

Ready for business

Bridging the employability gap
The Vietnam perspective



ABOUT CIMA

The Chartered Institute of Management Accountants, founded in 1919, is the world's leading and largest professional body of Management Accountants, with over 218,000 members and students operating in 177 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations.

CIMA

Chartered Institute of Management Accountants

ABOUT AICPA

The American Institute of Certified Public Accountants (AICPA) is the world's largest association representing the accounting profession, with more than 394,000 members in 128 countries and a 125-year heritage of serving the public interest. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

AICPA

ABOUT CGMA

Two of the world's most prestigious accounting bodies, AICPA and CIMA, have formed a joint venture to establish the Chartered Global Management Accountant (CGMA) designation to elevate the profession of management accounting. The designation recognises the most talented and committed management accountants with the discipline and skill to drive strong business performance.

CGMA
Chartered Global Management Accountant



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1. Introduction

CIMA organises roundtable discussions around the Asean region to harvest insights from business' leading heads and influencers. These insights are collated into a body of research that helps shed light on key issues with a hopeful view to influencing future outcomes.

These are the findings from the Vietnam roundtables, of which there were two, conducted recently in August 2014.

The panellists in attendance at both roundtables included CEOs, CFOs, directors and other top management heads from a wide range of industries and sectors. These included banking and financial services, oil and gas, talent recruitment, electronics, food and beverages, manufacturing, information technology, data, medicine and broadcasting.

This brings not only a wealth of perspectives but also a rich texture to the conversation.

The employability gap is a global issue and challenge that cuts across borders and markets.

Within individual markets, the employability gap takes on a different context due to cultural, societal and economic conditions, but some issues related to employability are common to almost all markets.

A McKinsey report¹ found that 75 million young people globally are unemployed. The report also stated that 72% of educators felt that graduates were ready for entry level positions; 45% of graduates thought they had the skills desired by employers while 42% of employers said that their employees had been adequately prepared for work by their education.

To this end, CIMA wants to hear from employers about the various causes, effects, challenges and solutions to the employability gap in unique country-market contexts.

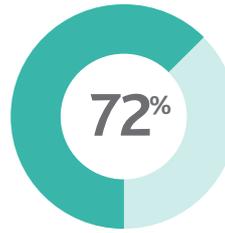
This report, part of a larger body of research, presents the fluid amalgamation of views expressed by these panellists in their experience as employers and as individuals. Some are paraphrased for conciseness, some quoted directly where the expression is particularly eloquent and emphatic.



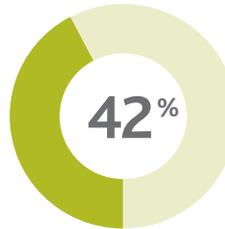
 75 million young people globally are unemployed 



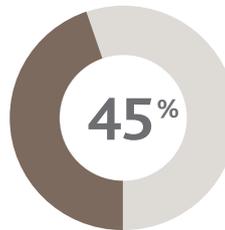
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Educators thought that graduates of their institutions were ready for entry level positions in their chosen field of study.



Employers said that, overall, their employees hired over the past year had been adequately prepared for work by their education.



Graduates expressed confidence that they were sufficiently equipped with the necessary skill sets desired by employers.



2. The Challenge of Finding Talent

It is a continuous challenge to find and retain talent in this market. This is partly because of the intense competition for the “few talent that is out there”.

This is mystifying as employers are constantly told that talent in the Vietnam market is highly literate and filled with people who are young and hungry for knowledge but closer scrutiny reveals some commonalities with other markets in terms of underlying issues that underpin the scarcity of talent.

One employer opined that to find talent from the graduate pool who possess the ability to think or work within a multinational corporation, was a challenge, given that many “do not possess the characteristics” so needed in a multinational business environment, such as good communication and people management skills.



3. Paper Qualifications: Worth More Than The Paper They Are Printed On?

There is the view that while many Vietnamese nationals may acquire impressive academic credentials such as Masters degrees in banking or law, when employers speak to them during the recruitment process post-graduation, they find that these graduates

can't do the basic, practical day-to-day business like communication, problem-solving, managing people or managing issues

This may be attributable to the fact that these graduates have not been sufficiently exposed or immersed in real experience in the real world.

For one employer, she pinpoints it to a failure by some graduates to have adequate understanding of a company's operations and policies. This gap in knowledge or understanding leads to a chasm of differing expectations between the graduate and recruiting employer.

For some employers, however, the lack of employable skills necessitates the need to provide, as much as possible, internship or apprenticeship opportunities for undergraduates, as a measure to address the lack of employer-desired skills relevant to the workplace.

Good academic qualifications do not guarantee a person's employability if there is a glaring lack of the above-mentioned skills at the point of recruitment.

"Work experience is a bigger predictor of success," is the view from a recruitment specialist who elaborates that many clients (who turn to the company for talent pools) rarely look at academic qualifications alone when weighing a person's desirability as a potential employee.

However, one panellist stated that quite often, an employer is willing to employ those who have no work experience, even going as far as to quantify the statement by sharing that only 30% of employees in that organisation have some prior experience while 70% were hired even in the absence of work experience.

An MBA, for instance, is not a 'meal ticket' to a bright future, despite cultural customs where parents may have repeatedly intoned or stressed to their children that an honours degree in a heavyweight discipline from a sterling institute is the only golden assurance to instant success in the corporate world.

Academic experience does not prepare a graduate for the sort of experience desired by an employer in a modern, functional working situation.

While there is the recognition that students are good at absorbing knowledge and theory, the employability gap exists because sometimes, the application of that theory does not happen. Worse still is when what has been learnt from books (in academia) is completely irrelevant to the workplace.

"There is the question as to whether universities can give us the people that we (the employers) really need now," as opposed to what was needed a decade ago, now completely out of date.



More importantly, there is the occasional challenge of recruiting a graduate that comes with additional attitudinal baggage: the sense of entitlement that accompanies paper qualifications.

An employer may face a recruit that figuratively declares, though not overtly, but sends a clear message nonetheless, that he or she is in possession of certain paper qualifications and so it follows they should be awarded an important job with a monumental pay package, complete with disproportionately grandiose power but none of the actual responsibility.

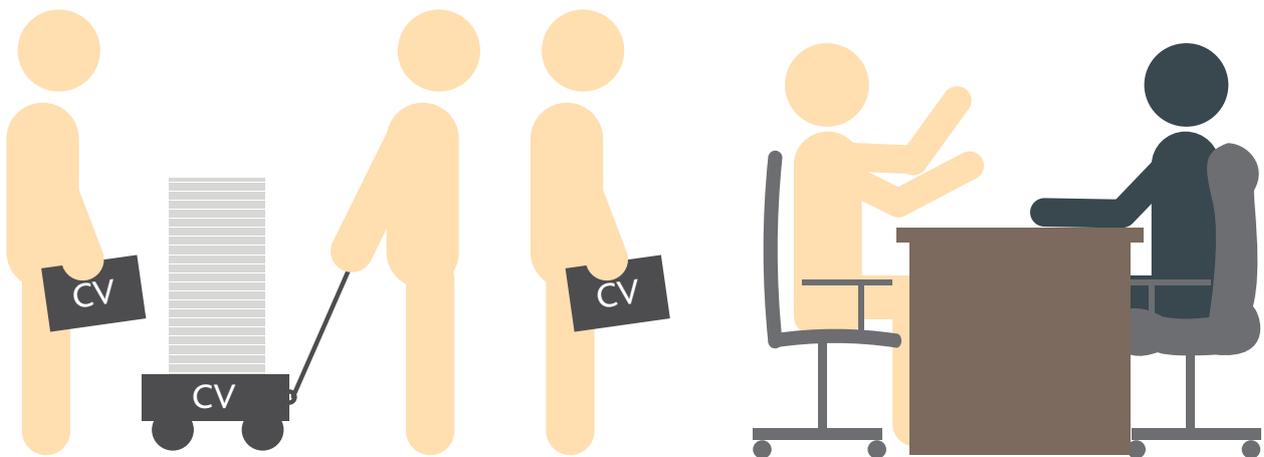
The reality from the employers' perspective, however, is that no matter how impressive a person's paper qualifications, academic qualifications alone – whether for a fresh recruit or for a more mature, senior executive at the mid-point of their career – is no substitute for a sterling set of skills, especially of the soft variety (which are rarely taught in academia.)

The bright spark on the horizon, as one panellist revealed, is that universities and educational institutes in Vietnam are listening to this constant refrain from employers, and now work placements are increasingly becoming a staple part of undergraduate courses.

There is also a need for more training schools for specific vocations and skills in Vietnam given the growth in technical-heavy and technology companies. This view was emphatically echoed by several panellists.

The need for this is partly borne out of the fact that employers may not have any place to send employees who need to be trained. There is a visible lack of effective vocational training institutes or centres in Vietnam.

Additionally, some companies in the Vietnamese market lack the resources – financial and otherwise – with which to sufficiently train employees to a level that meets business requirements.



4. The Generational Gap

One panellist put forward the interesting perspective that the current time is one where business is witnessing four generations within the talent market, from baby boomers to Generations X and Y and millennials. (The term millennials and Gen Y are interchangeable, according to some resource groups.)

This does have differing impact on the work environment.

Culturally, the problem of having a young(er) workforce that does not possess sufficient drive or desire to learn (or even having a heavy reliance on education alone) may be due to parental indulgence or misplaced advice, especially if the younger generation did not experience war, conflict, economic depression, poverty or famine.

There may be a generational gap in attitudes, suggests the same panellist, where Gen X-ers understand the value of starting work life early while simultaneously pursuing their studies (holiday jobs, weekend jobs, etc.) while Gen Y-ers or millennials may think that pursuing academic study to the exclusion of all else (and obtaining a degree) automatically guarantees them a job as well as providing some testament to their work ethic; the reality, however, is that employers need some other testament of a good work ethic, BEYOND paper qualifications.

This may be the 'rude shock' that accompanies the yawning gap between generations.

Those familiar with an older Vietnamese work culture would hear that employees were traditionally rewarded, remuneration-wise, for having performed well and for having some sense of

loyalty to the company. To illustrate with an analogy, in the time before Vietnam was considered an emerging market, there was a clear case of giving the carrot after the cart had travelled some distance, rather than giving the carrot then seeing whether the cart could be pulled at all, which is the case now.

It was lamented that the younger generation, specifically high achieving overseas educated graduates, have different expectations whereby they expect "a decent earning" before they can be expected, or are incentivised enough, to contribute significantly.

There is a marked cultural and expectation gap between generations.

Interestingly, several panellists pointed out that in Vietnamese culture, Vietnamese workers give high loyalty and job commitment as long as they have motivation from a much loved leader.

This leads to the point that with the current generation of millennials where princelings are pandered to through society's system, the current generation want to be leaders without understanding that they are in need of solid leadership – with which they need to be guided once they (the millennials) willingly climb down from their pedestals of self-conferred self-importance.

The mismatch between the quality of employed professionals and the prices at which they 'demand' or expect to be paid is a daily complaint for some employers. It is a daily frustration for some organisations where certified professionals produce work of a sub-standard quality in relation to their inflated salary packages.



In some cases, the sub-standard work is due to a failure on the part of the paid professional to understand bigger international or macro-business issues.

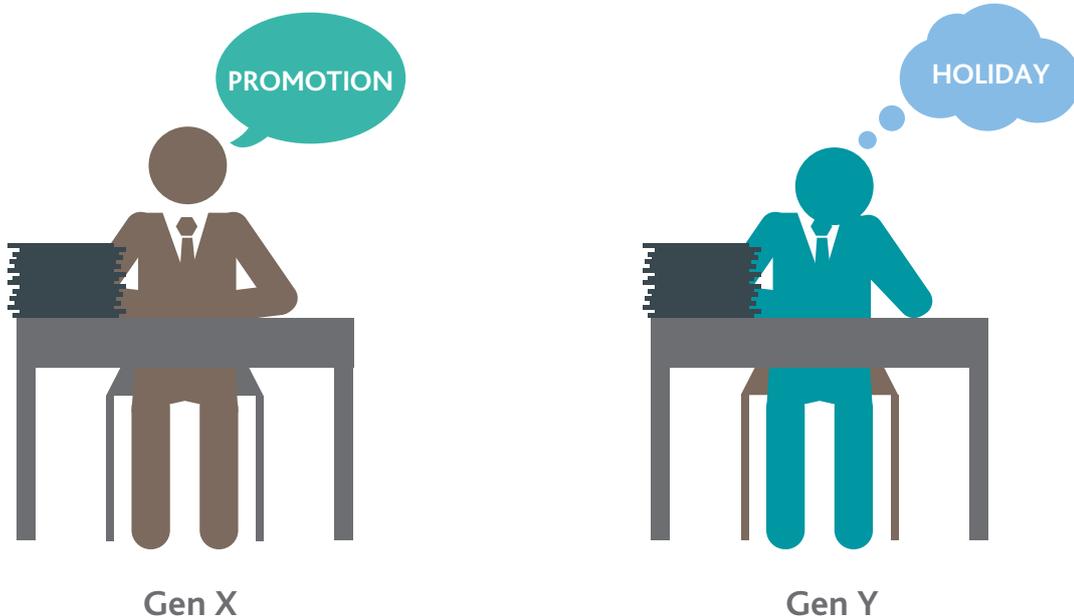
There may also be the prohibitive costs faced by students that results in the expectation that once they have obtained a degree at high cost, they deserve a job that will allow them to, eventually, "run the world."

The experience from the 'school of life' – often acquired by those who can't afford a tertiary education – can sometimes trump the employability of a graduate who has simply accumulated experience in school.

Sadly, though, the possession of tertiary academic qualifications often ensures a greater salary package.

Another valid lament was, outside of the lack of technical or soft skills, many students in Vietnam are left hanging or helpless insofar that there really is no one – or no institution – that is actually telling students not just HOW to get a job but WHAT is required by employers when hiring. In some cases, students need to be taught the most basic life skills such as how to face an interview.

One solution that was shared with the table was based on experience. An employer spoke with his alma mater and shared his lament about the lack of well-rounded individuals lacking key soft skills such as negotiation skills, to which the response was a discussion between a delegation (from that institution) and employers locally, so as to foster a better understanding of what employers really need in terms of skills, for the contemporary workplace and modern market. The result was an establishment of a training system that equipped graduating professionals with the key soft skills needed by employers.



5. Skills

Employers require more than a competent bundle of technical skills – they desire a complementary bundle of soft skills, wrapped with a very important ribbon called attitude, or its closest cousin, values.

“Attitude is so important in this country.”

Irrespective of whether they have studied abroad or locally, regardless of how stellar their academic achievements, the lack of right attitude or the desire to learn while in employment, is absolutely essential for success in the business world.

Employers also need a person who is trustworthy, loyal, courteous and engaging when dealing with people.

Communication skills was also cited as one of the skill sets sorely lacking in a competent workforce. Almost all employers across the board from both roundtables repeated the refrain that good communication skills in new hires and employees was one of the most desirable skill sets in the workplace.

The ability to communicate internally as well as externally to relevant stakeholders was deemed essential to a larger set of competent skills expected of a professional.

For one MNC employer, communication skills was listed as having higher priority than the possession of technical accounting skills.

Further to this point, it was also stressed that when a person is employed in a multinational business, the soft skills are so crucial to dealing with issues and people from multiple cultures with their varying shades. These skills make a person more employable than one who lacks the skills.

Ironically, when an employer manages to find a person with the correct and most desirable set of skills, a new kind of challenge presents itself, and more often than not the challenge is simply the compensation or remuneration package.

The ability of a finance professional to communicate with managers of other divisions was deemed an essential and desirable competence by some employers.

This view comes on the back of the recognition that the finance professional has now evolved – especially when he or she has tools such as software and automation to help – and the role of the finance professional has included a more consultative role. This is where communication skills become important.

Poor communication skills in an employee, according to one employer, becomes quite “a burden.”

There is also the view that employees – whether at the starting line of their career or the point where they are progressing to a more established, senior position – need to understand that they must not stop learning.

What they have learnt in academia is merely the first step. The ability and more importantly, the desire to learn before-the-job, on-the-job, outside-the-job and even in-between-jobs, is considered attractive by employers.



The lack of curiosity in a person sends a clear message to some employers that that person lacks, in some part, the right attitude, and therefore, may not be the right person for that organisation.

Put simply, sometimes, the right attitude can go far in marking you as the right person for the job.

Finding well-rounded people, in this instance, is difficult in Vietnam. Employers can fix the situation, but finding them – even before fixing them – is still a continual challenge.

“There has to be a sea change in the way employers look at the way people develop the young.”

Fixing a problem after a problem has “already happened”, as one panellist remarked, is akin to shutting the barn door after the proverbial horse has fled; that is, it is an uphill task.

It is next to impossible to change anybody's attitude, because it is ingrained in them.

It is far easier to teach technical and even soft skills, but teaching a person to possess the right attitude is, as one panellist opined, difficult.

There was also the view that employees and graduates must demonstrate some ability to change and adapt to what is relevant in the workplace, be it skills or technology. Given the rapidity with which business evolves in this millennium, graduates cannot hold on to the hope that what was learnt in university will see them through their career.

Interestingly, two panellists expressed the view that ownership, responsibility and accountability were fairly high on their list of priority when hiring. Employers need the assurance that the work produced by employees do not need to be triple-checked (even if processes are in place where there is a two-step verification system). From experience, some employers have found that new hires want the job and the title but fall short in accepting the responsibility, ownership and accountability that come with the job.

While foreign expatriate talent in Vietnam can help in building the emerging market that is Vietnam, it is a transient measure; the time is ripe for a more sustainable solution where indigenous Vietnamese talent can and should be developed to the standard where they possess the desired level of employability by companies, especially multinationals.

Academic qualifications may get a candidate to the interview stage but behavioural interviews often see candidates failing to capture an employer's attention.

On-the-job training and continual learning was put forward as a possible gap-closing measure for the challenge of building a skill-sufficient workforce.

The 2009 UK Commission for Employment and Skills report², of which key points have been encapsulated in a CIMA report, states what the best employable skills are for example, the ability to manage numbers, language and IT effectively, problem solving, understanding the business, etc.

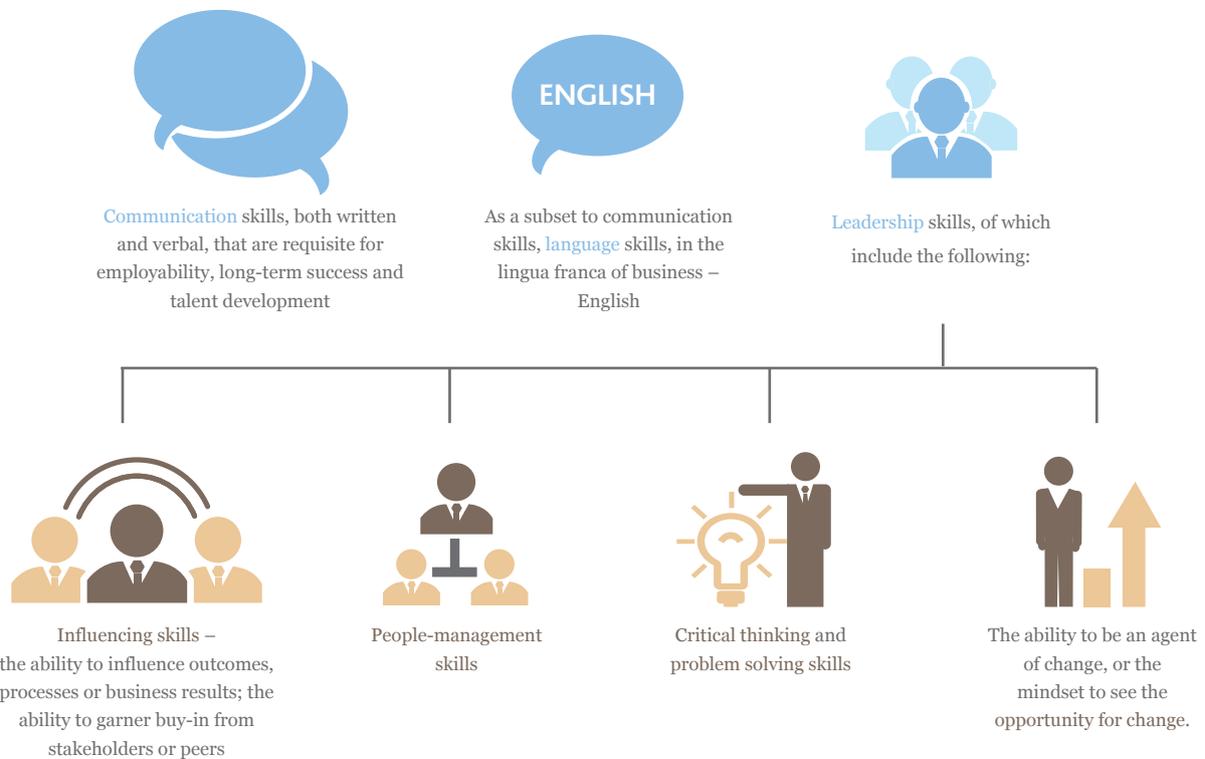
Some employers agree that the study's findings are still very relevant.

One panellist emphasised how important it is for a person to understand a business.

However, cultural exposure needs to be considered: some kids growing up in Vietnam may not have had the international exposure that kids in the UK have had or even kids of today who have access to so many more communication skills.

One panellist expressed a positive outlook in a challenging environment that is the Vietnamese market: firstly, that attention to detail is but one of many foundational skills that the Vietnam market contains in its workforce, and this trait is very useful in the financial and accounting sector. Having said that, he admitted that while the talent market is not perfect, he acknowledges that it will take time to build on additional soft skills such as mindsets, attitudes and soft skills on top of basic technical skills.

Developing an international mindset takes time.



6. The Responsibility Of The Employer

Businesses and markets are complicated and complex, shot through with much competition. In a digitally well-connected generation, the challenge to employers is instilling the necessary training to new hires, not to mention the resources (often costly) needed to train them.

Employers, says one panellist, need to be educated so that they may implement a new system where new hires can be educated in the context of training. In a financial context – whether we look at the financial consequences of the employability gap or look at the kind of employees needed in the finance industry – education and training play crucial roles.

In Vietnam, the issue of human resource is far from being a priority on the agenda with the board of directors, despite the fact that issues such as attrition, retention, leadership, succession planning and so on do have an impact on a business' productivity.

Interestingly, one panellist raised the view that employers sometimes fail to do their part in another way. When employers are not empowering new hires or not equipping them with the right skills and tools with which to progress – even the failure to nurture them – is sometimes seen as an employer "setting up a new hire to fail," pinpointing wilful neglect on the part of the employer as a second-tier factor that contributes to the employability issue.

One panellist, however, pointed out that her employer has spent hundreds of thousands of dollars putting half a dozen employees through leadership training with poor results.

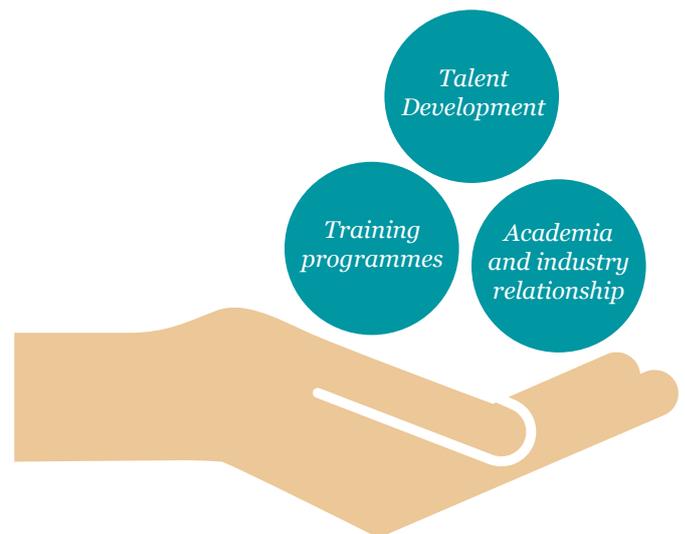
However, the rotation system (either as a part of a management trainee programme or otherwise) was

put forward by more than one employer; the system was cited as a possible measure that could help employees not just develop a better understanding (as well as better working relationships inter-departmentally) of the business but to also help fortify their set of skills.

Interestingly, the perspective from the SME side was raised: regardless of whether the talent is local or expatriate, SMEs need a person who can perform immediately, or, as one would expect of a new acquisition, one who an employer can "plug and play." More often than not, an SME does not have the luxury of time nor of resources to invest in training in grooming a candidate for the job.

Sometimes a company does not engage in internships simply because they have no time to oversee an internship.

This point is underlined by the fact that the majority of companies in the Vietnamese market are, by and large, SMEs.



7. The Financial Consequences Of The Employability Gap

Employers often look at the time and energy needed to take a graduate and bring them up to speed, in skill sets, to have them performing to expectation. The time frame can be as long as five years while some employers expect a time frame of a mere fortnight.

The costs of time and management in training can be daunting.

To counter this, the cost of not training a graduate can be just as counter-productive to business.

One panellist said that the employability gap has discernible impact on other functions such as sales and marketing.

The investment seen in hiring a senior HR manager is sometimes testament to how much hiring the right talent is a priority to some companies.

On-the-job training, however, is sometimes less costly than hiring an experienced person who can "hit the ground running," as one panellist opined.

When the point about hiring foreign expats instead of training locals is added to this point, the debate becomes more complex. When there is a gap in the local talent pool that forces a company to hire foreign talent, this has financial cost consequences on a company.



8. The CGMA Competency Framework: Who Is The Ideal Finance Professional?

When the CGMA competency framework was presented to panellists, one panellist qualified that while communication skills, leadership skills, business acumen (on top of core accounting and finance skills) were desirable, very few people can deliver all four completely.

*“Leaders are born,
not created.”*

The ability of a finance professional or an accountant to communicate effectively to other non-finance colleagues on the why, how and what, is considered important by some employers, especially if the accountant or finance manager is already fairly senior.

One employer boldly stated that in his many years of experience, he found it necessary to send employees on training for business acumen. Finance professionals sometimes need to know what operations, sales and marketing people do, he explained, especially the challenges they face and the macro-trends in business that affect these functions.

Finance professionals need to “talk in their (non-finance departments) language,” he elaborated, “not in the language of finance.”

The investment in this type of business acumen training is termed “strategic pillar” investment by this employer.

There was also the view that generally, in Vietnam, accountants tend to be of the transactional accounting variety, where they set policies, rules and procedures. There exists only one system, where there is a clear-cut link between Cause A and Effect B, but often these types of accountants are not told WHY the system is designed the way it is, or why figures/procedures matter to the business. While this system works for transactional accounting, from a management accounting or operational perspective, companies may need a finance professional who can analyse and draw insight from figures to show its impact on business, beyond the ability to say, “This is 10% higher and that is 10% lower.”

From a business perspective, there needs to be more finance professionals who understand the whys of a business.

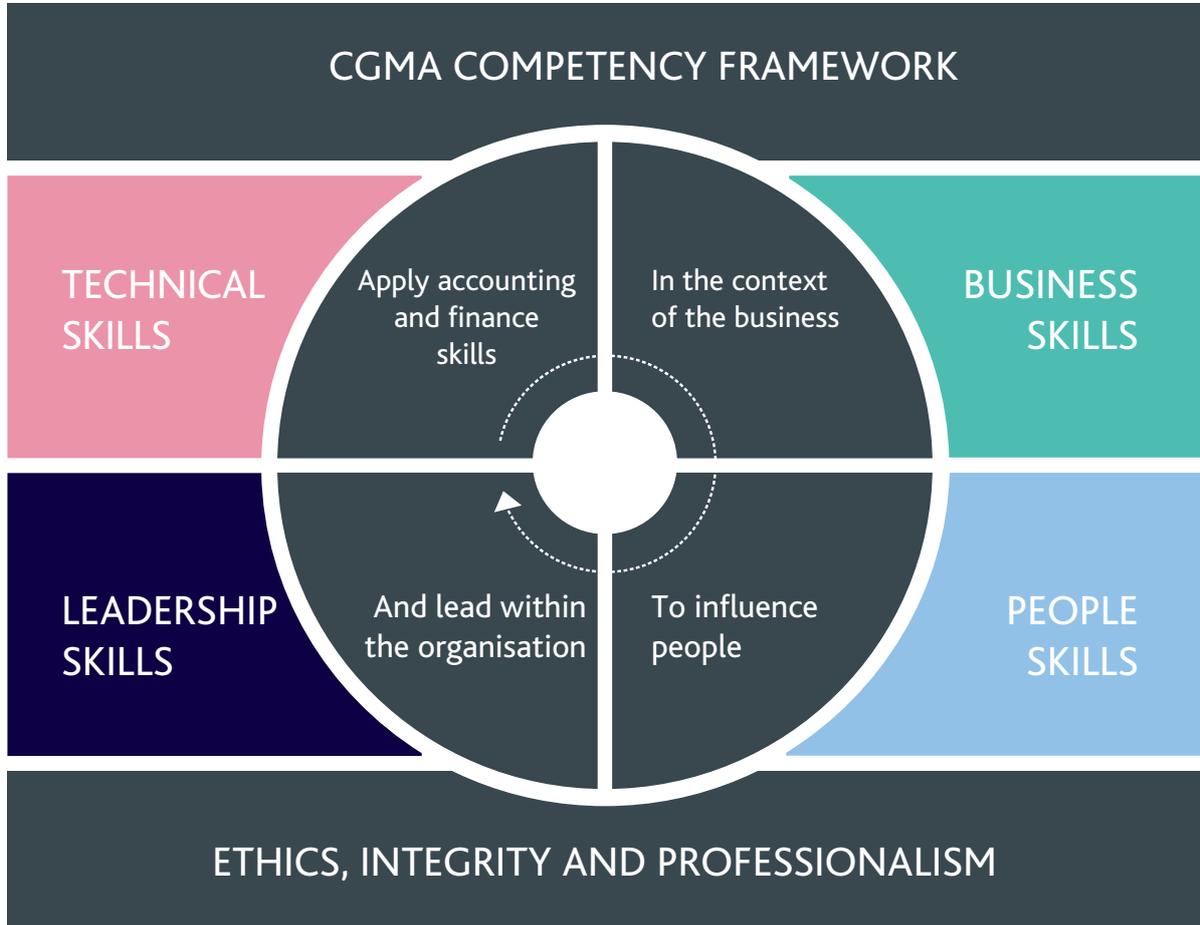
Interestingly, one panellist said that while the framework is an ideal scenario, what is particularly important to her – especially in the accounting and finance talent pool – is ethics, integrity and professionalism.

Additionally, another panellist pointed out that several traits encapsulated within the framework would be applicable to almost any other aspect of business or any other position, as would be the additionally desirable traits of ethics, integrity and professionalism.



CGMA Competency Framework

The CGMA Competency Framework comprises four knowledge areas - Technical Skills, Business Skills, People Skills and Leadership Skills. These knowledge areas are underpinned by ethics, integrity and professionalism.



9. The Future Of Employability In Vietnam

Prohibitively high income tax, cumbersome paper work and complicated labour legislation are the hurdles in Vietnam that are discouraging factors when a company looks to hire skilled foreign talent.

Local government related issues are far too complicated (and controversial) for some employers to articulate, in detailed fashion, where government measures have failed and how government measures can help in closing the employability gap.

However, there was the suggestion that the government mandate internships into law or policy: that internships become a mandatory part as a prerequisite to graduation.

There is the recognition that the Vietnamese market needs to mature, and given time, it will. It was recognised that Vietnamese talent possess not just innate intelligence, but also the ability to learn fast.

Employers, however, need to take responsibility to chart the roadmap given that it will take decades to change the education system.

From experience, however, one employer feels some optimism for Vietnam when compared to Indonesia and Thailand, in terms of work ethics.

Some panellists are optimistic that Vietnam's manpower market will develop steadily in the middle-term future, while recognising that perhaps structural changes initiated by government or seismic shifts in education may be slower than desired, and so it falls on employers to take up the lion's share of the initiative in closing the employability gap in Vietnam. Ultimately because employers stand to reap the greatest rewards in business for leading the efforts in closing the employability gap.





**Chartered Institute of
Management Accountants**

Lot 1.05 Level 1, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

T. +60 (0)3 77 230 230
F. +60 (0)3 77 230 231
E. seasia@cimaglobal.com

www.cimaglobal.com

For more information, kindly contact

Winnie Ng
T. +60 (0)3 77 230 338
E. winnie.ng@cimaglobal.com