

SOME HUMAN RESOURCE ISSUES IN THE AUTO INDUSTRY- CURRENT SITUATION AND SOLUTIONS

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Abstract:

The automobile industry is an important industry in the process of industrialization and modernization in many countries. Over the years, Vietnam has considered the automobile industry as a priority industry for its development and it has made contributions to the country's socio-economic development; Domestic manufacturing and assembly enterprises have initially affirmed their role and position in the domestic automobile market and they have made a strong development in both quantity and quality. The development of the automobile industry with a high localization rate will bring value to the economy, such as creating jobs, training skilled human resources, technical expertise, developing other industries, especially mechanics, electronics, chemicals, and reducing trade deficit. However, in order for the automobile industry to really develop, Vietnam needs to focus on investing resources, including investing in highly qualified human resources capable of specialization that can update and keep up with the development trend of the Vietnamese automobile industry in particular and internationally in general.

Keywords: *Automobile industry; Human resources; Human resource needs.*

1. Introduction

Resolution 29 of the 8th Central Conference on fundamental and comprehensive reform of education and training assessed the current state of education and training in our country: *"The quality and effectiveness of education and training are still low compared to the requirements, especially higher education, vocational education. The education and training system lacks connectivity between levels and between modes of education and training; education is heavy on theory, light on practice. Training lacks cohesion with scientific research, production, business and the needs of the labor market; under-emphasis has been placed on moral education, lifestyle and work skills. Methods of education, examination,*

examination and evaluation of results are outdated and lack substance. Management of education and training is still weak. Teachers and educational administrators are inadequate in quality, quantity and structure; a department that has not kept up with the demands of educational innovation and development, lacks enthusiasm, even violates professional ethics." (Vietnam Government, 2013) According to the World Bank (2019), the quality of Vietnam's human resources is at 3.79 points, ranking 11th out of 12 countries surveyed in Asia. Of the more than 53.4 million workers aged 15 and over working, only about 49% of workers have been trained, of which vocational training of 3 months or more accounts for only 19%. Currently, Vietnam has a shortage of

skilled labor as well as high-level technical workers. In addition, the supply of human resources that meet the requirements of businesses will continue to be limited and scarce in the coming time. Therefore, businesses will have shortages of personnel and still need to retrain if they want to have human resources to meet production and business requirements.

Facing the above situation, businesses are forced to link and cooperate with higher education institutions in finding human resources, especially high-quality human resources. In order for graduates to meet the requirements of enterprises, especially avoiding the imbalance of supply and demand of high-quality human resources, the Party and State of Vietnam have many guidelines and mechanisms to encourage higher education institutions to link with enterprises right from the training stage, scientific research and transfer of new technologies, especially for technical disciplines.

Some business departments have actively linked with higher education institutions to find human resources, build links to "order" high-quality human resources from higher education institutions and take practical steps to accompany the school in the training process. On the higher education institutions side, in addition to closely linking training with job introduction, enrollment with recruitment through signing training cooperation agreements, organizing job fairs with businesses etc., many higher education institutions also offer scholarships, start-up playgrounds to provide opportunities for self-employment, create a foundation to build bravery for students. In some higher education institutions, they initially direct their training programs according to the needs of using human resources of enterprises by consulting businesses about training programs, inviting entrepreneurs to participate in some curricula, exchanging ideas, career guidances, etc.

It is undeniable that the current human resources are quite young and dynamic, but high-quality human resources are lacking, especially in the automobile industry; an industry that requires in-depth and highly technical knowledge. Training graduates has

been a difficult challenge for higher education institutions in general, and in the automobile industry training institutions in particular. Meanwhile, the domestic automobile market is expected to grow strongly at a rapid pace. Experts also predict that the automobile industry will have a high demand for personnel in the near future. Currently, automobile industry training institutions are quite numerous but the quality is not synchronous, especially experimental training is weak. Many higher education institutions do not have conditions to help students practice and access to reality. Therefore, the situation of many graduates is still confused, causing extra training costs for employers.

2. Research Overview

Issues related to human resources for the automobile industry have been interested by scientists and managers, reflected in a number of typical works. For example:

Lien, N. T. B. and Quynh, N. T. T. (2019) analyzed the current situation of developing the supporting industry in Vietnam findings of this study show that after nearly 20 years of construction and development, the supporting industry for Vietnam's automobile industry is still underdeveloped in terms of output, capacity, quantity of types and product quality. These authors also pointed out objective reasons such as Vietnamese small and medium enterprises with low development levels, mainly focusing on the service sector, or policies on the automobile industry are slow, not synchronous and consistent. From there, they offers solutions to promote the development of the automobile industry in accordance with the current period. T. D. V. (2020) analyzed the scarcity of human resources in the automobile industry in Vietnam today. As the world enters into the digital revolution, the automobile industry is also starting to transform itself from a machine-powered mechanical device to a smart device that uses digital platforms to connect and communicate with people. With strong investment from technology corporations, the field of autonomous vehicles is growing in Vietnam, leading to a thirst for high-quality human resources in the industry. Trong, N. (2021) conducted a study

to offer solutions based on the needs of society for training high quality human resources as well as proposals to build modern training programs, associated with the production practices of the enterprise. Nghiep, A. (2022) analyzed the number of enterprises operating in the field of automobile industry and the continuous increasing trend of these enterprises in the future. The automobile industry has helped create jobs for hundreds of thousands of workers. However, the productivity of automobile industry enterprises in localities is still quite low, mainly due to the lack of highly qualified human resources. Therefore, it is necessary to allocate appropriate resources to support the automobile industry in Vietnam to develop in both quality and quantity.

Thus, the above works have raised a number of issues related to the current stage of development of the automobile industry in Vietnam. However, there have been no scientific works to study and analyze the problem related to the need for high-quality human resources in the automobile industry. Therefore, this article will clarify the current situation of human resource needs, especially high-quality human resources for the automobile industry and propose solutions to improve the quality of human resources as well as the quality of human resource training for the automobile industry.

3. Research methods

The article uses data collection methods, synthesis and analysis methods to better clarify issues related to human resources in the automobile industry.

4. Results

4.1. Current situation of the automobile industry

Vietnam ranks 15th largest population in the world, the economy is developing stably, life is increasing, so the demand for automobile vehicles is increasing, enough for automobile manufacturing and assembly enterprises to invest in large-scale production. However, currently, the domestic market share has not developed compared to its potential, because Vietnam's automobile industry does not meet the market conditions as well as other factors to develop like other

countries in the Southeast Asian region.

Findings of the article namely "Developing the automobile industry: Problems" conducted by An, L. (2020) revealed that currently Vietnam has just over 350 manufacturing enterprises related to the automobile industry, with a total design assembly capacity of about 680,000 vehicles/year. Among them, there are more than 40 enterprises that can produce and assemble cars; 45 enterprises can produce chassis, bodywork and trunk; 214 enterprises can produce components and auto parts with production and assembly output to meet about 70% of the demand for vehicles under 9 seats in the country. According to Vietnam's automobile industry development plan, by 2022, the production value ratio for cars with 9 seats or less is 30-40% and will reach about 40-45% by 2025. Similarly, the proportion of production value for cars with 10 seats or more reaches 35-45% and is estimated at 50-60% by 2025. For trucks, this rate reaches about 30-40% and is estimated to reach 45-55% by 2025. Particularly for personal cars with 9 seats or less, the average localization rate is 7-10% (except for Toyota's Innova series of 37%). In addition, localized products with very low technology content such as tubes, car tires, seats, mirrors, glass, wiring sets, batteries, plastic products, etc and have not mastered core technologies such as engines, powertrains, driving parts so on.

The problem of competitive pressure from the market is also causing the automobile industry many difficulties. Automobile manufacturers in the Vietnamese market are increasingly diverse and rich in types and models with prominent brands such as Toyota, Hyundai, Kia, Mazda, Honda, GM, Ford, Nissan ... Because the current import volume of cars is still relatively large, domestic automobile manufacturers face many difficulties. Along with that, the export market of Vietnamese automobile manufacturers is also facing fierce competition especially from direct competitors such as China, India and ASEAN countries. Under that competitive pressure, many models have had to stop production, assemble domestically, switch to imports to cut costs. 2019 was a record year for Vietnam's import turnover of complete

cars with a value of about \$3 billion.

Some domestic automobile production and assembly activities, although they have achieved certain results, have not yet met the actual development criteria of the automobile industry, most of which are only at the level of simple assembly; have not created cooperation - linkage and specialization between enterprises producing, assembling and producing spare parts and components; have not yet formed a system of material suppliers and large-scale component production.

To make a car requires 30,000-40,000 different parts and components. Therefore, the automobile industry needs the cooperation of many other industries such as mechanical engineering, electronics, chemical industry, etc. However, the link between manufacturing industries is still loose, there is no close combination, so the efficiency is not high. Up to now, only a few domestic suppliers can participate in the supply chain of automobile manufacturers and assemblers in Vietnam.

According to Vinfast's survey published in the newspaper "Justice and society" in the article "The automobile industry is constantly thirsty for human resources" by Anh, M. (2022), the income of graduates of automotive engineering technology is being evaluated at a high level, specifically an engineer in automotive engineering technology can be paid a salary of 15-50 million VND per month depending on the position and work experience. This is an attractive salary, meeting the living and development needs of many people. Despite this, the market is always in a state of "thirst" for personnel in the automobile industry. Specifically, there is a lack of engineers with knowledge of both mechanical engineering and automotive programming, especially candidates who are able to learn on their own, actively participate in training to improve their expertise, quickly grasp new trends in the industry and have the ability to flexibly adjust to meet the unique requirements of the business.

4.2. Current situation of human resources in the automobile industry in Vietnam

Currently, there are still some paradoxes: graduates cannot find jobs while businesses cannot recruit workers, especially qualified

and high-quality human resources. The basic reason is that training in higher education institutions is not yet associated with social needs. Many higher education institutions are not qualified to invest in modern equipment for teaching. Therefore, graduates are often weak in practical skills and operation of advanced and modern technical equipment in businesses.

Vietnam's population in 2021 is about 98 million people, of which the labor force participation rate is about 68.7% (Q1/2021), which is an advantage in the number of human resources of Vietnam (General Statistics Office, 2021). The quality of human resources has increased significantly in recent years thanks to the cooperation links in training between higher education institutions and businesses.

The combination and building of cooperative relationships between higher education institutions and businesses in our country mainly exists in the following two main types: First, coordinating to build practical skills for students during internships and practice; Secondly, enterprises recruit and create jobs for graduates, but play the role of "exploiting", "hunting" rather than "nurturing", "cultivating" high-quality human resources.

Many large private enterprises such as Vingroup, and Thaco or enterprises with foreign direct investment such as Samsung Vietnam, Toyota Vietnam, and Intel are still in dire need of high-quality human resources. Recently, these enterprises have also been proactive in training human resources to serve their production and business needs. These are the pioneering flags of automobile manufacturing and assembly enterprises today in proactively training highly specialized and effective human resources in the practical direction of enterprises.

4.3. Some solutions to develop human resources for the automobile industry

On the basis of the current situation of the automobile industry in general and the human resource situation of the automobile industry in particular in Vietnam and the purpose of promoting the development of the automobile industry in the coming time, it is necessary to synchronously implement the following

solutions:

4.3.1. Solutions from the State side

First, the Government needs to soon have policies to promote the stable and long-term growth of the automobile market. It is necessary to have preferential tax policies and excise taxes to create competitiveness for the domestic automobile industry; In addition, it is necessary to have an overall mechanism to check, supervise and orient the activities of joint ventures in accordance with commitments, develop localization in accordance with the prescribed schedule, limit those joint ventures to exploit the market, take advantage of initial preferential policies...

Second, regularly statistics on the supply and demand of human resources, especially high-quality human resources in all professions in society to regulate the field of education and training accordingly. It is necessary to analyze and forecast the fluctuations of professions so that educational institutions have appropriate training strategies.

Third, improve the organizational mechanism and operation of training accrediting organizations. Set up multiple channels connecting higher education institutions with businesses. Organize for the parties to learn from each stage of cooperation to improve the effectiveness of linkages in the future.

Fourth, perfecting the autonomy mechanism of higher education institutions. At that time, higher education institutions can decide their training programs to suit the requirements of businesses. Developing mechanisms to promote and support higher education institutions and enterprises to establish joint development investment funds to increase the constraints, dynamism as well as responsibilities of the parties.

4.3.2 Solutions from the business side

First, businesses need to continue to implement and concretize some contents of the Vietnam Automobile Industry Development Strategy to 2025, with a vision to 2035. Research on establishing the necessary business conditions for imported cars; At the same time, completing and supplementing minimum technical standards for domestically produced cars to protect the

interests of consumers, in accordance with international practices.

Second, for enterprises, there must be policies to train and foster staff from basic knowledge to specialized knowledge. It is necessary to focus on training engineers and workers with stable skills, creating conditions for key staff to train in genuine countries periodically to constantly update and improve specialized knowledge.

Third, it is necessary to have a long-term strategy such as: nurturing and training talents at higher education institutions in the form of providing scholarships, investing in facilities, engineering, finance, recruitment before and after graduation; ordering training institutions to solve the necessary problems that businesses are and will need...

Fourth, always actively participate in the comprehensive implementation of higher education institutions (leadership, curriculum, content, teaching methods, project protection, graduation thesis ...) to be able to contribute to adjusting the training program to suit the needs of businesses and society. Especially the automobile industry, an industry that requires intensive, hands-on majors.

4.3.3 Solutions for human resource training facilities for the automobile industry

First, higher education institutions need to invest in modern machinery and equipment, helping students learn and practice practically at school.

Second, helping students to practice at production facilities, real enterprises, access the development of new technologies.

Third, regularly update the content, programs and teaching methods based on the needs of the business. Periodically contact and understand the human resource needs of enterprises to contribute to building output standards for the training process.

Fourth, develop a mechanism for entrepreneurs to directly participate in teaching the necessary content in the training program

5. Discussion

Currently, in order to meet the human resource needs of the automobile industry, human resource training units for the automobile industry have actively promoted

and linked training institutions with businesses to adjust training programs to suit social needs. Create many opportunities for learners to practice, practice, improve their skills and professional skills. The higher education institutions have focused on improving the quality of teaching staff, investing in facilities and training equipment, and have renewed the content of training programs in automotive engineering technology associated with businesses. On the part of learners, they have actively learned new technologies, how to work with businesses. The business itself also found that some graduates were quick to meet the basic requirements of the business. It is the product of the linkage, coordination and cooperation between businesses and higher education institutions. However, it is necessary to closely link, have many incentive policies, many competitions to develop and create a playground and learning exchange environment between businesses and training

school units.

6. Conclusions

Currently, the demand for resources for businesses is increasing. Especially for the automobile industry, a specific industry requires in-depth knowledge, high technology, high technological up-to-dateness. Therefore, in order to meet human resources for the automobile industry, the State/Government needs to pay attention to, focus on and promote the combination of training institutions and enterprises to create sustainable links; offer many incentive policies, so that higher education institutions can be autonomous in teaching and learning. Higher education institutions themselves also need to be proactive in adjusting training programs to suit current social needs. In addition, they need to actively cooperate with businesses to understand the requirements of high-quality human resources, technology transfer needs.

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Tóm tắt:

Ngành công nghiệp ô tô là một ngành quan trọng trong quá trình công nghiệp hóa, hiện đại hóa ở nhiều quốc gia. Đối với Việt Nam, trong những năm qua, ngành công nghiệp ô tô luôn được coi là ngành công nghiệp ưu tiên phát triển và đã có những đóng góp cho sự nghiệp phát triển kinh tế - xã hội của đất nước; Các doanh nghiệp sản xuất lắp ráp trong nước đã bước đầu khẳng định vai trò, vị trí đối với thị trường ô tô trong nước và đã có bước phát triển mạnh mẽ cả về lượng và chất. Sự phát triển công nghiệp ô tô với tỷ lệ nội địa hoá cao sẽ mang lại giá trị cho nền kinh tế, như tạo việc làm, đào tạo nguồn nhân lực có kỹ năng, chuyên môn kỹ thuật, phát triển các ngành công nghiệp khác, đặc biệt là cơ khí, điện tử, hóa chất, giảm nhập siêu. Tuy nhiên để ngành công nghiệp ô tô thực sự phát triển, Việt Nam cần chú trọng đầu tư các nguồn lực, trong đó cần đặc biệt chú trọng đầu tư nguồn nhân lực trình độ cao có khả năng chuyên môn hóa có thể cập nhật và theo kịp xu hướng phát triển của ngành công nghiệp ô tô Việt Nam nói riêng và quốc tế nói chung.

Từ khóa: *Ngành công nghiệp ô tô; Nguồn nhân lực; Nhu cầu nguồn nhân lực.*