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## Staff motivation policy of foreign companies in Vietnam

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### Abstract

Due to globalization, Vietnam's economy has been greatly transformed in a way that attracts more foreign businesses. Vietnam is still a developing country and is known as a safe and friendly country, in addition to gaining a reputation for natural tourist attractions and providing great opportunities for business activities. Vietnam is currently a hot topic of international interests, so the establishment of international businesses in Vietnam has been constantly evolving over the years. In today's highly competitive labor market, every business should develop its own policy to attract and retain talent. This article provides a summary of strategies for motivating employees and describing how those impact the organization's performance and development. This article not only provides a detailed policy, but also illustrates the process by which those strategies have been used in specific companies.

**Keywords:** Policy, motivation, workers, foreign companies, Vietnam

### 1. Introduction

In the current world economic context with everything changing constantly, enterprises must always compete with each other to survive and stand in the market. Human resource is an extremely important factor for the existence of each business. There are many theories related to motivational issues, including: demand tower theory by A. Maslow, a positive reinforcement doctrine based on the work of B.F. Skinner, theory of two elements of F. Herzberg, expectation theory of V.H. Vroom and some other related theories. However, the use of theories to motivate workers in enterprises should be carefully considered and screened. Being able to effectively use labor productivity as well as the enthusiasm of the labor force is extremely difficult and not all leaders can do it. Moreover, at the present time, almost all labor forces in developing market want to find themselves working in a dynamic, friendly and suitable environment. Therefore, foreign enterprises will be the dream destination for everyone to work for. For foreign enterprises, especially those operating in Vietnam, it is not difficult to attract human resource to invest in their future. However, to retain and develop human resource is the problem of most businesses not only domestic but also foreign ones. This article provides some motivational policies for employees that foreign businesses in Vietnam are using.

### 2. Theoretical framework

The study of work motivation in organizations began to appear in the early 60s of the 20th century. During the two decades (from 1960 to 1980), the research on motivation tended to focus too much on workers in industrial and business organizations (Wright et al, 2001). According to Kleinginna & Kleinginna (1981), there were at least 140 different definitions of work motivation. The author supports the view of Herzberg (1959) in "The motivation to work" that stated: "Work motivation is the desire and willingness of employees to enhance efforts to achieve organizational goals".

When studying the work motivation, Abraham Maslow said that people with different needs need to be satisfied. He emphasized that in each human being there exists a complex system of 5 groups of needs: physiological need, safety need, social need, self-respect need and self-expression need. According to this theory, human needs appear in a hierarchy from low to high. When demand is low, higher demand will appear. Initially, the physiological need, followed by the social need and the need for safety, the need to be respected and improve

oneself is the final need. For human resource management, to meet these needs, Maslow pointed out that managers need to take measures to find and satisfy workers' needs. In order to motivate their employees, managers must first understand where those employees are in the hierarchy of needs, thereby directing the satisfaction to their needs. Only then, motivational policies achieve the highest results.

According to the theory of positive reinforcement based on the research of B.F. Skinner, the rewarded behavior will tend to repeat. Unrecognized behaviors will tend to not be repeated. The shorter the period between the time of the act and the time of reward/penalty the higher the effect of reward/punishment on behavior change. Penalties can work to eliminate unwanted behaviors but they can cause negative effects, so penalties are less effective than bonuses. Hence, to motivate employees, managers should pay attention to good achievements and reward those achievements. The emphasis on reward forms will be more effective than emphasizing penalties.

Two-factor theory of Herzberg's or called otherwise the motivation-hygiene theory stated that there are a number of factors (motivating factors) that cause job satisfaction (and work motivation) and some other factors that cause dissatisfaction. That means these feelings are not contradictory, as they were always believed. F. Herzberg's two-factor theory focuses on considering employee motivation on the job side. He divides the motivational factors of employees into two categories: Motivating factors such as success, recognition, the work itself, responsibility, nature of work and development opportunities are considered as internal factors. Maintenance factors such as working conditions, corporate policies, supervision, interpersonal relationships, wages, status and safe working environment are considered external factors.

According to Victor Vroom's expectation theory emphasizing cognitive relationship. According to this theory, motivation is the function of individual expectations. A certain effort will bring about a certain achievement and that achievement will lead to a desired result or reward. This theory suggests that managers need to make employees

understand the direct relationship between effort - achievement, achievement - results. This will help motivate and attract people toward the results and rewards for employees.

It can be seen that no matter what the doctrine is, the motivation for employees is focused on three basic factors: personal characteristics of employees, characteristics of the work carried out by employees in organization and working environment characteristics. To be able to solve the motivational issue for employees, managers should consider and care about factors related to salary, welfare and service policies. Besides, the construction of the working environment and the development of enterprises is also a positive factor to motivate employees to work effectively.

**3. Research Methodology**

Human resource is always an important and essential element of each company. Therefore, the policy of motivating employees is one of the development policies that the company always pays attention to. The effort of the employees contributing their best to the work is considered a great success. This article is based on the research of the motivational policies for employees of Unilever and Coca Cola – the two foreign companies currently based in Vietnam. The information source of the article is based on researches and analyses that are conducted directly and indirectly with labor force working in these companies. The satisfaction level survey with the remuneration policy and working environment for employees of the two companies was conducted indirectly by using online survey methods and by direct interviews at the company with two survey levels, one for management level and one for staff level. The surveys we conducted with 50 employees and 20 managers at each of the two companies including preliminary personal information and 10 core questions:

- First and last name:
- Year old:
- Sex:
- Workplace:
- Position:

**Table 1:** Level of satisfaction

	Very dissatisfied	Not satisfied	No comments	Satisfied	Very satisfied
Is your company a good welfare company?					
Are you satisfied with the insurance policy and allowance of the company?					
How do you feel about the company's social security policy?					
Does the company provide the best working environment for you?					
Do you have many opportunities to show your ability to work at the company?					
Does the company have motivational programs and events that encourage your work spirit?					
Are you satisfied with your current job?					

In addition, the interview was conducted directly at the company with participation from 10 employees at the staff level and 5 senior managers around the questions:

- How long have you worked at the company and how are the social welfare policies and working environment at the company?
- Where is the best treatment that you can experience in this company?
- Besides, which policy do you really need?
- Do you think the salary you are receiving reflects your own ability?

- How do you feel about the working environment at the company? Positive and negative aspects?
- Do you want to overcome any shortcomings? And what policies do you think the company should consider?

**4. Research Results and Discussion**

Through surveys and interviews with affiliated staff at the two companies, the results are as follows.

**Motivation Policy of Unilever Vietnam**

Unilever is one of the largest multinational companies

specializing in personal care, home care and food products in Vietnam. The company always emphasizes that people are the foundation for building and developing its business to become increasingly strong and sustainable. Therefore, from the beginning of its operation in the Vietnamese market, Unilever has quickly focused on the development of human resources combining experience, international expertise and knowledge with the capacity of Vietnamese people. Unilever's goal is always to be an ideal workplace which means giving employees the best development environment, challenging job and the opportunity to learn from the company's excellent leaders, together to form an ecosystem with many good conditions for self-development. At Unilever, it's not just promotions, but employees receive a commitment to full care and maximum growth. Salary is the leading representative factor for employee motivation policy. Unilever has implemented a policy of prioritizing budgets to increase workers' salaries higher than the market's general level and implementing other welfare packages, although workers' wages have been higher than the minimum set by government regulations. Oxfam's research shows that the basic salary for a semi-skilled worker at Unilever's factory has increased by 48% from July 2011 to July 2015 which is due to the company's policy as the government of Vietnam has a policy of fast minimum wage increase. In addition, the company also cares about the balance of health, family and the future of workers. Since then, Unilever has been able to offer different ways of caring for employees, for example: family insurance policy; travel and living accommodation; children education support; additional pension insurance. Unilever also categorizes staff to provide practical programs, tailored to specific groups, such as programs for groups of new employees or programs for unmarried staff members. Unilever is also among the leading companies in supporting healthcare for employees. Unilever's working environment is also highly appreciated in terms of professionalism and friendliness, openness for all colleagues. Unilever always creates opportunities for employees to improve professional skills, to work at different units of corporation or other branches around the world. All the efforts in creating a good working condition and environment as well as motivational policy that Unilever has made helped it to be voted as the best workplace in Vietnam in the four consecutive years. This result is achieved through an independent survey of Anphabe management community networks and Nielsen Market Research Company based on nearly 26,128 experienced employees from different companies in Vietnam with basic assessment criteria such as: salary, bonus, welfare; development opportunities; culture and environment; leadership and management; quality of work and life; company reputation.

#### **Motivation policy of coca cola Vietnam**

Coca Cola Vietnam is a large company specializing in manufacturing and trading carbonated beverages in Vietnam. Knowing that human resource is an important factor to determine the success of every business, Coca Cola Vietnam not only develops internal resource through a comprehensive remuneration system to create opportunities for employment and training for employees. Staff members can maximize their development in a comfortable, creative environment. With this system, Coca Cola Vietnam helps

employees to assess, reward and enjoy benefits that commensurate with their capabilities. Coca Cola Vietnam's welfare policy is extremely attractive in terms of employees' salaries, healthcare, accommodation and transportation, such as: in addition to the 13th month salary, employees also receive annual bonuses based on work achievements and business results; free lunch with a refreshing and extremely attractive daily menu, workers can also increase lunch rations, strictly control input materials; convenient shuttle bus system to and from different districts in Hanoi, Da Nang and Ho Chi Minh City; all employees are allowed to attend a free gym and yoga class. In 2017, the organization of new programs such as the New Generation Leader, the Coke Spark Talent Recruitment Program or the Super Brother Program, is done for the purpose of creating the working environment that suits employees' desire. This is also an opportunity for employees to openly express themselves. Coca Cola Vietnam has become one of the top companies in Vietnam with best working environment. Coca Cola Vietnam is also situated in the list of the top 5 best places to work in Vietnam in 2017, and ranked 4th in FMCG industry with the best working environment.

#### **Discussion**

The article offers a number of motivational policies for employees at foreign companies in Vietnam, particularly at Unilever Vietnam and Coca Cola Vietnam. These two companies are always ranked among the top 5 companies with the best working environment in Vietnam. This is due to the fact that both companies have strong policies to motivate working staff and make them satisfied at work. Both companies recognize the importance of employees' motivation. Therefore, they all invest in applying attractive welfare policies along with creating friendly and professional working environment as well as opportunities for maximum career and self development. It can be seen that such policies toward employees will contribute to motivating them to do their best, to try to work hard and express themselves in the best way to capture the opportunities of professional advancement.

#### **5. Conclusion and Recommendation**

##### **Conclusion**

Along with the trend of industrialization and modernization, along with fierce competition for integration and development with countries in the region in particular and in the world in general, each enterprise must build itself own policies to attract human resource effectively. In addition, the motivation to work by implementing social welfare policies and building an ideal working environment has been and remains one of the top priorities of businesses, especially for foreign enterprises, if they want to achieve outstanding development in Vietnam.

In fact, "job hopping" is a very common phrase in the community of workers, especially young workers. The idea of working closely and for a long time with a given company is no longer considered as an obligation and employee's duty. Feeling inadequate, depressed, disagreeable with the operation and rules applied at the work is one of the top reasons for the transfer of employees. Therefore, in order to recruit and retain talents, foreign companies should actively focus on social welfare policies and provide the best working environment for employees.

### **Recommendation**

Each business should plan to build the most specific and detailed policies to promote working spirit, motivate its employees to work harder. By conducting surveys to assess employees' satisfaction on the policies being applied, organizations will have the most accurate sources of information, pros and cons in the organization of business activities. Since then, businesses have come up with ideas for such policies that avoid the negative sides and strengthen the positive sides. The provision of social benefits, care for life, safety and health of each individual in the organization is something that every foreign company should pay special attention to. Jobs help employees realize the company's interest and understanding how important they are to the company, thereby actively improving employee productivity and creating the best results. Moreover, employees will be able to stimulate creativity and productivity when working in a dynamic high performance working environment. Extracurricular programs, outdoor activities or group training will certainly be good opportunities to show how the company cares about the morale of its employees.

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