

en world white paper

Challenges in recruitment and retention for foreign firms

APAC report for Japan, Singapore, Thailand and Vietnam

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Foreword

By the end of 2015, the ASEAN Economic Community (AEC) will officially be established, allowing relocation of labour in some industries within 10 South-East Asian countries. The AEC will be home of **the world's 3rd largest workforce¹**, behind China and India. More importantly, it is a **young and ambitious labor force²**. Aside from the current difficulties related to education and migration, this is a major advantage for ASEAN countries in a highly competitive global economy.


With a good understanding of the strengths and weaknesses of managerial employees, companies in this region can develop appropriate human resource strategies to deal with the issue of "brain drain" and even benefit from the

"brain gain" that might occur once this community is formed.

This white paper based on research from en world, a group of recruitment consultancies with operations in 7 APAC countries, focuses on the current challenges in recruiting and retaining mid and senior employees for foreign firms in Japan, Singapore, Thailand and Vietnam. It was conducted in 2015.

The report outlines the perceived strengths and weaknesses of local managers in terms of skills and offers solutions to improve management capability and professional competence in the four markets.



 The surveys were conducted in:



Japan



Singapore



Thailand



Vietnam

^{1 & 2} ILO Asia – Pacific Working Paper Series - Asean Economic Community 2015: Enhancing competitiveness and employability through skill development – February 2015

Result highlights

“Inability to find enough qualified candidates” is the main difficulty recruiting mid-level and senior positions over the last 12 months.

Directors are least satisfied with the leadership skill of mid-level and senior managers in Japan, Singapore and Vietnam.

The greatest challenge for foreign firms in retaining managers is competition in terms of salary and benefits in the three countries in South-East Asia. “Strong employer brand” plays an increasingly important role in attracting and retaining Japanese managers.

61% of the companies surveyed in Japan are satisfied with managers’ English skill. The effects of globalization in tasks and resources and cross border M&A also help improve the English skill of employees in Japan.

Employees in Singapore are seen as logical thinkers. Managers in Vietnam are eager to learn and those in Thailand are willing to take responsibility. However, employees in those three countries are considered to be disloyal to their employer in stark contrast to employees in Japan.

A lack of creativity in management was noted across all regions.

Leadership skill is the most important area for foreign firms in developing training programs for management positions. In Singapore, financial assistance for self-development is ranked in the top 3 most popular training models for managers.

Recommendations



Firms need to develop their own “Employer Branding” program, including an Employer Value Proposition to enhance their ability to attract and retain talent.

According to the Harvard Business Review, [here](#) is why companies need to invest in employer branding.



Firms need to develop an “Employee Engagement” policy to increase profitability, productivity and client satisfaction while reducing employee turnover. Mutual understanding is a critical premise for employee engagement.

“The Impact of Employee Engagement on Performance” by Harvard Business Review is [here](#).



Companies should continue to provide leadership, management and professional development training through various programs and approaches. The quality and competence of managers is very important because they have the most influence on the quality of staff training. In addition, managers play a key role in ensuring staff commitment to the firm. Financial sponsorship (co-sponsorship) for self-development is a model that could be applied more widely for management positions.



Recruitment agencies play the role of strategic partners. They not only help businesses hire employees, but also help identify the most qualified candidates through their clear understanding of client’s corporate culture and the strength and weakness of each candidate. This in turn helps companies save on training expenses. If the right candidate is chosen, his or her attachment to the firm will be higher, hence more productivity and efficiency.

Survey overview

This online survey was conducted between May and August 2015 with clients of en world in Japan, Singapore, Thailand and Vietnam. The subjects of the study were directors and managers at different industries across the four geographies.

Participants:



Director



Manager

Industries:



Advertising & Marketing



Automotive Manufacturing



Apparel & Accessories



Accounting Service



Agriculture



Automotive



Aerospace & Defense



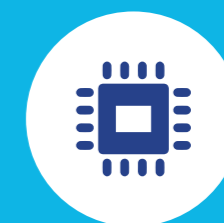
Banking & Financial Services



Business Service/Consulting



Chemical



Consumer Electronics



Electronic Gaming



Hospitality & Leisure



Internet/E-commerce



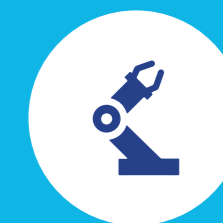
IT/Tele-communication



Industrial Equipment



Multimedia



Machinery



Real Estate



Supply Chain Management



Trading

Comparing regional challenges in hiring and retaining local managers

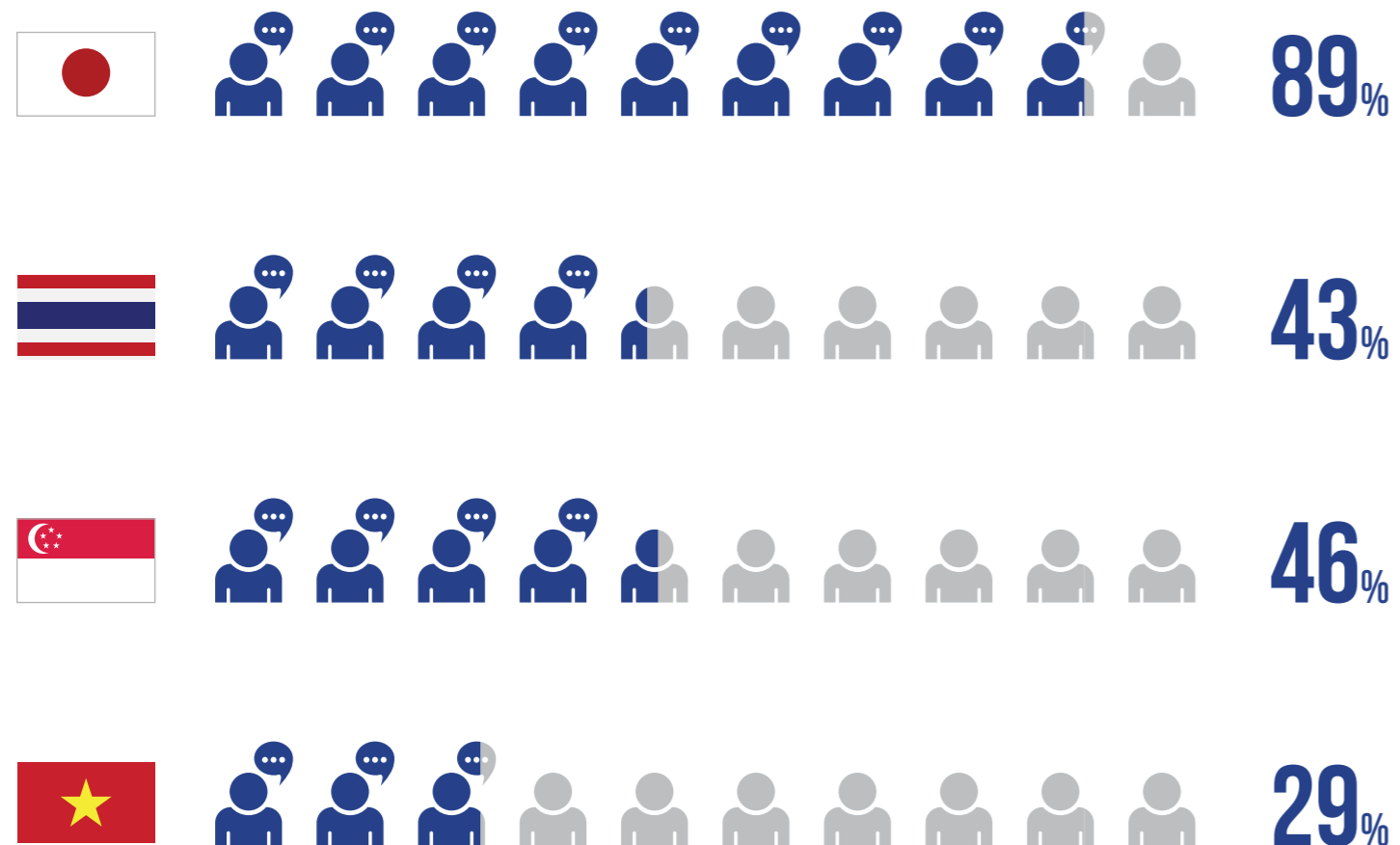
Human
Resource



Efficiency of recruiting channels

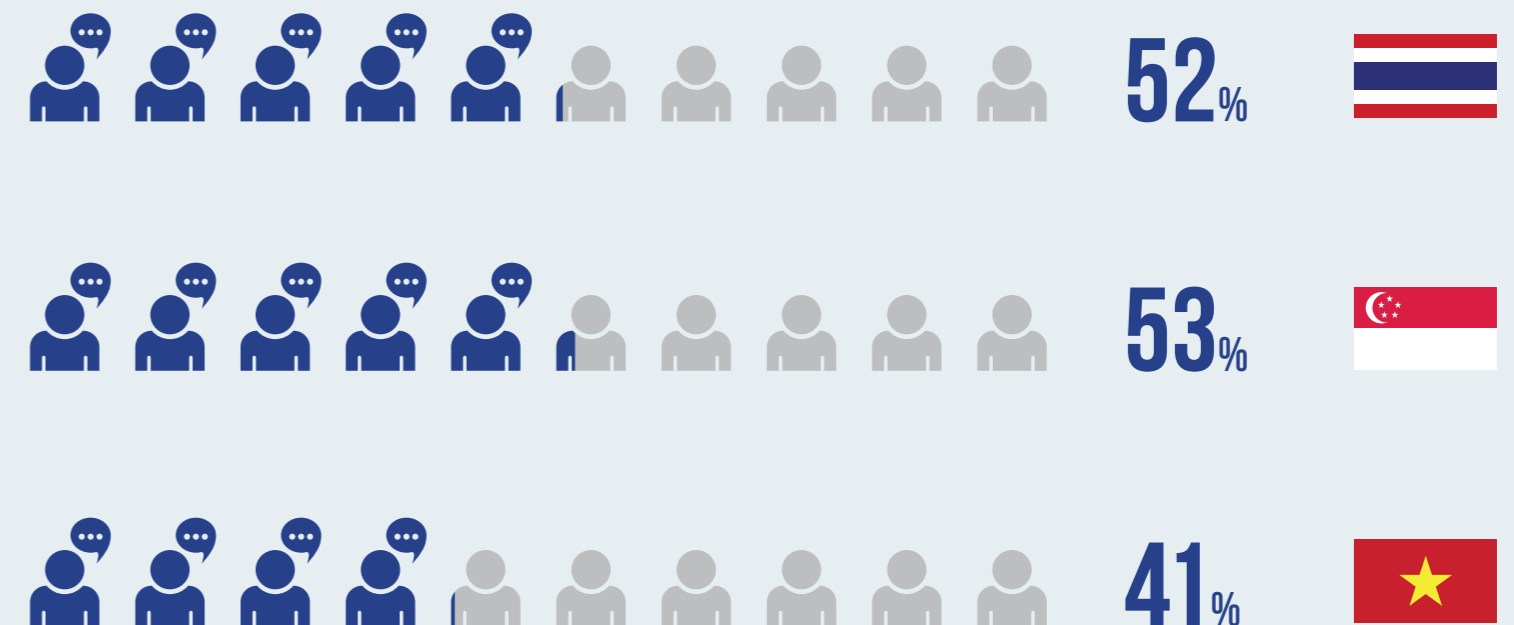
Employee referral programs prove to be strong in Japan and Singapore. However, they do not have strong impact in Thailand and Vietnam. While firms in Singapore rarely use job sites to find candidates for management roles, it is still considered an effective recruitment channel in Thailand and Vietnam. Social networks are considered ineffective tools in hiring managers and senior employees.

Recruitment agencies are viewed as the most effective channel for recruiting mid-level and senior managers:



A shortage of high quality mid-level & senior managers

The survey showed that inability to find enough qualified candidates is the main challenge for recruiting management positions in Singapore, Thailand and Vietnam.



Top 3 skills deficits amongst managers



Managers have insufficient ability to adapt to change

63%

Managers have insufficient creativity in overcoming challenges

58%

Managers have insufficient willingness to take responsibility

33%



Managers have insufficient professional/technical skill

54%

Managers have insufficient leadership skill

50%

Managers have insufficient management skill

34%



Managers have insufficient professional/technical skill

33%

Managers have insufficient leadership skill

33%

Managers have insufficient management skill

29%



Managers have insufficient professional/technical skill

29%

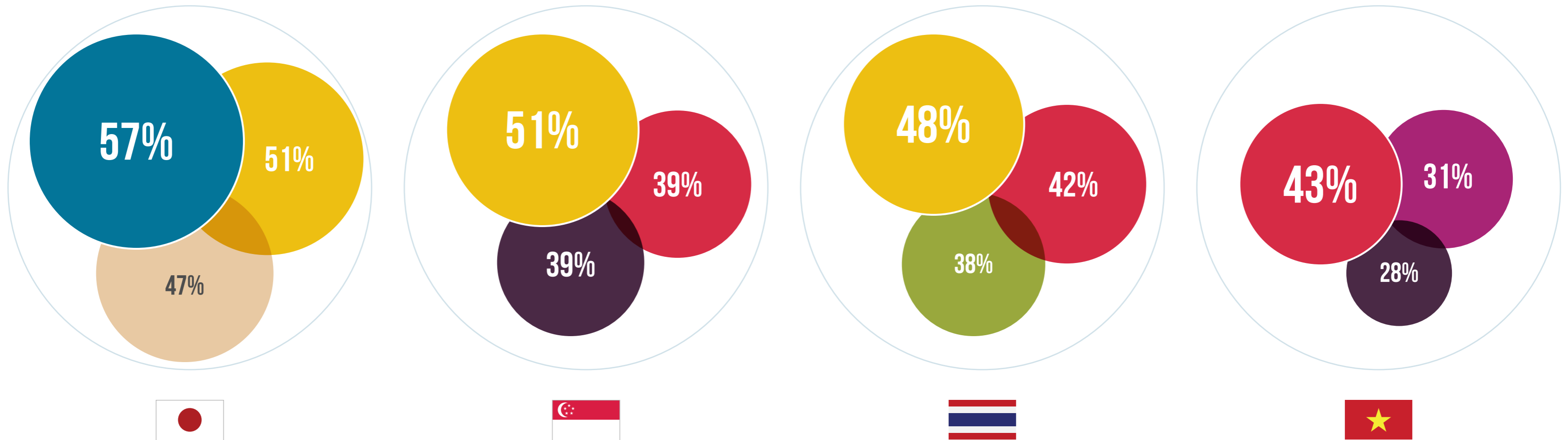
Managers have insufficient leadership skill

22%

Managers have low cultural fit

19%

The 3 most important factors in managerial recruitment



The common perception is that Japanese possess poor English skills. However, 61% of the companies surveyed in Japan are satisfied with managers' English skill. The effects of globalization in tasks and resources and cross border M&A also help improve the English skill of employees in Japan.

For managers in Vietnam, English seems to remain a significant barrier for the management staff. 31% respondents in Vietnam survey consider English is in top 3 most important factors in recruiting management employees.

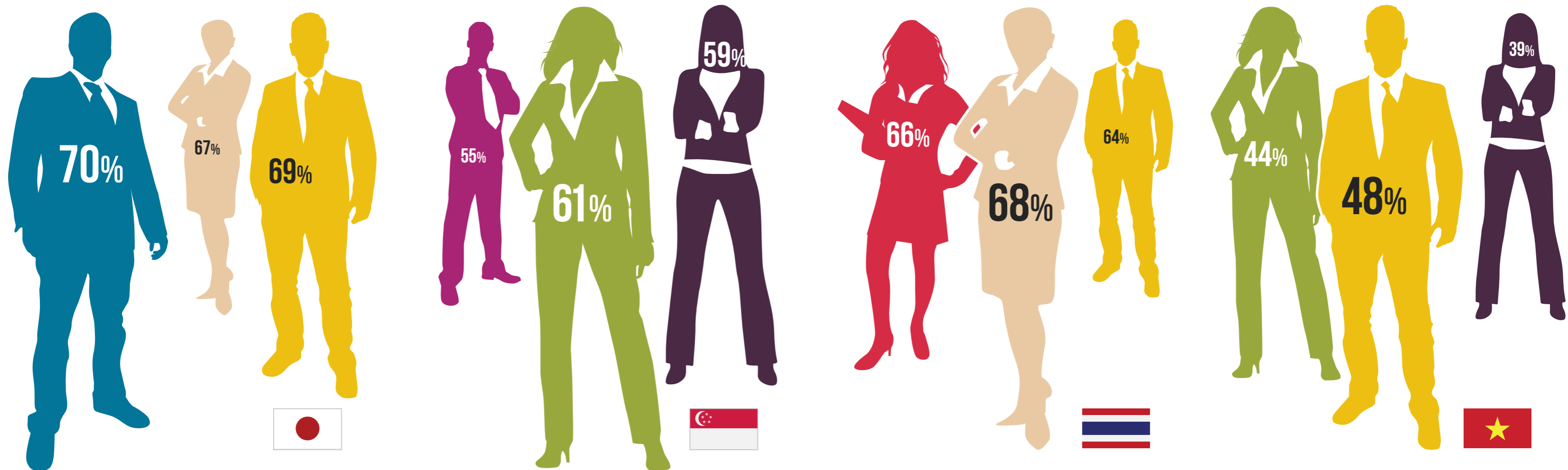
DESCRIPTION

- Communication skill
- Leadership skills
- Problem-solving skill
- Similar working experience
- Management skill
- Cultural fit
- Foreign language skill (English)

The 3 skill sets with the highest levels of satisfaction

Survey data shows in Japan, technical skill has the highest satisfaction rate while leadership and management expertise receive the lowest satisfaction rates. The level of satisfaction with the management team is inversely proportional to factors deemed to be the most important in recruitment, especially in Thailand. One of the most important factors in recruitment for foreign companies in Thailand is that they need candidates with working experience in a similar field, yet statistics show that this factor received the lowest level of satisfaction, according to the respondents.

Skills with the highest level of satisfaction:



The 3 skill sets with the lowest levels of satisfaction



Leadership skill &
Management expertise



Leadership skill &
Creativity



Cultural fit &
Similar working experience



Managers' strengths

Managers in Japan are seen to have high levels of technical skill. Managers in Singapore are seen as logical thinkers and hardworking. Managers in Vietnam are willing to learn and their peers in Thailand are willing to assume responsibility.

Common strengths:



Professional skill/technique



Willingness to learn



Hardworking

Managers' weaknesses

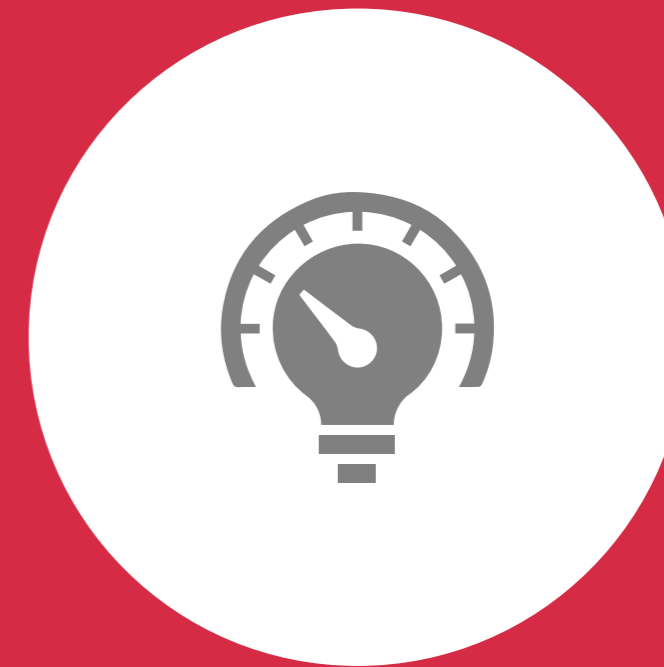
Common weaknesses:



Inability to adapt
to change



Lack of loyalty
to the company



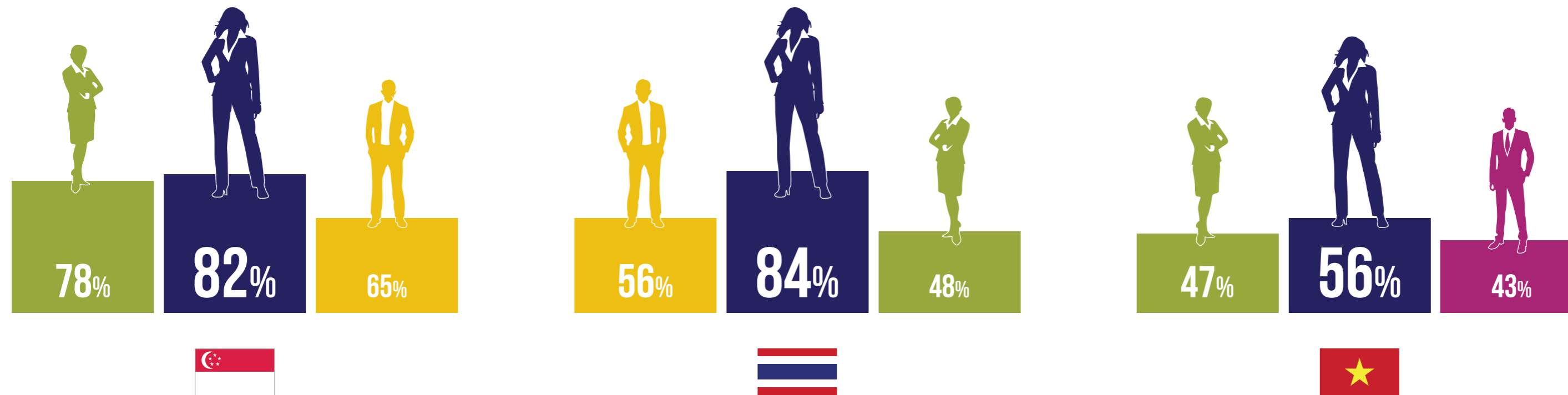
Lack of creativity

Biggest challenges in retaining managers

The biggest challenge for foreign companies in retaining staff is staying competitive in terms of salary and employment benefits. Respondents in all three SEA countries share this view as they rate this as the top challenge.

DESCRIPTION

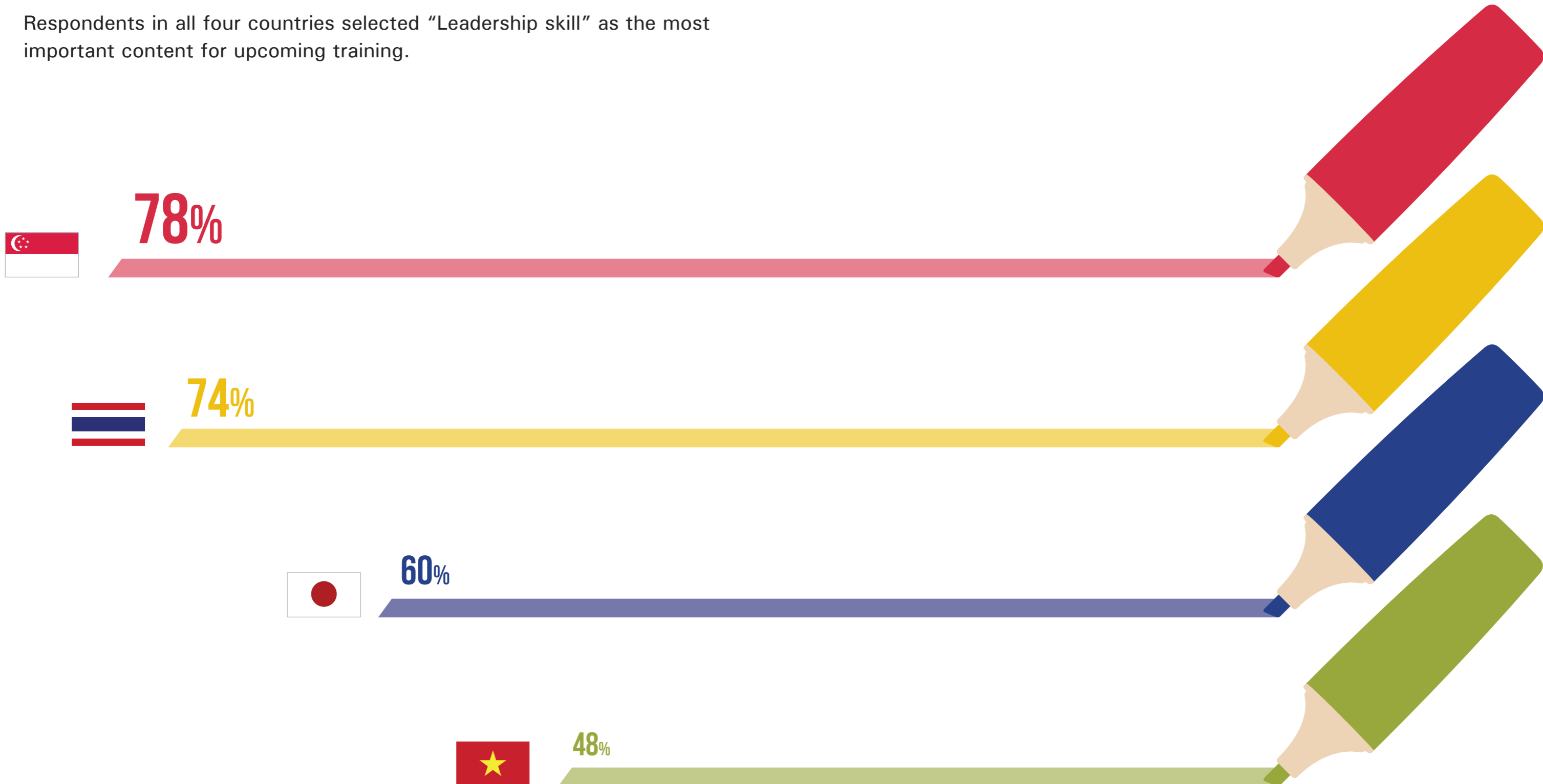
- Better remuneration by industry peers
- Lack of career development opportunities
- The employee feels the need to change (after 3-5 years of working in a company)
- Unable to co-operate with line manager



In Japan, the 3 most powerful incentives to attract and retain Japanese managers are: a clear career path, a higher salary, and having a strong brand name as an employer.

Top training content for management employees

Respondents in all four countries selected “Leadership skill” as the most important content for upcoming training.



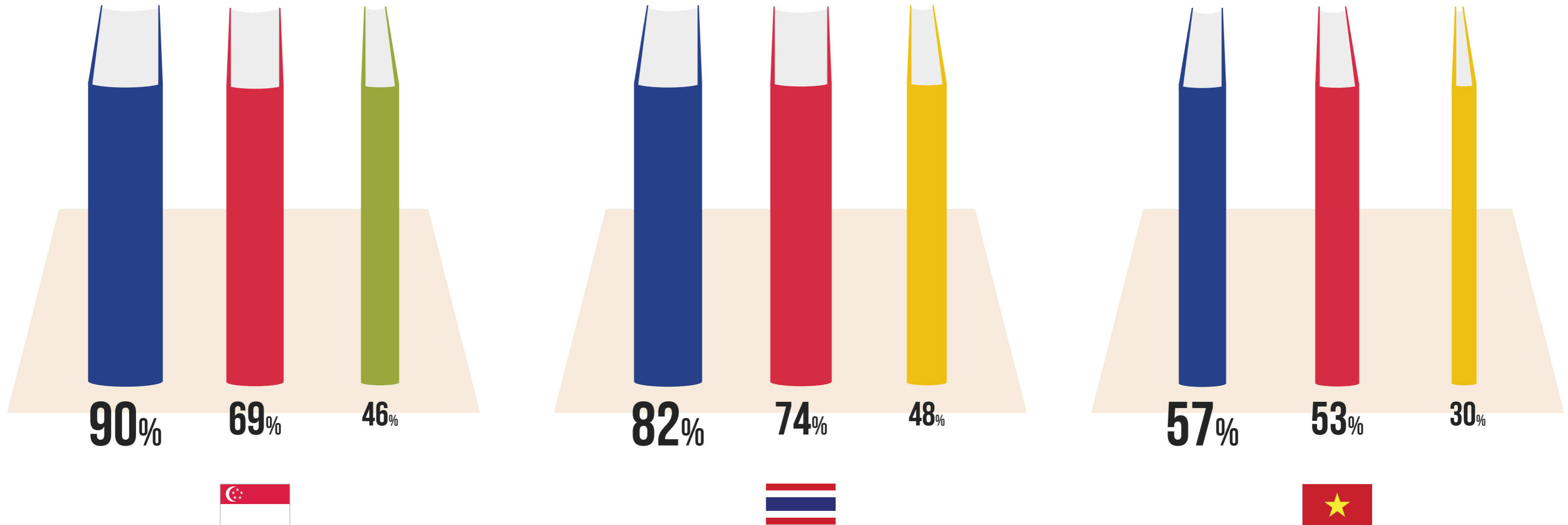
Top 3 forms of training for managers

On-the-job training is the most commonly applied form of training in Singapore, Thailand and Vietnam. Thailand and Vietnam send managers abroad for training, which is among the top 3 most popular forms. In particular, Singapore gives financial support (co-sponsorship) for self-training of management staff.

The chart below shows the percentage of respondents in choosing the top 3 forms of management training in their companies:

DESCRIPTION

- On the job training
- Internal intensive training
- Financial support (co-sponsorship) for self-training
- Short-term overseas training



Conclusion

1

According to the survey, Singapore, Thailand and Vietnam are all facing a shortage of candidates for management positions, in both quantity and quality.

2

The surveys conducted in Japan, Singapore, Thailand and Vietnam show that mid-level and senior personnel in each country have their own unique strengths and weaknesses. English proficiency remains a major challenge for managers in Vietnam, despite their positive rating in communication skill and learning ability. It is clear that low English proficiency will be a significant barrier for managers in Vietnam when the ASEAN Economic Community takes effect by the end of 2015, which will permit free flow of labour in 8 industries.

3

Due to employees' lack of loyalty to firm, companies in Singapore, Thailand and Vietnam are facing a major challenge in retaining managers. They face fierce competition from their rivals in terms of salary and benefits for managers.

4

In addition, lack of creativity is a common weakness shared by managers in Japan and the three South-East Asia countries. Managers in Singapore seem to have an edge with better ratings in logical thinking, hardworking and integrity. In turn, managers in Thailand have a high sense of responsibility, good professional skills and adaptability. Japanese score very high in terms of technical while employees in Singapore, Thailand and Vietnam all receive very low satisfaction ratings in loyalty to firm criterion.

5

Although leadership and management skills are among the definite requirements in recruiting management employees, they are the most inadequate areas for managers in the the countries surveyed. Among survey participants, 78% in Singapore, 74% in Thailand, 48% in Vietnam and 60% in Japan answer that this will be the main area of training for management employees.

Representatives from other countries surveyed:



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