 9 chapters and 125 articles, and prescribes in detail matters related to the rights and obligations of companies and workers pertaining to social insurance, as well as matters related to the accumulation of funds. Companies and their workers are obligated to participate in and make contributions to social insurance, health insurance and employment insurance, and the applicable scope of the revision was planning to extend to foreign workers from January 2018, though it has not applied at the time of June 2018 yet.
- Health Insurance Law 2014 (Law No. 46/2014/QH11)  
This law sets forth matters related to health insurance and was enforced since January 2015. Based on the Decree of 2014 (Decree No. 105/2014/ND-CP), information related to payments has been partially supplemented.
- Law on Vocational Education and Training 2014 (Law No. 74/2014/QH13)  
This law prescribes matters related to the organization and operation of institutions to implement vocational education and training, and the details of the vocational education and training.
- Law on Gender Equality 2006 (Law No. 73/2006/QH11)  
This law prescribes various measures for promoting gender equality. With regard to employment, this law sets forth equal treatment at the workplace, and also applies to private companies.
- Law on Persons with Disabilities 2010 (Law No. 51/2010/QH12)  
This law prescribes the rights and obligations of disabled persons as well as the responsibilities of the State, family members and society. This law promotes the participation of disabled persons in the society by guaranteeing the education and training of disabled persons and their participation in social activities.
- Law on Occupational Safety and Health 2015 (Law No. 84/2015/QH13)  
This law prescribes securement of occupational safety and health, policies and systems for victims of labor accident and occupational disease, the rights and obligations of each party/persons regarding to the occupational safety and health, and national management regarding to the occupational safety and health, and this law are applicable to the workers who has not entered into the employment contract.

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