

Employability in Focus

EXPLORING EMPLOYER PERCEPTIONS OF OVERSEAS
GRADUATES RETURNING TO VIETNAM

2018/2019

CONTENTS

EXECUTIVE SUMMARY	4
1. INTRODUCTION AND METHODOLOGY	5
2. ECONOMIC AND SOCIAL BACKGROUND	6
2.1 Economy and labour market	6
2.2 Domestic high education trends	9
2.3 Overseas education trends	10
3. VIETNAMESE EMPLOYERS' NEEDS AND IN-DEMAND SKILLS	12
4. ATTRACTIVENESS OF OVERSEAS STUDENTS	16
4.1 Employers' attitudes towards overseas graduates	16
4.2 The value of English language skills	18
4.3 Attitudes towards different countries	18
4.4 Attractiveness of UK universities	20
4.5 Attitudes towards transnational education	21
4.6 Disadvantages of overseas study	21
CONCLUSIONS AND RECOMMENDATIONS	24

EXECUTIVE SUMMARY

- Vietnam's long-term goal is to develop a high-skilled export economy. To achieve this, the country needs more graduates who can support growing high-value industries, such as electronics manufacturing.
- A lack of technical and soft skills in the workforce is restraining this economic transition, with highly skilled workers representing just 10 per cent of the national workforce.
- Graduate unemployment and underemployment have been exacerbated by a tertiary education system that is struggling to meet employers' needs. There is a particular unmet demand for graduates with advanced IT skills, digital marketing and coding abilities, and English language skills.
- In order to remain competitive, Vietnam must up-skill its labour force faster than wage demands rise. If it is unable to achieve this, the international firms it relies on for investment may look elsewhere for cheaper labour.
- Foreign companies seeking highly-skilled employees are attracted to overseas graduates because of their superior hard and soft skills. English language skills are particularly valued across all company types, demonstrating the benefits of graduating with a foreign degree from an English-speaking country.
- Many students aspire to an international education because of generally higher quality, and enrolments in overseas universities have increased tenfold over the past decade as household incomes have risen.
- Transnational education (TNE) programmes are becoming more numerous in Vietnam and provide an international education for those who cannot afford to study abroad. However, while popular with some employers, they are perceived to be of varying quality and are valued less than degrees earned abroad.
- The US is seen by students as the ideal destination for higher education opportunities, but Japan is the most common destination due to its proximity and incentives offered by the Japanese government. Employers, however, seem to be unconcerned about the exact location of overseas education, provided that the necessary skills are developed.
- Overseas graduates sometimes choose to remain outside Vietnam, creating a "brain drain" and further straining the country's limited skills base.
- For those who do return, reintegration into the Vietnamese job market is not easy. Lost networks, increased family pressures and reverse culture shock are common challenges. There also appears to be a discrepancy between returning overseas graduates' perceptions of the job market at home and on-the-ground realities.
- Students and employers have a positive perception of UK universities and the postgraduate degrees they offer. However, US universities remain more popular.

INTRODUCTION AND METHODOLOGY

Since the opening of its economy in 1986, Vietnam has seen significant development, posting one of the highest economic growth rates in the world over the past two decades. Along with the economic success, poverty in the country has dropped significantly from 32.7 per cent of people living below the poverty line in 1993, to 9.8 per cent in 2016. According to the World Bank, an average of 1.5 million Vietnamese have joined the global middle class every year since 2014.¹

Rising labour costs in China create room for greater future ambitions for Vietnam, with the country aiming to develop a high-skills-based economy. But its current higher education system is not yet producing the graduates with the skills necessary to achieve this. Local universities are struggling to meet the volume and quality required by the job market, and an increasing number of students are turning to international education. But how is value of foreign degrees perceived by employers? What are the differences in key skills gaps between local and overseas university graduates?

To answer these questions, we conducted a survey of 150 companies operating in the country, ranging from public-sector entities to domestic and foreign enterprises. Of these, 27 per cent employ between 50 and 199 employees, 27 per cent employ between 200 and 399 employees, 17 per cent employ between 400 and 499 employees, and 25 per cent employ more than 500 employees. The majority of these firms are located in Vietnam's two largest cities, Hanoi (the capital) and Ho Chi Minh City.

The majority of the surveyed firms are conglomerates (31 per cent), companies in the manufacturing sector (23 per cent) and companies in the financial services sector (14 per cent). These are key sectors in Vietnam and have a significant role to play in the government's plans for economic growth. They also demand diverse skill sets.

¹ World Bank, "Climbing the ladder: poverty reduction and shared prosperity in Vietnam," 2018. <http://documents.worldbank.org/curated/en/206981522843253122/Climbing-the-ladder-poverty-reduction-and-shared-prosperity-in-Vietnam>

ECONOMIC AND SOCIAL BACKGROUND

Chapter Summary



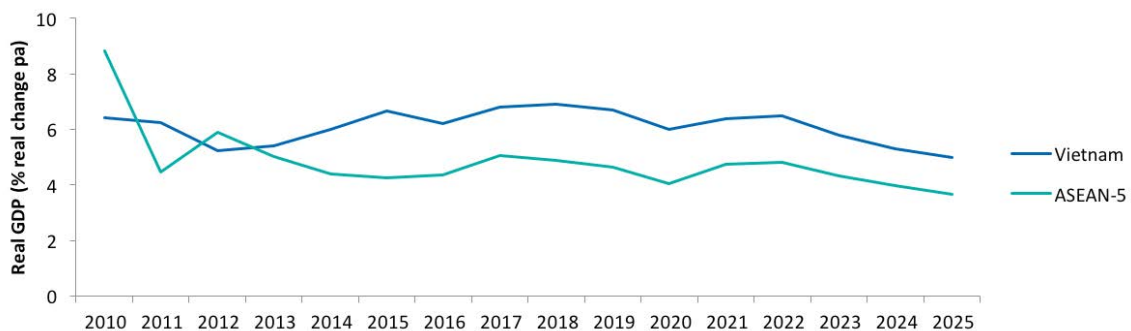
- Vietnam aims to become a highly skilled export economy, with the service sector and gig economies also earmarked for growth.
- It is forecast to be one of the world's fastest-growing economies over the next 20 years, but a successful transition will require more high-skilled employees.
- Vietnam's current graduates face unemployment and underemployment, driven by poor-quality degrees that do not meet employers' needs.
- Vietnamese enrolments at overseas universities has increased tenfold over the past decade, thanks to increasing household income.

2.1 Economy And Labour Market

Vietnam's economy is newer than most. It started to emerge in its current form in 1986, when the country's ruling Communist Party (CPV) cleaned house with market reforms known as *Đổi Mới*, or the Renovation. This proved to be an historic turning point, which saw the country abandon central planning in favour of a more outward-looking market economy built on socialist values. Rapid economic growth followed: over a period of 30 years, Vietnam has grown from one of the world's poorest nations into a lower-middle-income country, more than halving the percentage of its population living below the poverty line between 2010 and 2016 alone.

In 2017, the country's GDP rose by 6.8 per cent to reach a ten-year high of \$220.6 billion, and Vietnam is now forecast to be one of the world's fastest growing economies over the next 20 years. Growth is expected to remain stable between 2018 and 2022, averaging 6.2 per cent annually—higher than Malaysia and Thailand (Vietnam's more developed neighbours) and ahead of the ASEAN-5 average.

Growth of real GDP in Vietnam compared to ASEAN-5 average

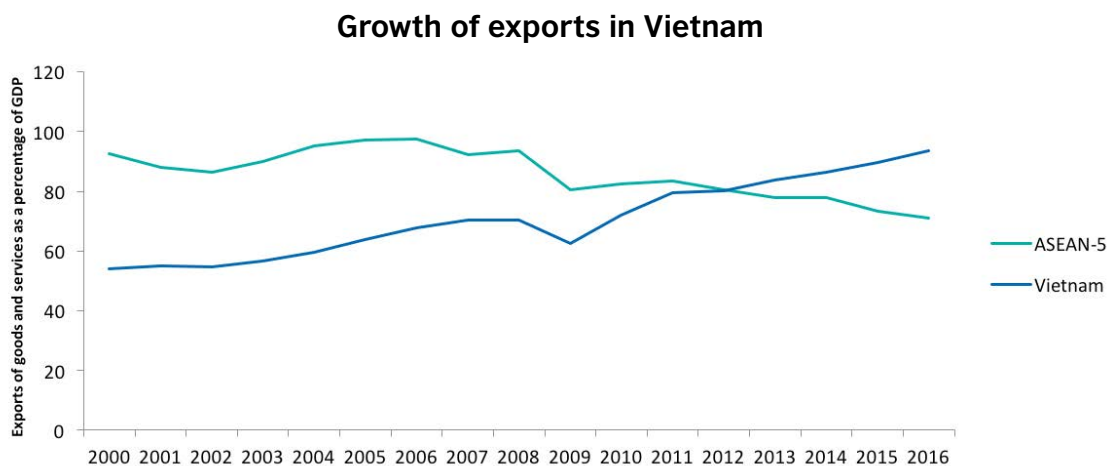


Source: Economist Intelligence Unit

The service sector leads the economy, contributing 44.4 per cent of GDP,² but financial services, education, IT and retail are all important to continued growth. Vietnam's varied geography and long coastline have also allowed for the development of tourism and hospitality, renewable energy and agriculture, which is the second largest contributor to GDP.

An abundance of low-cost workers has helped Vietnam to reinvent itself as a hub of manufacturing and agricultural production. The country has a growing population of about 97 million, with 56.6 million in the labour force. Many of these workers find employment in low-skilled sectors, such as manufacturing assembly. However, as the economy develops into more advanced sectors, employers are starting to search for a deeper pool of skills. Demand for skilled labour is already outstripping the education sector's capacity to produce highly-skilled workers, who represent just 10 per cent of the workforce.³

Vietnam has also developed into a robust export-led economy, with exports accounting for a larger portion of GDP than the ASEAN-5 average. Telephones, textiles and consumer electronics fill outbound shipping containers and are aiding the country's growth in higher-value exports. The country's largest trading partners are the US and near neighbours China and Japan.



Source: World Bank

As Vietnam's exporters have prospered, economic growth has pushed salaries upwards. In July 2018, the base minimum wage for public servants was officially increased to VNĐ1.39 million (\$60.95) per month, while the minimum wage for private enterprises in the country's biggest cities was lifted to VNĐ3.98m a month (\$175)⁴—more than double the 2011 figure. Personal net income is projected to rise from an average of \$1,837 this year to \$2,185 by 2022,⁵ and the World Bank estimates that more than half of the Vietnamese population will be middle class by 2035, compared to just 11 per cent today.⁶ Income growth has also boosted private consumption, making indirect taxes on goods and services the biggest contributor to the public purse.

² EIU data

³ ILO. (2018). *Labour and social trends in Viet Nam 2012–2017*. Geneva, Switzerland: Author. Retrieved from <https://bit.ly/2I2RdaD>

⁴ Vietnam Net. (2017). *Increasing salaries, pensions and subsidies*. Retrieved from <https://bit.ly/2I0LB0B>

⁵ EIU data

⁶ World Bank. (2016). *Vietnam 2035 toward prosperity, creativity, equity, and democracy (Vols. 1 and 2)*. Washington, DC: Author.

Economic liberalisation has also helped along development. In January 2007, Vietnam became a fully-fledged member of the World Trade Organisation (WTO). It has also relaxed regulations for foreign investors and offered tax exemptions to incentivise investment, successfully enticing foreign companies. In 2015, a further loosening of regulations streamlined business licensing and reinforced company obligations to help employees improve their qualifications and technical skills.

The combined forces of increased foreign direct investment, more free trade agreements, and increased consumer spending are changing the skills needed in Vietnam, fuelling demand for more graduates with advanced IT skills, digital marketing and coding abilities, and English language skills. According to labour economist Miranda Kwong, from the International Labour Organisation (ILO), FTAs will also lead to greater use of technology in the manufacturing sector, further increasing demand for higher skilled labour: “The country will no longer be able to rely on cheap labour costs. Vietnam is transitioning from a low-skill economy to a higher-skill one, with higher wages, higher productivity sectors and new jobs in the service sector and the gig economy. I see trade and technology developments as interlinked external factors that will affect the labour market.”

In order to remain competitive, Vietnam must up-skill its labour force faster than wage demands rise. Failure to do so could push the international firms that Vietnam relies on for investment to look elsewhere for cheaper labour. According to the country’s 2017 Provincial Competitiveness Index (PCI) report, produced by the Vietnam Chamber of Commerce and Industry in collaboration with USAID, these companies are already reporting a dearth of technicians and managers and are less satisfied with the quality of labour services provided by provincial governments than they were in 2013.⁷ High unemployment or underemployment among graduates is also affecting Vietnam’s economic productivity, which equates to 17 per cent of Malaysia’s productivity and just 7 per cent of Singapore’s productivity.⁸

In order to transition to a high-skilled, knowledge-based economy – arguably Vietnam’s greatest economic shift since Đổi Mới – the higher education sector must equip students with the skills employers need, particularly as wages rise. The prime minister, Nguyễn Xuân Phúc, has called for improvement in the quality of education and training, with the dual aims of boosting skills and reducing graduate unemployment. In June, for example, he approved a ministerial project to train and re-train unemployed or underemployed workers who have been dismissed by foreign enterprises and are struggling to find new jobs.⁹

The abundance of unemployed and underemployed graduates has also prompted the government to encourage them to work abroad. Under a proposed plan revealed in 2017, the Ministry of Labour, Invalids and Social Affairs (MoLISA) aims to export more than 54,000 unemployed Vietnamese – many of whom are university and college graduates in sectors such as nursing, IT and telecommunications – to Japan, South Korea, Germany and Slovakia, across several phases until 2020.¹⁰ While this initiative tackles the problems of unemployment and underemployment in Vietnam, it does not solve the underlying educational challenge of a skills mismatch.

Vietnam’s leadership is aware that the country’s transition to a high-skill economy poses broader challenges as well. Speaking in November 2017, the deputy prime minister Vương Đình Huệ recognised that trade liberalisation and technological advancement require Vietnam to transform to an innovation-led growth model and begin economic restructuring. However, as he acknowledged, “We’ve talked a lot, but little has been done.”

⁷ Vietnam Chamber of Industry and Commerce, with USAID. (n.d.). *The provincial competitive index (PCI)*. Retrieved from <http://eng.pcivietnam.org/>

⁸ Vietnam Chamber of Industry and Commerce. (2018). *Technology application to boost productivity suggested*. Retrieved from <https://bit.ly/2HAExrd>

⁹ Vietnam+. (2018). *Management of freelancers, workers in FDI firms raised at Q&A session*. Retrieved from <https://bit.ly/2sJPKKK>

¹⁰ Vietnam Net. (2017). *Unemployment rate down, but more university grads remain jobless*. Retrieved from <https://bit.ly/2K0ER7U>

2.2 Domestic higher education trends

Vietnam's tertiary education system has expanded rapidly in recent years. Until the early 2000s, the country had a limited number of colleges and universities, and just a small portion of the population completed higher education. Today, however, Vietnam has more than 400 universities, 185 university-level establishments and 230 colleges.¹¹ Most specialise in training for specific sectors, such as agriculture or technology, and offer bachelor's, professional, master's and doctoral degrees, which take four to six years to complete. The central government manages the higher education system through the Ministry of Education and Training (MoET), which sets the curriculum and oversees most educational institutes.

Demand for higher education in Vietnam has also increased rapidly, fuelled by a growing population, increased urbanisation and improved living standards. Over the past decade, enrolment rates have almost doubled.¹² According to Euromonitor International, 2.3 million students were enrolled in tertiary education programmes in 2017 – an increase of more than 300,000 since 2010.¹³ Indeed, demand is such that available university places are now oversubscribed.

In part, this demand for higher education reflects the success of Vietnam's secondary school system, which is one of the highest ranked in the world and is particularly known for science, technology, engineering and maths (STEM). In 2015, Vietnam ranked eighth out of 76 participating countries for science, reading and maths in the OECD's triennial standardised test (Programme for International Student Assessment, or PISA), which measures the abilities of 15-year-old students – higher than both the UK and the US.¹⁴ High demand also reflects a perception among young Vietnamese that a university qualification will benefit their lives and careers. Data from the Healy Consultants Group seems to support this, with reports that university-educated workers earn an average of \$164 more per month than those without a university education.¹⁵

The quality of higher education, however, is generally considered to be low in Vietnam. The country's universities have poor reputations and low rankings; for example, there are no Vietnamese institutions in the QS World University Rankings of Asia's top 100 universities. Dr Fredric Swierczek, director of the Asian Institute of Technology's Vietnam Centre, argued that this is because “universities, both public and many private ones, teach in a traditional, passive way, which is not up to date,” citing a reliance on rote learning and a focus on theoretical knowledge (rather than practical skills) as particular problems. These challenges are exacerbated by rudimentary teaching materials and outdated curricula. There is also a shortage of good teachers: in 2014, the MoET cancelled 207 undergraduate programmes at 71 universities and colleges for the year because there were not enough academics qualified to teach them.¹⁶

In 2011, Nguyễn Tấn Dũng, then prime minister, acknowledged that “the education quality is lower than [what is] required for national development.”¹⁷ The government has since introduced several policies to improve tertiary education, including its Strategy for Human Resources, Master Plan for Vocational Training 2011–2020 and Strategy for Education Development in Viet Nam 2011–2020. These documents outline steps to increase the number, quality and geographic spread of training institutions. However, change has been slow to arrive. The country's 2017 PCI report showed that 74

11 Clark, N. (2014). *Higher education in Vietnam*. Retrieved from <https://wenr.wes.org/2014/05/higher-education-in-vietnam>;

12 PwC & Vietnam Chamber of Commerce and Industry. (2017). *Spotlight on Viet Nam: The leading emerging market*. Retrieved from <https://www.pwc.com/vn/en/publications/2017/spotlight-on-vietnam.pdf>

13 Euromonitor International. Unpublished raw data.

14 OECD. (2018). *PISA 2015: Results in focus*. Paris, France: Author. Retrieved from <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf>

15 Cleaver, I. (2017). *Vietnamese government to invest in education*. Retrieved from <https://bit.ly/2LDMmyU>

16 Hiep Pham. (2014). *Course cull aims to improve quality – government*. Retrieved from <https://bit.ly/2MFIOyE>

17 The Prime Minister of Vietnam. (2012). *Decision No. 711/QĐ-TTg of June 13, 2012: Approving the 2011–2020 education development strategy*. Retrieved from <https://bit.ly/2Mcx5GI>

per cent of foreign-invested enterprises (FIEs) still find it difficult, or very difficult, to employ enough skilled candidates, and underemployment and skills mismatches remain significant challenges. The ILO reports that 22.2 per cent of workers with university degrees were underemployed in a secondary-level technical profession in 2017 and so were not fully utilising their developed skill sets.

Interviewees confirmed that graduates are leaving the domestic education system without the skills needed to thrive in the country's changing economy. According to the ILO's Ms Kwong, "Not enough graduates have the core high skills employers need now, and the labour market requires more soft skills than before."

The majority of employees at the companies interviewed for the survey (48.25 per cent) are educated to the undergraduate level. Vocational or training qualifications are the second most common type of educational background, followed by postgraduate degrees. This demonstrates the employability that higher education students gain, as well as the necessity of seeking qualifications to secure work.

While higher education has become more accessible over the last two decades, the ILO reports that just 23.7 per cent of Vietnam's labour force has any type of qualification, and only 9.1 per cent have university degrees. A further challenge is that degrees earned in Vietnam are not considered to be of high quality, nor are they equipping graduates with the types of skills employers are seeking.¹⁸ Dr Swierczek reported a mismatch between what students learn at university and the skills required by the more advanced manufacturers and fast-moving consumer goods companies and retailers: "Companies like Intel or Samsung need to consider many applicants to find just a few suitable candidates" because "the skills aren't there."

As a result of this mismatch, many graduates have difficulty securing work, even as demand for graduates continues to outpace supply. In 2017, MoLISA reported that the number of unemployed graduates had reached 237,000.¹⁹ (To provide some context, the Ministry of Education and Training reports that there were 305,601 new graduates in 2016–17.)²⁰ Many other graduates are underemployed in the country's vast informal sector. Vietnam's General Statistics Office and the ILO reported there were more than 18 million Vietnamese in this category in 2017, accounting for 57 per cent of the country's non-agricultural employment.²¹ According to the ILO, the average wage in this sector is just two-thirds of that found in the formal economy. A growing lack of faith in the ability to translate qualifications into suitable employment is reflected in the popular expression "Tốt nghiệp là thất nghiệp" ("Graduation equals unemployment").

2.3 Overseas education trends

The poor quality of Vietnam's universities means that many students aspire to an international education. MoET figures show that enrolments in overseas universities have increased tenfold over the past decade, thanks to increasing household income, which typically drives demand for high-quality education and provides the means to afford it. An increase in the number of scholarships offered by universities and the Vietnamese and foreign governments to talented Vietnamese students has also boosted opportunities.

Adrien Bizoard, Vietnam country manager at Robert Walters, a recruitment firm, noted that the "new Vietnamese

¹⁸ ILO. (2018). *Labour and social trends in Viet Nam 2012–2017*. Geneva, Switzerland: Author. Retrieved from <https://bit.ly/2l2RdaD>

¹⁹ DTI News. (2017). *Strong rise in unemployment among graduates: labour ministry*. Retrieved from <https://bit.ly/2JmlXJ4>

²⁰ MoET. (n.d.) *General data for the academic year 2015–16 and 2016–17*. Retrieved from <https://bit.ly/2LXeNl0>

²¹ ILO. (2017). *Viet Nam's 18 million non-agricultural workers are in informal employment*. Retrieved from <https://bit.ly/2JyyqFQ>

generation is extremely keen on going outside the country for several months and is going to aim to go abroad. This generation's parents are aiming for health and education for their kids, so these two industries are booming in Vietnam now—good health and good access to education. People are very keen to go abroad to live, and it's strongly promoted by their parents, who save a lot of money to try to send their kids abroad."

According to Shane Dillon, founder of the International Alumni Job Network (IAJN), students seek a foreign education for exposure to other cultures, to develop soft skills, and to improve English language skills, thereby increasing their salary potential. He adds that business and marketing degrees are particularly popular among students, with those who have greater financial backing more likely to go on to postgraduate education before returning to Vietnam. Mr Bizoard finds that business degrees are particularly popular: "Business degrees, like MBAs or business administration degrees or bachelor's degrees in business, are definitely popular. Finance is less popular, because if you stray too far from your home country in finance then you'll lose the local regulation. People might go for an MBA in finance, but it's not going to be the most common choice. Engineering is also popular, either for IT or manufacturing."

There is also a clear distinction between graduates with degrees from local universities and those with degrees from foreign universities. For entry-level positions, 38.8 per cent of the firms we surveyed hire locals with degrees from local universities or colleges, while only 17.6 per cent hire local candidates with degrees from foreign institutions. Foreign graduates from foreign universities are not far behind at 12 per cent, showing there is still a reliance on expatriate workers. In part, this is because a relatively small proportion of the workforce (130,000 Vietnamese citizens) study abroad. However, these findings may also highlight the greater potential for overseas graduates to enter the workforce at more senior levels. This is borne out by the proportion of overseas graduates reported to be working in senior management teams (24.4 per cent), according to survey respondents.

Overseas graduates sometimes choose to remain outside Vietnam, further straining the country's limited skills base. The scale of this problem is hard to verify, but in 2011 the MoET reported that up to 70 per cent of students studying abroad did not return after graduation.²² As Dr Swierczek notes, "there is a premium for overseas graduates when they come back to Vietnam, but very often they don't come back." The reasons for Vietnam's brain drain are twofold. Firstly, better salaries and job opportunities abroad can persuade talented Vietnamese graduates to remain overseas. Secondly, graduates face tough competition at home for the best roles, which can deter some from returning. While local universities alone produce over 300,000 graduates each year, Vietnam only requires 20,000 people with bachelor's degrees.

VIETNAMESE EMPLOYERS' NEEDS AND IN-DEMAND SKILLS

Chapter Summary



- **The country has a lack of technical and soft skills in the workforce, and its advantage is waning as wages rise and employees' skills fail to keep pace.**
- **Employers are looking for graduates with advanced hard skills. Locally educated graduates particularly lack advanced IT, digital marketing and coding skills.**
- **There is a big skills mismatch where graduates from local universities do not possess the skills or degrees that are in demand, leaving many graduates frustratingly unemployed.**

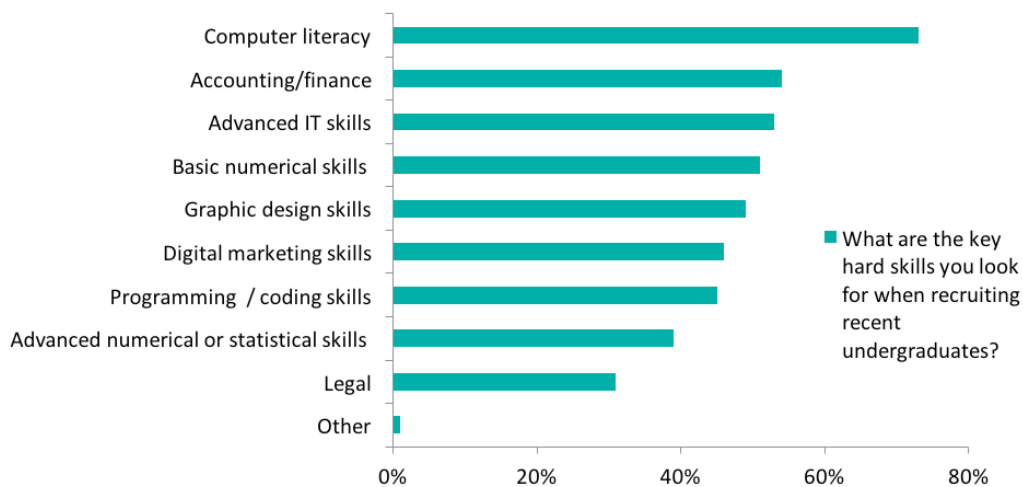
The survey found that Vietnamese employers are struggling to source employees with sufficient hard and soft skills, mainly due to skills mismatch, Vietnam's education style, and a shortage of graduates.

The most common challenge in sourcing suitable recruits is a lack of candidates with the desired qualifications, cited by 54 per cent of the surveyed firms. A lack of applications from candidates with the required hard skills was a challenge for 46 per cent of companies, while 36 per cent reported that they did not receive enough applications from graduates with the right kind of soft skills, attitude and personality. Recruiters from conglomerates reported big shortfalls in both hard and soft skills (64 per cent and 70 per cent, respectively). Many candidates lack work experience, and many of the companies surveyed complained of a low number of applicants.

Interviewees confirmed that graduates are leaving the domestic education system without the skills needed to thrive in the country's changing economy. According to the ILO's Ms Kwong, "Not enough graduates have the core high skills employers need now, and the labour market requires more soft skills than before."

The hard skills most in demand among surveyed employers are computer literacy (73 per cent), accounting/finance (54 per cent), advanced IT skills (53 per cent), basic numeracy (51 per cent), digital marketing (46 per cent) and coding/programming (45 per cent). At least some of these skills are already provided by domestic graduates.

Demand for hard skills among Vietnamese employers (% , N = 150)



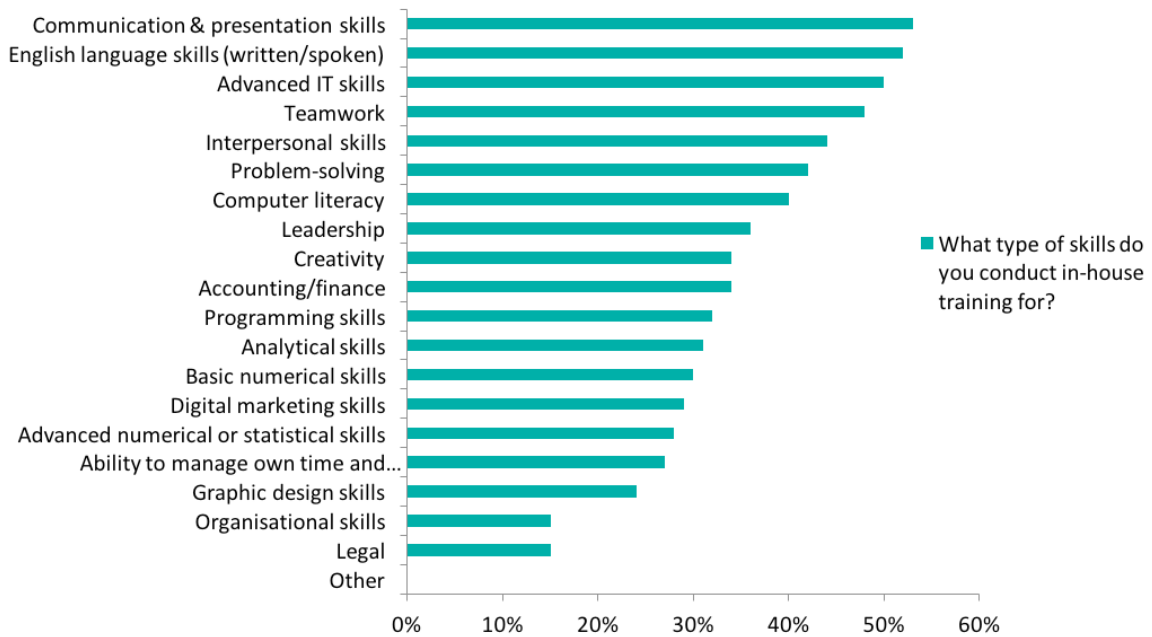
Source: EIU Graduate Employability Survey, 2018

Mr Bizoaurd noted that “the industry where we’re short on talent is most likely manufacturing—for example, engineers working in plants,” he said. “Once all the goods have been manufactured, you also need to sell all of these products, and the B2B [business-to-business] industry that sells manufactured goods is also quite short on talent, because it remains quite technical.” Mr Bizoaurd also highlighted “a big need” for people with “a very strategic mindset of how to grow a business.”

According to Dr Swierczek, companies “looking to innovate or go in new directions” particularly struggle to find suitable candidates. He argued that these companies have plateaued due to a lack of appropriately-skilled staff, and that this will not change unless universities and the government update their curricula: “They really need to focus on what students require in terms of technology, business or economic knowledge, so that students are not getting really outdated skills.” Mr Dillon noted that skills shortages pose as much of a challenge as skills mismatches for employers in advanced sectors.

Some efforts are being made to improve locally educated employees’ hard skills. For example, the survey revealed that 50 per cent of companies provide in-house training for staff in advanced IT, 32 per cent provide training in programming, 29 per cent provide training in digital marketing and 28 per cent provide training in advanced numerical or statistical skills. However, Dr Swierczek notes that this is not widespread, and that training tends to focus on specific needs. Universities have also recognised the need to provide students with more advanced hard skills, creating short courses focused on skill development. “I see a lot of employers being very attracted to candidates – both new graduates and experienced hires – who have attended specialist one- to three-month courses established by universities and training centres to make sure they are getting really up-to-date hard skills,” says Mr Dillon.

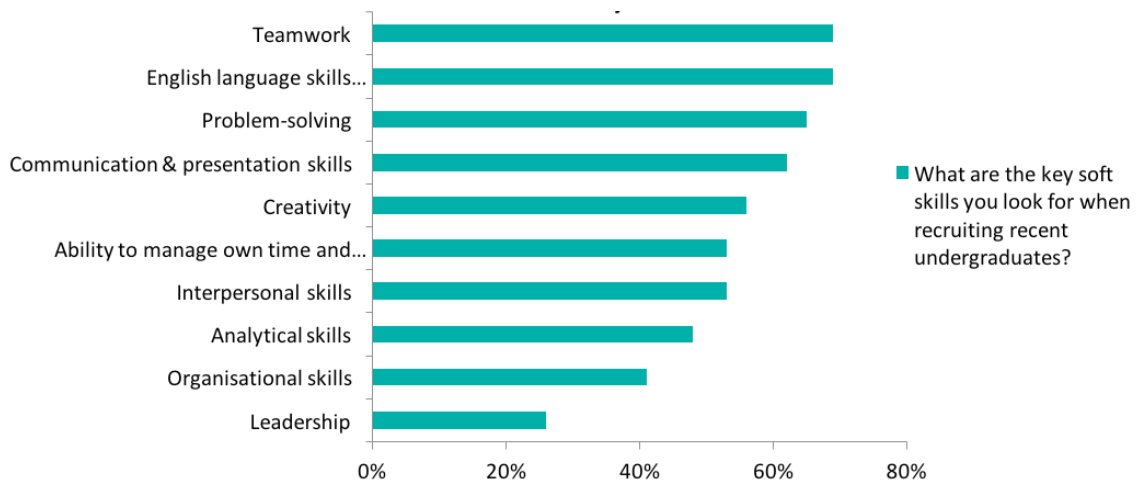
In-house skills training of employees in Vietnamese companies (% , N = 143)



Source: EIU Graduate Employability Survey, 2018

Employers in Vietnam also demand soft skills, particularly teamwork, problem-solving, communication and presentation skills, creativity, and interpersonal skills (in that order of preference). These soft skills are not typically developed at Vietnamese higher education institutions. Indeed, Hoàng Khắc Lịch, head of the human resource office at the Vietnam University of Economics and Business, reported that his university trials potential lecturers on short-term contracts because they must prove they have the necessary soft skills to be inspirational teachers: “We don’t train them in communication and team work, because we think this is a skill they need to have before they become our lecturer.”

Demand for soft skills among Vietnamese employers (% , N = 150)



Source: EIU Graduate Employability Survey, 2018

Employers also reported a shortage of English language skills, which are in high demand as Vietnam continues to globalise, develop and welcome international investors. Sectors such as hospitality, tourism, aviation and sustainable development particularly require English speakers to help them reach their full potential. Soft skills such as teamwork, problem-solving, communication and presentation skills, creativity and interpersonal skills are also lacking across the Vietnamese workforce.

As a result of these skills shortages, graduates from local higher education institutions struggle to secure suitable employment. Many find themselves frustratingly underemployed or without any work at all.

ATTRACTIVENESS OF OVERSEAS STUDENTS

Chapter Summary



- **Most employers believe that overseas study adds value to a jobseeker's application because overseas graduates have more hard and soft skills that locally educated graduates lack.**
- **Transnational education programs are a good option for those limited by the cost of an overseas degree, but generally employers prefer an overseas degree over TNE programs.**
- **English language skills are highly valued across all company types, demonstrating the value of a foreign degree from an English language country.**
- **US universities lead in terms of reputation for postgraduate courses, edging the UK into second place.**

4.1 Employers' Attitudes Towards Overseas Education

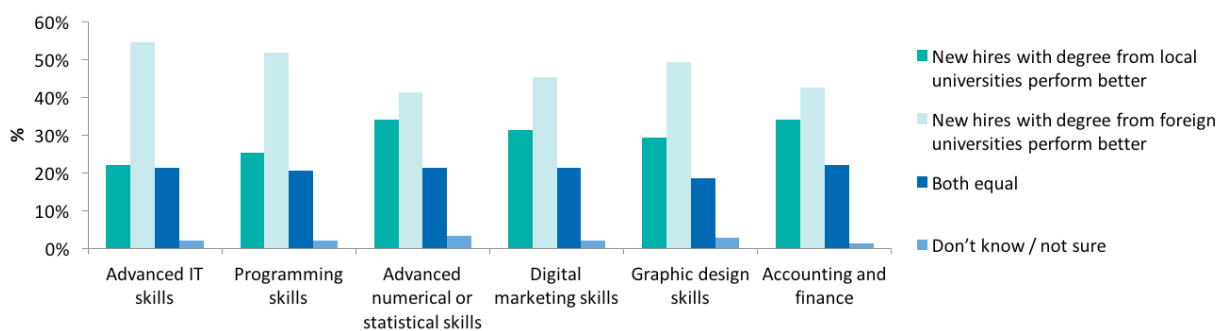
To most employers in Vietnam, overseas graduates appear more attractive than their locally educated peers because they demonstrate more hard and soft skills, particularly technical expertise and language skills.

According to the survey, 88 per cent of respondents either agreed or strongly agreed that studying overseas adds value for a jobseeker in Vietnam. This trend can be found across most technical skill sets and is clearest in areas such as: advanced IT skills, where 55 per cent of respondents think overseas graduates perform better than local graduates (22 per cent favour local graduates); and programming skills, where 52 per cent of respondents believe that overseas graduates perform better than local graduates (25 per cent favour local graduates). Similar preferences were recorded for digital marketing skills, advanced numerical or statistical skills, graphic design, accounting and finance, and almost all of the major soft skills.

Overseas graduates generally possess a greater array of advanced technical skills than their locally educated peers and are well-placed to benefit from this unmet demand for hard skills. For example, Mr Hoàng believed that the country's growing financial sector will need to rely on overseas graduates: "Vietnam's financial system is changing a lot because we are merging banks, restructuring tax revenue and trying to innovate the industry. We need a lot of graduates who have foreign degrees for this work, because it demands the better skills and knowledge they have."

The survey found that 48 per cent of employers generally prefer local graduates when considering who would perform better at basic numeracy tasks, with only 14 per cent preferring overseas graduates. This is understandable given Vietnamese secondary schools' reputation for excellence in STEM subjects and the country's high PISA scores. Similar findings were recorded for computer literacy (41 per cent of respondents favoured local graduates) and legal skills (45 per cent of respondents favoured local graduates), suggesting that employees who study in Vietnam are well equipped in these areas. However, the survey does indicate a mismatch in advanced IT, digital marketing and coding, where the types of hard skills provided by local degrees differ from those required by employers.

Vietnamese employer perceptions regarding performance of new hires on hard skills (% , N = 150)



Source: EIU Graduate Employability Survey, 2018

Mr Hoàng argued that government departments and state-run companies—where the majority of employees are locally educated—will also need support from overseas graduates. For example, agriculture and sustainable development will require an influx of highly skilled, foreign-educated workers to help Vietnam recover from the Formosa steel mill chemical spill, which poisoned sea life along the country’s central coastline in 2016. However, low wages may deter overseas graduates from public-sector work, as state salaries in Vietnam are about 30 per cent of the median wage—low even for the region.²³

According to the survey, 53 per cent of employers believe new hires with degrees from abroad perform better in leadership roles than domestic graduates (who are favoured by just 21 per cent of employers). Mr Dillon noted that while companies are increasingly interested in hiring middle managers, local graduates do not necessarily have the required skills, and recruitment remains challenging: “They need people who can manage small teams and transition firms away from the traditional, top-down model of working, to a more inspiring model of leadership.”

The survey also found that the percentage of internationally educated Vietnamese workers in entry-level positions is higher than the survey average in a number of sectors including healthcare, conglomerates, and energy and resources. In contrast, the percentage of locally-educated Vietnamese workers far exceeds internationally educated Vietnamese in construction, consumer goods, and education. Employers in these industries seem less likely to demand, or pay for, the additional skills and experience gained through overseas study.

In addition to the skills acquired abroad, overseas graduates benefit from experiencing different cultures. Mr Dillon noted that this widened perspective can be as valuable to employers as skills developed through higher education. This is reflected in the survey, where 79 per cent of respondents agreed or strongly agreed that international experience is important for recruitment.

²³ World Bank. (2015). Section II. Special focus on labour market: Building modern labour market regulations and institutions in Vietnam. In *Taking stock: An update on Vietnam’s recent economic developments*. Washington, DC: Author. Retrieved from <https://bit.ly/2i17Vy4>

Returning to Vietnam with technical skills, life experience and English language proficiency gives graduates and postgraduates an advantage that can directly influence job hunting and salary benefits. In our survey, 85 per cent of respondents agreed that local undergraduates from foreign universities are paid more than local undergraduates from domestic universities, and 46 per cent reported that overseas graduates are likely to command a wage premium of 20–30 per cent.

4.2 The Value of English Language Skills

English is valued by all company types, and when asked specifically whether a degree completed in English (or another foreign language) would be appealing or strongly appealing to them as employers, 93 per cent of survey respondents answered positively. Among those surveyed, 77 per cent of foreign companies and 76 per cent of conglomerates reported that English language skills were particularly important. These findings reflect Vietnam’s continued and rapid development and the growing need to speak English. This is particularly true in financial services, hospitality, tourism, aviation and sustainable development sectors, all of which are important to the government’s long-term economic ambitions. Despite this demand, 87 per cent of survey respondents either agreed or strongly agreed that jobseekers in Vietnam are missing language skills. Mr Bizoard highlighted a shortage of English language skills “on the engineer side” in particular. Andree Mangels, the general director of recruitment firm Adecco Vietnam, believed that this provides a clear advantage for graduates educated in English abroad: “Our clients would love to hire graduates who have spent time overseas, because they feel it would be good from a language point of view.” Our survey confirms this: 73 per cent of respondents felt that new hires from foreign universities or colleges would be best placed to meet the demand for language skills.

Employer perceptions of English/foreign language courses (% , N = 150)

1 = Not appealing at all	0%
2 = Less appealing	0%
3 = Moderately appealing	7%
4 = Very appealing	33%
5 = Extremely appealing	60%

Source: EIU Graduate Employability Survey, 2018

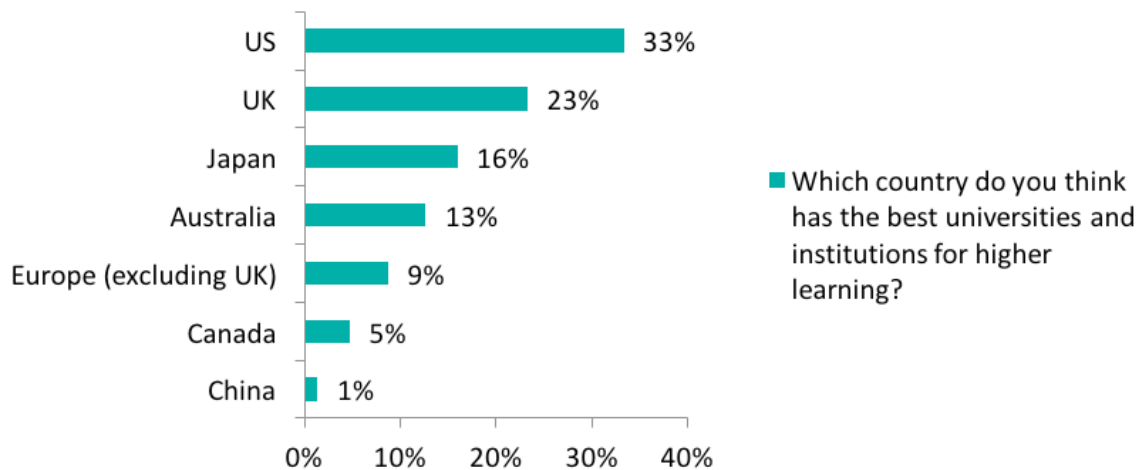
4.3 Attitudes Towards Different Countries

While students have some clear preferences for studying abroad – a 2010 report referred to the US as the “dream” overseas destination for Vietnamese students – employers seem less concerned.²⁴ The survey found that employers believe that the US and the UK have the best universities and institutions for higher learning. Only 16 per cent of

²⁴ Institute of International Education. (2010). *Attitudes and perceptions of prospective international students from Vietnam: An IEE briefing paper*. New York, NY: Author. Retrieved from <https://www.iie.org/Research-and-Insights/Publications/Briefing-Paper-2010-Vietnam>

respondents think that Japan has the best universities, despite being the most common destination for Vietnamese students. Notably, 77 per cent of respondents reported that they offer higher salaries to postgraduates from Western universities, compared to postgraduates from Asian universities. Despite employers lamenting the higher salary expectations of overseas graduates, they seem willing to cede to these demands from Western-educated postgraduates.

Employer perceptions regarding top destinations for higher education



Source: EIU Graduate Employability Survey, 2018

Vietnamese students see the US as a scientifically and technologically advanced country that offers excellent tertiary education, but Japan is the most common choice due to its geographic proximity and specific initiatives launched by the Japanese government to attract overseas students, such as subsidised company internships, additional Japanese language courses and visa support. In 2017, 61,671 Vietnamese studied in Japan, up from 38,882 in 2015.²⁵ In comparison, 22,438 Vietnamese students enrolled in US higher education institutions in 2017,²⁶ while 15,092 went to Australia,²⁷ 6,356 went to Germany,²⁸ 3,890 went to the UK²⁹ and 1,470 went to New Zealand.³⁰

According to interviewees, employers seem to be less concerned about the exact location of overseas education than students are. “I haven’t seen anybody saying, ‘I would prefer somebody with a degree from Australia, over the US or the UK,’” said Mr Mangels. “Usually for those roles they are just looking for someone with a good level of English language skills.” However, survey respondents did express a preference for postgraduates from US programmes, followed by the UK, Japan and Australia.

²⁵ Japan Student Services Organization and Japan Times.

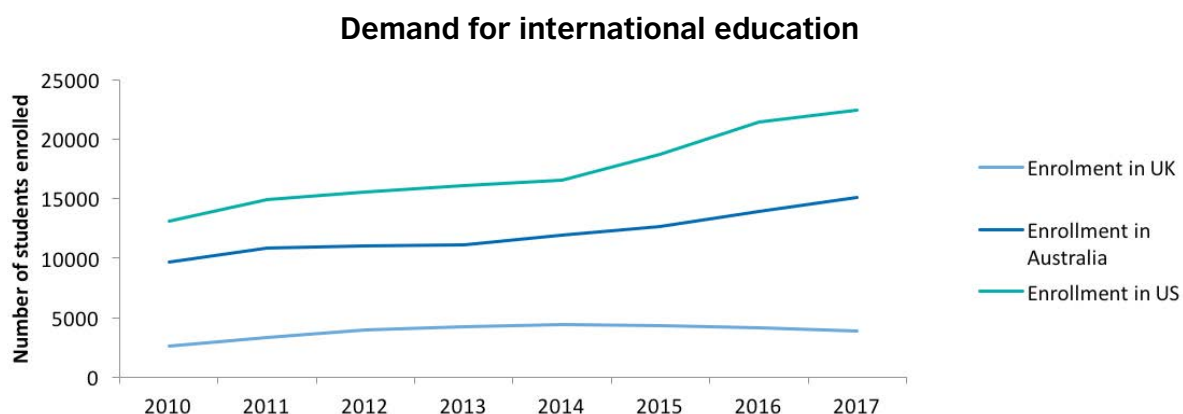
²⁶ Institute of International Education.

²⁷ Australian Education International.

²⁸ The German Academic Exchange Service.

²⁹ UK Higher Education Statistical Agency.

³⁰ Ministry of Education, New Zealand.



Source: Australian Education International, Institute of International Education, UK Higher Education Statistical Agency.

Loan Hoàng, a marketing communications manager for the Hilton Hanoi hotel who studied for her master’s degree at the University of Westminster in London from 2015 to 2016, added that many students also do not have a choice of where they study, as it is dictated by the comparative costs of each country and university: “In my case, my family couldn’t fund my studies abroad, so I applied for scholarships and the first I was accepted for was the UK.” She does concede, however, that if she had to make the decision again she would still choose London because of “the culture and amazing experience” she had there.

4.4 Attractiveness of UK Universities

The survey revealed a positive perception of UK universities, with 79 per cent of respondents agreeing that studying in the UK is valuable for a jobseeker. In the survey, 68 per cent of respondents agreed that postgraduates from UK universities are the best, and 82 per cent felt that UK universities produce better postgraduates than Asian universities. Reflecting these beliefs, 66 per cent of respondents said that postgraduates from the UK earn the highest salaries. However, the US still has a better reputation overall among employers, particularly for postgraduate studies.

Employer perceptions of UK education			
Survey Questions			
	Having studied in the UK is a value added for a jobseeker	Post-grads from UK universities are best	Post-grads from UK universities are offered the highest salaries
Strongly disagree	1%	3%	4%
Disagree	3%	5%	7%
Neither agree or disagree	17%	24%	23%
Agree	41%	43%	37%
Strongly agree	38%	25%	29%

4.5 Attitudes Towards Transnational Education

Cost is the biggest factor preventing students from pursuing higher education opportunities overseas. For those who cannot afford to study abroad, TNE programmes offer an opportunity to receive an international education at home, either at a local university or the offshore campus of an international institution. These programmes have been encouraged through bilateral diplomatic channels, with Vietnamese ministers urging other governments to work alongside the private sector to bring international education to Vietnam. To ease this process, foreign higher education institutions have been granted greater autonomy over their own financial affairs and governance under Vietnam's New Model University Project, first approved in 2010.

There are now more than 170 TNE programmes registered with the MoET,³¹ including Australia's RMIT University, the Vietnamese–German University, the Vietnam–Japan University and the US-funded Fulbright University Vietnam. According to Mr Mangels, the demand for TNE programmes is growing “and our clients would usually be happy to hire students who have studied at one, because they tend to have good language ability and soft skills.” However, rapid growth (inspired by unmet student demand) has made quality control difficult. In an effort to raise standards, the government issued Decree 73 last year, which compels international partners to prove their academic standards and financial resources before establishing TNE programmes.³²

While research reveals a mixed assessment of the quality of these programmes, 89 per cent of survey respondents reported that they had hired TNE graduates. “Personally, I think TNE programmes are quite good,” said Mr Mangels. “They offer a variety of different programmes, which are more pragmatic [than those offered at local universities] and more focused on important presentation and communication skills.” Mr Bizoard also spoke positively of TNE programmes: “Vietnamese culture is quite entrepreneurial in a way, and some people are doing MBAs from branched universities in Vietnam to have better business knowledge and to feel confident to launch their own business. It's difficult to say whether employers really value these types of degrees but based on the growing number of people studying for these degrees, I believe there is a return on investment at some point.”

Despite this, survey respondents clearly believe that the quality of overseas universities exceeds that of TNE programmes, with 75 per cent of respondents preferring foreign degrees to degrees from TNE programmes, and just 25 per cent indicating that the two are equal in quality. Not a single respondent said that a TNE programme provided better quality than an overseas university. For international universities seeking to enter Vietnam, this highlights that quality control is an issue, as is finding ways to provide the valuable cultural experiences gained by studying abroad. “One benefit employers see in candidates who have studied overseas is that they have had to live away from family, adapt and be surrounded by another culture,” said Mr Dillon.

4.6 Disadvantages of Overseas Study

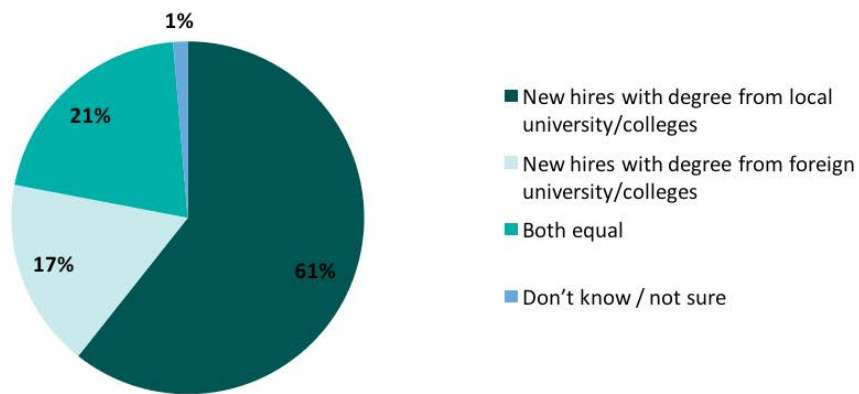
Studying abroad demonstrably improves employability in Vietnam, but there can be disadvantages. First, those who study abroad may suffer a disconnection from their local culture, knowledge and networks. As Mr Dillon noted, “If you have studied overseas for three, four or five years, you're not building those professional networks like a local graduate does.” According to the survey, 66 per cent of respondents agreed or strongly agreed that jobseekers who have studied abroad

³¹ MoET. Cited in Nguyen Tuan Anh & Penfold, P. (n.d.). *TNE in Vietnam: The patterns of partnership and its benefits*. Retrieved from <https://bit.ly/2MSL2VM>

³² MoET. (n.d.). *General provisions of Decree 73 by Vietnamese Government – question and answer*. Retrieved from <https://bit.ly/2JCZtmu>

are less knowledgeable about the local market; only 11 per cent disagreed or strongly disagreed. This highlights the importance of restoring former networks and reviewing changes to local industries for returning overseas graduates.

Which group of new hires at Vietnamese companies tend to have a better knowledge of the local market? (% , N = 150)



Source: EIU Graduate Employability Survey, 2018

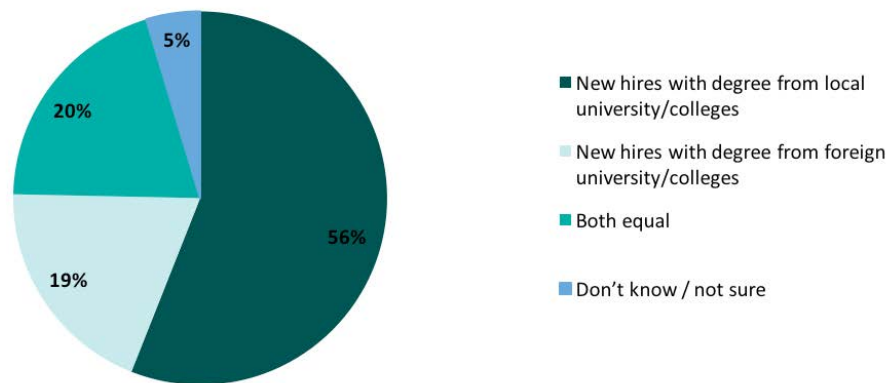
Second, survey respondents expressed doubt about the loyalty of candidates who have studied abroad, based on an assumption that employees with greater skills and independence are more likely to leave for another job. More than half of those surveyed (51 per cent) believe that locally educated candidates are more loyal than those who have studied abroad, with only 24 per cent reporting that there is no difference. Among local Vietnamese companies, 65 per cent of respondents feel that local candidates are more loyal. This suggests that local graduates are either more committed to their companies or have fewer job options because of the perceived lower quality of their education.

Third, transitioning back into a traditional, hierarchical Vietnamese working environment can be a challenge. Employers can find overseas graduates as difficult to manage. In the survey, 48 per cent of respondents said that locally educated candidates would be easier to manage, and just 23 per cent saw little difference. Interestingly, even representatives from foreign companies (45 per cent) and conglomerates (52 per cent) recorded a preference for local graduates in this regard. According to Ms Loan, reverse culture shock can negatively affect performance and work relationships: "I started questioning everything around me and it was easy for people to get on my nerves. I learnt I can't expect everyone to follow the standards I adopted living abroad." Mr Bizoaurd agreed: "Cultural adaptation can be a bit of a tricky situation because [overseas graduates] are obviously well trained and highly educated. They might think they can bring a lot and they might think they are the best, but they will sometimes struggle to adapt themselves to the new environment." He adds that "staying away too long, let's say ten years" exacerbates this, "because the environment is so different and changing so fast".

Fourth, studying abroad can lead to unrealistic salary expectations. In the survey, 33 per cent of respondents said they had failed to fill positions because the salaries they offered did not meet employees' expectations, and 56 per cent reported that local graduates had lower salary demands. According to interviewees, overseas graduates return with enhanced expectations about their prospects and worth, and Mr Mangels suggests that employers can see this as a

disadvantage. Mr Hoàng agreed, adding that overseas graduates can be frustrated by their elevated salary expectations. Mr Dillon argued that concerns about salary expectations push some companies to avoid hiring overseas postgraduates altogether: “We tell our members all the time that it’s probably not right to get a master’s degree straight after your undergraduate one, because your salary expectations and your lack of real work experience will probably count against you in the eyes of employers.”

Which group of local new hires tend to have lower salary expectations in Vietnam?



Source: EIU Graduate Employability Survey, 2018

A final disadvantage revealed by the survey is the perception that Vietnamese students who graduate overseas do not always apply themselves enough. For example, 73 per cent of respondents agreed or strongly agreed that students do not learn as much of a foreign language as they should when studying abroad. “The growing number of international students reflects that they are not as unique as they once were,” says Mr Dillon, “but there is always high demand for people who studied overseas and are hard working.”

CONCLUSIONS AND RECOMMENDATIONS

Rising Chinese labour prices have created opportunities for emerging manufacturing economies, and Vietnam has so far been one of the chief beneficiaries of this trend. Yet sustained economic growth will depend on the country's ability to absorb higher-order manufacturing activity and create related jobs in the services sector. This will require a growing pool of skilled workers that are prepared to meet industry's needs.

While higher education system has expanded rapidly in response to demand, it is still struggling to prepare graduates for the needs of the evolving business climate. There is a particular unmet demand for graduates with advanced IT skills, digital marketing and coding abilities, and English language skills. Meanwhile, graduate unemployment and underemployment remain high.

The role for international education is therefore growing, with the number of students enrolled abroad rising tenfold over the past decade. Our research found that Vietnamese employers tend to regard returning graduates highly, noting their strengths in both technical and soft skills. There is also considerable demand for overseas postgraduates, who can expect to re-enter the workforce at the senior or managerial level.

Yet there are challenges for returning students that must be better managed. Reintegration into the Vietnamese job market is often difficult. Lost networks, increased family pressures and reverse culture shock are common challenges. There also appears to be a discrepancy between returning overseas graduates' perceptions of the job market at home and on-the-ground realities.

UK universities could enhance their support for Vietnamese students through career counselling and interview training for tailored for their home job market and by providing stronger alumni-network support. Universities could also help give students an edge by cooperating with key players in Vietnamese sectors experiencing skills shortages to develop undergraduate internships.

There are also opportunities for UK universities to work directly with employers. Although few firms sponsor postgraduate studies at present – largely due to costs and concerns that employees will leave after they have earned the qualification – many employers expressed interest in sponsoring postgraduate study for employees. Closer partnerships between educators and industry may pay dividends further down the road.

Our survey shows that employers' attitudes towards UK universities are very positive overall, especially towards postgraduate programmes. Nonetheless, there is room for universities to better prepare students for a transition back into Vietnam's employment environment and build trust with employers in this rapidly developing economy.

