

Training Production Workers in Vietnam:

Case Study of Japanese Small and Medium-Sized Enterprises

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Introduction

This study develops a conceptual model for Japanese small and medium-sized enterprises (SMEs) in Vietnam for training production workers. Unlike large enterprises, SMEs find it difficult to invest money and time for training. Therefore, this study considers skill development of Japanese SMEs using external sources while conducting in-house training.

Japan is witness to rapid economic globalization, which has led to an increasing number of SMEs engaged in overseas production (Ministry of Economy, Trade and Industry Japan 2013). Japan is the largest investor in Vietnam as of 2018 (Japan External Organization Hanoi Office 2019), and almost half of them are SMEs (Japan External Organization Ho Chi Minh Office 2018). Through international economic integration, following the Doi Moi in 1986, Vietnam has achieved double-digit economic growth. However, over 60 percent of

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workers are still unskilled (Overseas Vocational Training Association 2009).

For all the aforementioned reasons, the present study focuses on Japanese SMEs in Vietnam and examines how to train production workers.

Previous Research

Earlier studies showed a lack of skilled workers in Vietnam (Kojin 2016; Overseas Vocational Training Association 2009; Okada, Yamada and Yoshida 2008). With regard to SMEs, Ohno (2015) clarified that demand for skilled workers in Japanese SMEs is increasing.

SMEs might find academic–industry partnerships helpful to overcome financial and human resource constraint. Mori (2015) examined academic–industry partnerships between Hanoi Industrial College and Japanese companies including SMEs. He clarifies the importance of academia–industry relationship but does not mention the type of educational institutions that Japanese SMEs should collaborate. In Vietnam, several types of educational institution for technical training exist. Japanese government Technical Intern Training Program for foreigners might be another measure to train Vietnamese workers. It was introduced in 1993 and is available to 15 countries including Vietnam. In 2017, Vietnam sent 104,000 technical interns to Japan, accounting for 41.6 percent of participants of this program (Ministry of Health, Labor and Welfare 2018). However, previous research did not consider this program as a training measure for Japanese SMEs in Vietnam.

Research Framework and Methods

To develop a comprehensive training model for Japanese SMEs in Vietnam, all factors, such as Japanese SMEs in-house training, local educational institutions, and Japanese government technical internship program, are examined (Figure 1). To confirm the current situation and issues, an interview survey for organizations related with each factor was conducted (Table 1). Five SMEs were chosen, because all of them belong to an industry that requires high production skill and three types of education institutions were chosen. In terms of Japanese technical intern training programs for foreigners, two organizations were interviewed; one in Vietnam in charge of sending interns, and the other in Japan in charge of accepting interns. These semi-structured interviews were transcribed and analyzed with a focus on workers' training, such as training purpose, program and issues.

Results of the Interview Survey

In-house training of Japanese SMEs in Vietnam

Five Japanese SME manufacturers continue to improve their education program. As a first step of the training program in Vietnam, SMEs indicated the importance of skill development to the workers and tried to change their perception on work methods. Second, incentive system is introduced to motivate production workers. Third, Japanese SMEs try to clarify the necessary skills to their production workers.

Educational Institutions

The present study examines three different types of technical education: F vocational college is an example of the basic level, a university and colleges introducing KOSEN model are examples of intermediate level and H training center is an example of advanced level education.

First, F Vocational College provides the educational program from fields like metal processing, machine maintenance and so on. Their training style is mainly through lectures and lacks practical training. The local vocational training institutions such like F College have a role to send a large number of young workers to companies in the industrial park.

Second, one industrial university and a few colleges have introduced KOSEN model in the 2010s. Japan's KOSEN system was started as an education system to train technicians in the 1950s. KOSEN model was introduced thorough the Joint Project by JICA and Vietnam in 2011 (Japan International Cooperation Agency Vietnam Office 2018). Starting with developing an engineer mindset, they provide specialized practical training in fields such as mechanical and electrical.

Third, H Training Center provides a training program of high skill and R&D. It accepts trainees from companies and customizes the training content as per the company's request. Most trainees come from their own fields such as mechanical and electronic engineering and know the individual areas well, but the overall knowledge might be inadequate. The Center provides comprehensive skills across the fields. Further, the trainees use latest high-tech machines for practice. By accessing vocational training institutions like H Training Center, Japanese SMEs can secure advanced skilled workers in Vietnam.

Japanese technical intern training program for foreigners

Foreign technical interns are employed by Japanese companies in Japan to receive training to upgrade their skills. Most of them work for SME manufacturers. Organizations sending and accepting interns are required to follow instructions of Vietnamese and Japanese governments. Organization I recruits applicants, screens qualified applicants and provides education. Organization G is a partner organization, develops a good relationship with SME manufacturers, provides necessary education and sends interns. According to our survey, Company C and Company E hire Vietnamese ex-interns.

Conclusion

The study results have implications for Japanese SMEs in Vietnam. First, SMEs should develop a close relationship with different types of educational institutions and understand the features of programs provided by each educational institution. Second, SMEs should clarify the numbers and quality of production workers they need, hire from appropriate institution and then provide in-house training. Third, Japanese SMEs should hire ex-interns for supervisory and leader positions because they have a lot of experience and understand well about Japanese production system. Fourth, Japanese SMEs should clarify necessary skills in detail and introduce a wage system linked with skill level to encourage workers to acquire higher skill. By utilizing these external factors, SMEs can save on training time and cost while upgrading workers' skill (Figure 2).

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Figure 1

Framework for this study

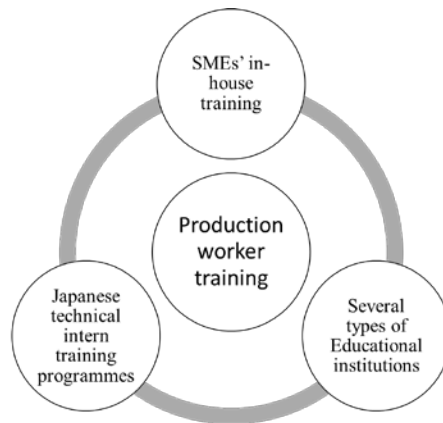


Figure 2

Training Model of Production Workers for Japanese SMES in Vietnam

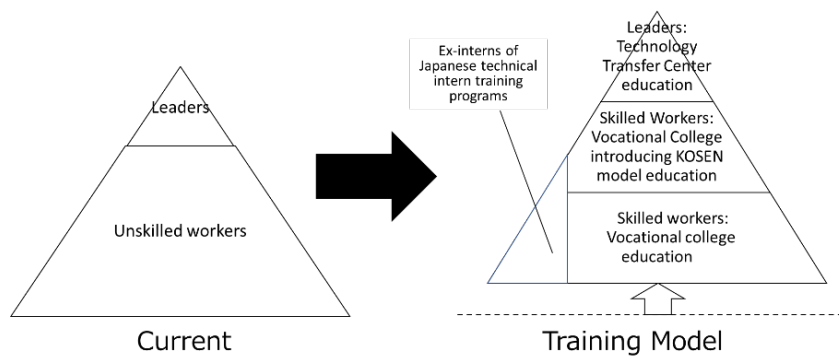


Table 1
Organization characteristics of interview survey

Type	Organization	Overview	Interview Date
Japanese SMEs in Vietnam	Company A	Plastic molding; 25 employees in Japan; Founded Vietnam factory in 1995	September 22, 2017
	Company B	Machining and assembly; 187 employees in Japan; Founded Vietnam factory in 2003	September 19, 2017
	Company C	Machining and assembly; 280 employees in Japan; Founded Vietnam factory in 2003	September 20, 2017 December 25, 2018
	Company D	Machining and assembly; 235 employees in Japan; Founded Vietnam factory in 2003	September 21, 2017
	Company E	Machining and assembly; 16 employees in Japan; Founded Vietnam factory in 2011	November 01, 2018 December 24, 2018
Educational Institutions in Vietnam	F Vocational college	Founded in 1997 as a public vocational center and raised status to a public college in 2008, about 2600 students and 180 staff	March 19, 2018
	Industrial university and colleges introducing the KOSEN model	Industrial university and colleges introducing the KOSEN model, which provides and fosters the practical and creative engineers; Support for curriculum design, teaching skills; Dispatch of faculty staff to Vietnam; (we visited one of the KOSENs in Japan, not a college in Vietnam)	November 26, 2018
	H Training Center	Founded in 2005; Training and supplying of high skilled human resource with robotic knowledge and programming; Collaborating with companies; With government subsidy	March 28, 2019
Japanese technical intern training programs for foreigners (TITP)	I organization sending Vietnamese interns in Vietnam	Founded in 2015; recruiting interns, providing 6 months training (including Japanese language, cultural understanding training).	December 25, 2018
	J organization accepting interns in Japan	Founded in 2005; supporting Japanese companies for screening interns and providing 1month training (including language and technical training and legal system lectures).	May 15, 2018