

# Factors Affecting Employee Retention in Japanese Enterprises in Vietnam

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## Abstract:

Every employer always wants to find excellent human resources, in order to bring the best effect to his company and business. However, after a long period of work, the good employees change their job, looking for other potential work environment has become the concern of many leaders. To overcome the "loss" situation, the manager should understand the art of retaining the necessary good employees. This article aims to identify factors that significantly affect employee retention in Japanese businesses in Vietnam. Through documents and survey data and recent reach paper, this article confirms a number of factors that can keep employees including job satisfaction, benefits, finance, job characteristics, social welfare, work environment and promotion opportunities.

**Keywords:** Retention of Japanese employees, businesses, satisfaction, development.

## I. INTRODUCTION

Through the reform-oriented market and the adjustment of WTO accession, Vietnam has achieved remarkable achievements in the country in economic growth and stability, expanding foreign trade, to attract foreign investment, poverty reduction, and human development improvements.

Japanese enterprises account for an overwhelming proportion of the total number of enterprises nationwide. In addition to being a fairly dynamic force in the economy, Japanese businesses have also played an important role in creating jobs, maintaining high mobility of the labor market and narrowing the gap of development among localities of the country.

Human resource management changes over the stages of the country's transition into a market-oriented economy. This has become increasingly important along with the wave of international economic integration and human resource development of Vietnam. Businesses are more concerned with developing their employee competencies as well as retaining talent. They understand that any organization that wants to succeed must take proper care of the human element. A successful business will need a great leader, an effective manager and good employees who possess significant knowledge, good

work skills and a positive attitude that will grow the business [1].

## II. CONTENT OF RESEARCH

### A. The spirit "working life-long" of Japanese people

Japanese people are very loyal to the boss. Once they have worked for a company, they will devote their entire life to the company. "Isho kouyosei" (Japanese phrase) or the spirit "working life-long" of Japanese people is known as many people in the world. Therefore, Japanese businesses that possess the labor force who want to work, like to work and stick to a lifelong job, help Japanese businesses to stabilize their personnel, have experienced and professional human resources in manufacturing and improvement. This is the foundation and platform for Japanese businesses to create more and more products, better and better quality, more and more features to adapt to the market and user needs, etc. thereby helping Japanese businesses continue to affirm their leading position, a worldwide pioneer and inevitably businesses will grow, with surplus value and large profits. As the business grows, increasing its value and revenue naturally makes it better for employees to pay for salaries and remuneration policies, from which the employees will be attached more and more efforts. Therefore, Japan has a population of nearly 127 million and more than 3.8

million businesses but produces nearly all goods and products for domestic life and exports to the world from agriculture, industry, fisheries, health, construction of subways, bullet trains, robots to services [2].

#### B. Current situation of labor situation in Vietnam

According to the report of the Ministry of Labor, War Invalids and Social Affairs, the number of new graduates and masters who are unemployed after graduation is increasing day by day. More than 1.08 million unemployed workers in Quarter II of 2016 increased by 16,400 people (accounting for 2.29%). Employees with professional college and university degrees or higher have the highest unemployment rate, respectively 6.6% and 4%. The rising unemployment rate is one of the most difficult problems in developing countries, especially in this country. The country now has more than 200,000 bachelors and masters who are unemployed in all occupations and many of them graduated from the occupations that were considered "manpower thirsty" only 4-5 years ago.

Since the number of new graduates, masters, doctors and unemployed workers has not decreased, recruiting personnel has been difficult, then, keeping them staying with the company is even more difficult. According to the Talent Form (3C talent Formular) built by Dave Ulrich after surveying on thousands of businesses, interviewing more than 40,000 highly regarded employees around the world; in order to be assessed as talented, it needs three factors including competence, commitment and dedication. The current situation of workers changing jobs is too high, the average time spent for businesses is too short (less than 1 year), especially for small and medium enterprises, this situation is so common that it is impossible consider those people as talented. On average, businesses take 1-2 months even longer to recruit personnel.

The time that personnel stay with the business is usually very short, especially for young people who just graduated from school, the time attached to the business is calculated in months [1]. So, what is the reason for the supply and demand not meeting? Workers are tired of looking for a job and the user takes time, money and effort to recruit the right team for them?

#### C. The needs of Vietnamese young workers in the current period

The following factors are given by workers when choosing a work environment with the question: "What do you expect from your next destination?" These factors include stable, high-paying, and well-paying jobs, promotion opportunities, youthful and dynamic working environment, opportunities for studying and training, and opportunities for long-term attachment to the company. Many young people who graduate are interested in working in multinational companies, large companies, light, relaxed, stable, high salaries, training at work, opportunities for advancement. That is not only in recruitment interviews, but when they go to work, many people do not stay in the company after 2 months of probation because they do not meet the job requirements, are not compatible with the culture and with company environment. It is sad but very common practice in the labor market in Vietnam, especially at start-ups, small and medium-sized companies.

#### D. Missing skills of Vietnamese young workers

The users are small and medium-sized business owners who are diligently day and night creating millions of jobs for the market and workers. Most feel dissatisfied with the current quality of labor. That is reflected in the following factors.

Firstly, most young workers currently lack soft skills including weak and mainstream skills in work such as communication, presentation, negotiation, persuasion, teamwork and analytical thinking. Every graduate student cannot use it immediately but must retrain at least 6 months, in some cases even 1 year to use at the minimum of position requirements [3].

Second, young workers today are relatively passive and lack creativity. Most people wait for work assignments, only available, not actively creating their own work within the framework of assigned responsibilities. They are also very passive and lazy to explore, improve new solutions, new options and new products for businesses.

Thirdly, the employees show up or lack the spirit of hard work, fear, difficulties, fear of difficulties and

challenges at work. Probably because they were born in a developing country, the society is more developed than the previous generation so the living conditions and social conditions are better, so most of them get the better conditions should bear suffering, sacrifice to achieve higher goals weaker than the previous generation.

Fourth, young workers currently lack computer skills and proficiency in foreign languages. Although the conditions of the young people today are much better than the previous generation, they spend too much time on social networks, games and cheap entertainment online, they have lost valuable time to improve computer skills and foreign languages. The percentage of young people who are proficient in using office computer software is not high, businesses take a lot of time to teach and educate them to make very simple and normal documents. Most of you do not have enough confidence and ability to deal with and work with foreign partners in the foreign language you have been trained in the school [3].

#### E. Difficulties and challenges of start-ups in the process of attracting and retaining employees

Startups, especially young people and family-owned groups of companies with no big capital, no capital and no financial backing, have struggled in the first 3 to 5 years.

The biggest difficulty is in finance. With the initial limited budget and a close balance of spending, especially in the initial stage, when the break-even point is not reached, it is difficult for enterprises to have more preferential treatment and benefits than big businesses to attract good workers to the business. In fact, many startups, small and medium businesses have to pay higher than large businesses in some positions to attract workers but still do not retain workers for long. This causes huge losses and wastes for businesses, especially small and micro enterprises.

Moreover, some new workers like to work in foreign companies, multinational companies or large companies because they have large offices, beautiful, crowded, many union activities, entertainment, remuneration and good welfare etc for staff. This is difficult to obtain even for small and micro companies because of the size of the business, the business cannot have costs that are

inconsistent with the business situation of the company [4].

Start-ups, small and micro-companies, the system is still immature and must constantly change in the process of development, in the process of testing, correcting and promoting, requiring staff to highly adapt to the transformation. However, most workers do not like change, are reluctant to change, prefer stability and work in the existing system, which is only available to long-term, experienced and experienced development companies. multinational companies.

Regarding the vision, mission, core value system, the path of start-up business is just beginning, so it may not be clear or change continuously. It is many business owners who are not clear on their path leading to lack of confidence and consistency. This will make it difficult to attract and retain workers to accompany with their businesses.

One of the important factors to attract and retain employees is the opportunity to learn and advance. Workers always want to work with a good boss to be educated. However, in some startups, especially those with young founders who have little practical experience, little experience, low educational levels, confidence and leadership. This also greatly affects the process of attracting and retaining personnel working at the organization. On the other hand, in small and micro organizations, the position for rotation is not much, streamlined apparatus structure, founders, friends and family often hold key positions such as CEO and Functional departments should have limited promotion opportunities for employees. It is also one of the major reasons why employees leave after a few years of attachment to the business. If the leader does not have good leadership skills, cannot pass "fire" to the team and does not communicate clear goals, retaining personnel is very difficult.

### III. FACTORS AFFECTING HOLDING EMPLOYEES

However, each individual in the organization will have different performance and quality of work. Human resources of an organization are divided into three groups including standard employees and excellent performance. They not only complete their work with excellent quality but also motivate others to work. The next group consists

of ordinary employees who always finish their work in the necessary criteria, but they have no motivation for development and advancement. The final group consists of employees who rarely complete the required task [5].

First team employees are considered talented and can be called smart or always have great ideas, skills and efficiency to create better value and excellence for organizational development. They can also help distinguish the organization of current and future activities and businesses.

Good employees have the ability to take measures to encourage remaining employees in the organization for the maximum amount of time. Organizations today are faced with many problems with employee retention. Hiring knowledgeable people is essential for an employer but maintaining and keeping good people is more important than hiring.

One problem is that there is a lack of opportunities for talented employees and many organizations are always looking for such employees. If a person is not satisfied with the work he is doing, we can transfer him to some other more suitable job. In the current environment, retaining employees becomes a very urgent issue for any organization. The reason may be from individuals or organizations.

Attracting and retaining key employees has become a major concern for all businesses. This is even more serious in Japanese businesses in Vietnam today. Japanese businesses are facing the challenge of a shortage of competent employees. Although the situation is improving, the proportion of Japanese enterprises in Vietnam is losing employees is high, so a challenge to attract and retain experienced employees is quite important. In this battle, companies must establish measures to attract and retain talented employees to ensure continual delivery of the product or service quality as intended. Most Japanese enterprises in Vietnam do not seem to have established such effective strategies.

The challenges associated with attracting and retaining employees are diverse and can range from aspects such as management capabilities, the working environment of the business or the welfare regime that attracts employees. This creates the greatest concern for businesses, management and executives is how to retain employees,

thereby maintaining and ensuring sustainability and creating relationships with customers. All this has a direct impact on the talented employees [6].

Much research on how to retain talented employees has focused on understanding the different reasons behind an employee's decision to explain why he or she made such a choice. There are five reasons why people want to work for a company long term. Through the table below, we will better understand why they have decided to stay or leave the company after a period of work (Table 1).

**Table 1.** Factors to retain company employees

No	Related factors	Respondents' reactions		
		Disagree	Partly agree	Totally agree
1	Nature of work	26	64	10%
2	Salary	8%	50%	42%
3	Welfare and reward	30%	58%	12%
4	Environment and working conditions	40%	50%	10%
5	Promotion opportunities	18%	70%	12%
6	Relationship with colleagues	24%	62%	14%

There are many reasons why employees leave the company. The first is a change of working environment (10%), they are eager to learn a new job or a better salary (42%). Other reasons include unhealthy relationships with colleagues (14%). Some employees are dissatisfied with benefits and bonuses (12%), nature of work (10%). Factors directly related to a suitable working environment play an important role, although in Table 1 only account for 10%. There is a salary-related factor to retain good employees, most agree, only a small number (8%) think that salary does not affect their decision. Similarly, Promotion opportunities also play an important role in retaining good employees. Most employees do not stay in the company for long because of this factor. Being educated, being promoted is something that many employees care about, only a few (18%) think that they do not care about this factor.

In face-to-face interviews, employees feel that a work environment stimulates better work performance,



which allows employees to have a degree of autonomy at work, enabling them to provide input. and show how much you influence the prosperity of the company. Through this, opportunities for learning and developing skills and continuous advancement in work are also completed. What is happening in the office should be communicated to employees, and in the same sense, employees will gain an understanding of the business owners' primary business concerns.

In addition, recognition of the contributions of company members should be considered. This will help employees have a good balance between work and work life.

Another factor that many people care about is respect and support from colleagues and supervisors. When there is mutual support, this will affect the productivity, profitability and quality of products and services. In particular, the more capable employees are able to influence work, relationships, morale and workplace [6].

In order to have adequate food, drink and appropriate medical care, employees need to have a fair and fair salary. An individual needs to be paid in accordance with their current competencies and this will boost the energy of the workers themselves. In addition to salaries, career and career development opportunities also need to go on hand in hand to encourage employees. Many experts believe that paying higher will help attract talent and reduce sales. However, visionary professionals understand that increasing satisfaction by increasing compensation does not keep talented people long-term, nor does it increase the likelihood of keeping employees loyal [7].

According to the Maslow hierarchy, if a person feels threatened, the subsequent needs of the pyramid chart will not receive attention until a solution is made.

#### IV. SOME RECOMMENDED SOLUTIONS

##### A. Management reviews

Let's measure the number of employees quitting through their managers, which is the crux of the problem. Poor managers will delay employers' efforts to attract and retain good people. Once we have identified the problem with the managers, let's help them. We use assessment methods or assessment tools to find out why managers

become factors that make employees quit, then train them to help them lead better. Good management is the deciding factor for employee retention [8].

##### B. Building a culture of recognition

We give managers the responsibility to find things that can move employees forward. We give rewards for outstanding performance; This will give everyone a chance to shine when doing good work. Some good examples of employee recognition include thanks, employee awards of the month, certificates, etc. Positive recognition helps to create a highly productive work environment [9].

##### C. Creating a healthy competitive environment

We need to create an environment where employee incentives are normal. To achieve this, the workplace needs open communication, a spirit of cooperation, and an atmosphere of trust. Let's talk to our employees, tell them where the company is headed and the plans to get there. At the same time, let us mention their important role in that plan and explain that they are the indispensable factor to bring the company to success. If we want others to trust us, we have to trust them ourselves. Let us give others an honor and they will not let us down [10].

##### D. Creating an environment for personal growth

Current job candidates want the opportunity to develop themselves and continue to hone their skills, abilities and experience. Let's invest heavily in training, staff development and encourage employees and the company itself will benefit from it. We let people participate in a training program that will help them improve their skills, increase their self-esteem and soothe their self-esteem. We demonstrate to our employees that they have no reason to leave when given the opportunity to develop and train within the organization [8].

##### E. Making a good impression

The next thing that will surely make it difficult for employers includes paying employees and providing

them with the benefits we can from the first day. The purpose of this is to reduce the rate of job vacancies and retain talent. So if we lower our initial salary by about 15%, would that savings be enough to keep the good people if another company paid them a higher salary? Certainly not. Make a good impression from the beginning and let employees know that we have paid them as much as we can in their position. As each individual progresses, their salary is also adjusted accordingly. Recognize the value of each job and pay them promptly [9].

#### F. Choose people in the right position

We need to ensure that employees are put in the right jobs positions based on their abilities, interests and personalities. When the employee is reached in the right position; ability to meet job requirements, hobbies suitable to the nature of work and personality suitable to the working environment; Employee turnover rate will decrease and productivity will increase. Employers can use assessment methods to determine the requirements of each job based on their ability, interests and personality, then use this information to place their employees in jobs that they will accomplish well [5].

Most of us would like to have a quick, easy, and inexpensive evaluation method to retain talent. But this is impossible. Attracting and retaining talent can take time, effort, and money. By taking these steps, companies can avoid the causes of employees leaving and retain those who decide to succeed in the organization.

#### V. CONCLUSION

The limitations and strengths of this study can provide guidance for future research or related topics. It can also be helpful to consider aspects such as flexible working environment, employee empowerment, especially the appropriate salary to retain employees. Everyone knows that the human resources department is born to help maintain and protect the interests of the boss, but good employees must know the balance between the benefits of the boss and the rights of the personnel, in order to retain the employees. members, maintain stable operation for businesses and organizations. In general, if a boss wants employees to stay with the company for a long time, then it is necessary to first review carefully all the policies for treating their employees. Put yourself in

the shoes of your employees, review those policies to make the best adjustments.

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