

# Enhancing Foreign Language Human Resources in Alignment with the Development of Foreign Direct Investment (FDI) Enterprises

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**ABSTRACT :** To drive societal economic development, it's imperative to bolster workforce competitiveness by enhancing the quality of education and training. Training programs play a pivotal role in cultivating a workforce tailored to societal needs. Consequently, stakeholders in labor utilization are crucial in shaping the evolution and efficacy of these programs. In 2023, Vietnam attracted investments from 111 countries and territories. Singapore led with an investment of over \$6.8 billion, constituting 18.6% of the total investment and marking a 5.4% increase from the previous year. Japan followed closely with nearly \$6.57 billion, representing 17.9% of the total investment, a significant surge of 37.3%. The Hong Kong Special Administrative Region ranked third, doubling its investment from the previous year to over \$4.68 billion, making up 12.8% of the total investment. China, South Korea, and Taiwan also made substantial contributions.

Foreign workers comprise over 72% of the workforce in FDI enterprises, mainly in sectors such as science and technology, electronics manufacturing, services, education, and training. Hence, educational institutions must acknowledge this trend and focus on training local talent to gradually replace foreign workers in FDI enterprises.

**KEYWORDS:** Workforce competitiveness; Training programs; Foreign investment; Labor utilization; Economic development.

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## I. INTRODUCTION

Vietnam has considerable economic development potential, and the attraction of foreign direct investment (FDI) has brought forth numerous opportunities for the local workforce. However, there's a pressing need to enhance the workforce's quality, especially among individuals with advanced professional skills and proficiency in foreign languages. In recent years, FDI attraction activities have been resurging post the Covid-19 pandemic, consequently resulting in an increased demand for labor. Hence, it is imperative to bolster the training of specialized language skills in relevant fields to ensure the sustainable development of the Vietnamese economy. Despite the stabilization of the economic growth rate, the labor force still falls short in terms of both quantity and quality. Addressing these shortages and weaknesses in language and specialized skills is crucial to meet societal needs.

One of the key criteria for assessing the quality of educational institutions is their ability to meet societal demands. Institutions must conduct surveys and evaluations through employers, who directly utilize these educational outputs, to gauge the alignment between educational outputs and societal needs. The quality and effectiveness of training are measured by the primary purpose and tangible outcomes of every educational process within institutions and, on a broader scale, within the entire national education system. The evaluation of training quality and effectiveness is a continuous endeavor for all educational institutions in Vietnam. Although assessments can take various forms, direct evaluation of the workforce (training outputs) remains the most reliable method to quantify job responsiveness and fulfillment of societal needs. Training a workforce that meets societal needs not only benefits employers but also solidifies the position of educational institutions during the integration and development phases. Therefore, educational institutions must intensify their efforts to train specialized workforce, particularly those with language proficiency, to align with the country's economic development.

## II. LITERATURE REVIEW

Research on labor demand plays a crucial role in guiding, adapting, and addressing limitations in the training process, with the aim of better aligning labor supply with societal needs.

This becomes especially important in the current era of integration, where Vietnam has established cooperative relations with numerous countries worldwide. Consequently, individuals possessing proficiency in foreign languages will find themselves with greater opportunities in the labor market [9]. The discussion surrounding skilled labor from educational institutions, as studied by various countries, primarily revolves around reforming the training system and innovating teaching methods. These are considered key strategies for resolving the challenges associated with producing human resources of suitable quality to meet the demands of economies [10].

In the study "Vocational Education and Training Reform: Lessons of Experience," extensive discussions revolve around the experiences of developing countries, developed countries, and those in transition. At its core, the key issue addressed is how to reform the current vocational education system to better align with the labor market. Each country, each economy, has its own specific conditions, thus providing different lessons on vocational education reform. The work also explores various policies and models employed by different economies to address the relationship between education and the labor market, particularly focusing on employment opportunities for graduates of the training system in relation to economic activities [1]. Human resources encompass all human physical and mental capabilities utilized in the labor production process. It is regarded as human labor, the most valuable resource among the production factors of businesses. An enterprise's human resources comprise all employees engaged in the enterprise [3].

The relationship between education and the utilization of university graduates is a dialectical relationship between service providers and users of service products. Universities are where human resources are trained, preparing a workforce in terms of structure, quantity, and quality to serve economic and social development needs. Entities that utilize university graduates are the users of the products of universities – the human resources that have undergone training. If production does not develop, universities will cease to exist; conversely, if universities do not develop, sectors in society will stagnate. A key factor in achieving significant economic achievements in developed industrialized countries is the close collaboration between universities and labor-utilizing entities. The two-way relationship between universities and labor-utilizing entities is also evident in the fact that universities serve as vital channels for promoting the brands of businesses, while the development of businesses solidifies the position of universities in the labor market [12]. The relationship between education and the utilization of university graduates contributes to enhancing training effectiveness. Firstly, by enhancing effectiveness within, educational institutions can plan the purchase of teaching equipment, laboratories, and practical workshops in line with training program goals and content, thus contributing to cost-effective investment. Graduates with job prospects upon graduation and a clear understanding of their post-graduation job roles are motivated to study, feel assured, and strive for academic success. Secondly, by enhancing effectiveness externally, the employment rate of graduates increases, their skills and knowledge are more aligned with reality, and they demonstrate higher adaptability. Consequently, the time spent on job searching and adapting to work is reduced [11].

The relationship between education and the utilization of university graduates helps strengthen conditions to ensure training quality through the involvement of labor-utilizing entities in setting goals and curriculum content, participating in teaching, providing support or sharing facilities and finances, improving output quality assessment, and promoting managerial innovations by closely engaging with labor-utilizing entities. Educational institutions fully acknowledge the role and importance of labor-utilizing entities in enhancing training quality and effectiveness for the existence and development of educational institutions. Conversely, by participating in the production processes of educational institutions, labor-utilizing entities become proactive in securing future human resources and obtaining labor that better suits their needs, thereby meeting job demands more effectively.

In addition to the requisite knowledge and skills, employers are also interested in the ethical qualities of graduates when recruiting personnel [2]. Universities cannot impart all the knowledge and skills necessary for graduates to thrive in multidisciplinary social environments. Therefore, graduates must possess essential competencies to adapt to the diverse societal milieu. Post-1998, numerous researchers have delved into employers' expectations for graduates, collectively termed "Graduateness" attributes [4]. These attributes are deemed essential for graduates to possess. Some of the attributes identified by researchers include knowledge, skills, and the ability to adapt to social environments. Building on Harvey's theory, subsequent researchers have expanded the list of attributes demanded by employers, such as initiative and creative problem-solving abilities [13]. However, as societal demands evolve, so do employers' expectations, prompting educational researchers to continually supplement and refine studies on graduate competencies in line with societal development.

Furthermore, Barnett (2002) [3] conducted practical research by analyzing 1,000 recruitment samples, identifying several key attributes desired by employers, including presentation, critical thinking, and analytical skills. Subsequently, Taylor (2005) further investigated employers' expectations for graduates, uncovering competencies such as managerial and problem-solving skills [8]. The strength of research conducted between 1998 and 2002 lies in its advancement of theories regarding employers' expectations for graduate competencies. However, these studies primarily rely on observational and analytical methods without specific statistical data from surveys assessing whether graduates' capacities align with employers' requirements.

The study "Promoting the development of tourism services in Da Nang is closely associated with the training of human resources in translation and interpretation from the English department at the University of Foreign Languages Studies, the University of Danang" by Yen (2015), the author evaluated the current situation of training foreign language human resources, the labor force in the Tourism and Service industry in Da Nang, and proposed solutions for development [7]. Another study by Yen (2012) surveyed 115 FDI enterprises in the city of Da Nang, all of which employed workers from language schools, particularly those trained in departments of the University of Foreign Languages at the University of Danang. There is a significant demand for language-proficient workers in these enterprises. However, the majority of these businesses require workers with expertise in technical fields, accounting, human resources, and business administration, with language proficiency being an additional skill rather than the primary focus. As a result, workers trained in language schools are mainly assigned to positions such as translation, interpretation, foreign affairs, and reception [6].

In summary, these studies emphasize the crucial role of training human resources to meet employer demands, understanding labor needs to guide educational reforms aimed at addressing the increasingly growing demands of the labor market. They underscore the necessity of equipping graduates with both specialized knowledge, professional skills, and ethical qualities. Practical assessments complement theoretical advancements in understanding employer expectations. Furthermore, the research highlights the importance of integrating education with industry needs to enhance workforce readiness.

### **III. MATERIALS AND METHODS**

We have utilized a combination of research methods ranging from theoretical research to practical application. The study involved conducting surveys of FDI enterprises regarding their foreign language human resource needs and analyzing statistical data from sources such as labor market reports, recruitment data, and the current status of workforce training. Additionally, we have analyzed policies related to human resource training and the personnel requirements of FDI enterprises. We have sought expert advice on approaches and strategies for accessing and developing foreign language human resources that align with the needs of FDI enterprises.

### **IV. FINDINGS AND DISCUSSION**

**Enterprises with Foreign Direct Investment (FDI) and Their Socio-Economic Impacts :** As the economy develops, the demand for high-quality labor also increases, particularly in high-tech occupations. However, amidst the integration process, businesses require a workforce equipped with foreign language skills to navigate work relationships and serve as a conduit between partners and local communities. As the demand for skilled labor rises, training endeavors evolve, enhance, and innovate to align with employers' expectations. To foster favorable conditions for investors, the government of the host country establishes investment incentive zones within its territory, including export processing zones, concentrated industrial zones, and economic zones. Additionally, it may implement schemes such as Build-Operate-Transfer (BOT) or Build-Transfer (BT) contracts to facilitate investment.

**The Impact of FDI on Job Creation:** In recent times, the role of FDI in job creation and workers' income has garnered significant attention and research. Classical economists such as Adam Smith, Ricardo, and Keynes have also addressed this issue since ancient times. Smith believed in a direct correlation between investment and employment, as outlined in his principles. Ricardo, in his writings, discussed the impact of machinery on employment, noting that its introduction could increase total production but may also displace workers from their jobs. This phenomenon is evident in modern times, especially with the widespread application of science and technology in production, including artificial intelligence. Automation has replaced many jobs previously performed by humans, leading to an increase in redundancy as tasks are taken over by machines with greater accuracy and efficiency. Consequently, labor requirements are significantly reduced in the absence of mechanization.

**Impact of FDI on the Economy and Society:** FDI facilitates the recipient inflow of external capital into countries, enhancing their capacity to organize production and business.

- FDI facilitates the transfer of advanced techniques, modern technology, and business management expertise from foreign companies to the host country.
  - FDI enables countries to leverage their comparative advantages more effectively.
  - FDI plays a pivotal role in job creation, addressing unemployment, boosting national income, and enhancing overall living standards.
  - FDI supplements national revenue generated by tax revenues from foreign investors.
  - FDI drives economic restructuring towards openness and international economic integration.
  - FDI provides access to external markets through partnerships with foreign entities and access to a broader market through foreign investment companies.
  - FDI positively influences the fields of education, training, and the psychology of domestic workers, leading to gradual improvements in their work habits and styles.
  - FDI contributes to enhancing national competitiveness on the global stage.
- In addition to the significant benefits that FDI brings to the development process of countries, receiving investments from other countries also poses a series of potential risks that each country must carefully consider. It is essential for countries to make appropriate adjustments in accepting FDI to mitigate the drawbacks and maximize the advantages that FDI offers for the country's development.
- FDI enterprises address output issues for students and enhance the quality of labor.

In addition to generating socio-economic advancements, FDI enterprises have created numerous job opportunities catering to a spectrum of workers, ranging from highly skilled to unskilled laborers. As of March 20, 2024, the entire country boasts 39,758 active projects, signifying a significant utilization of local workers across various occupations. Particularly notable is the demand for foreign language proficiency among the workforce employed by FDI enterprises. Moreover, a substantial number of workers possessing specialized expertise and proficiency in foreign languages are also sought after. Currently, FDI has generated approximately 73 million jobs worldwide, constituting 3% of the global workforce. It is estimated that for every job directly created by FDI, one to two additional indirect jobs are also generated. Therefore, the total number of jobs attributable to FDI is conservatively estimated to be around 150 million. In developing countries, FDI has created 12 million direct jobs, representing 2% of the labor force, with an additional 12 million indirect jobs, increasing the overall rate to 4%. While the current quantitative contribution of FDI to job creation may seem modest, many economists remain optimistic about its future potential in this regard. In summary, through the studies conducted by economists from the past to the present, we can see the significance of FDI in addressing the issue of job creation, especially for developing countries

**The current state of foreign investment in Vietnam :** The aim of attracting FDI in 2023 for sustainable development is imperative throughout the economic development process, involving a close and harmonious integration of economic growth with social security, environmental preservation, and national sovereignty. Despite some remaining shortcomings in human resource quality, Vietnam continues to be viewed as possessing an appealing investment environment with numerous notable advantages and attractive policies to lure foreign investment. The status of FDI investment across various sectors in Vietnam is illustrated in Figure 1.

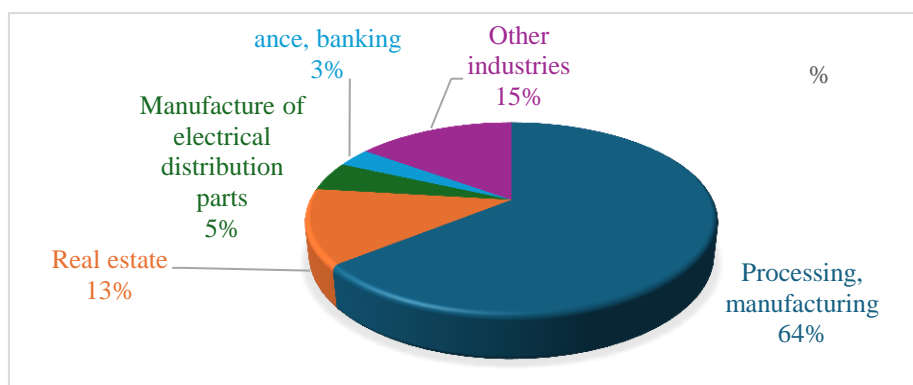


Figure 1. Foreign Investment Sectors in 2023

Foreign investors have invested in 18 out of the total 21 Viet Nam's economic sectors. Among these, the processing and manufacturing industry leads with a total investment capital of over 23,5 billion USD, accounting for 64,2% of the total registered investment capital and increasing by 39,9% compared to the same period. This presents an opportunity for domestic enterprises to further integrate into the supply chains of major global corporations. The real estate sector ranks second with a total investment capital of nearly 4,67 billion USD, accounting for over 12,7% of the total registered investment capital and increasing by 4,8% compared to the same period. The manufacturing and distribution of electricity, as well as the finance and banking sectors, rank third and fourth respectively, with total registered capital reaching over 2,37 billion USD (an increase of 4,9%) and nearly 1,56 billion USD (almost 27 times higher). The remaining industries account for 15%.

**Recruitment demands of FDI enterprises in Vietnam :** Based on a survey of 225 FDI enterprises in the Central region of Vietnam, it is evident that there is a high demand for labor with foreign language proficiency in these enterprises. The majority of these enterprises require skilled labor for positions across various sectors of production, business, and services.

In the manufacturing and processing industry, positions include production engineers, quality engineers, assembly workers, machine operators, and production managers.

In the real estate sector, positions such as project developers, real estate sales personnel, project managers, and customer care staff are needed.

In the oil and energy industry, positions include mechanical engineers, electrical engineers, environmental engineers, renewable energy engineers, and petroleum exploration engineers.

In finance and banking, positions such as bank tellers, financial advisors, internal auditors, and credit risk managers are sought after.

In the information technology sector, positions include programmers, software testers, data analysts, and IT project managers.

In the healthcare and pharmaceutical industries, positions such as doctors, nurses, pharmacists, and medical engineers are in demand.

In logistics and transportation, positions such as logistics staff, transportation drivers, supply chain managers, and customs officers are required.

According to the survey results, most positions require proficiency in foreign languages in addition to job-specific skills.

The demand for language-proficient workforce in different languages is illustrated in Figure 2.

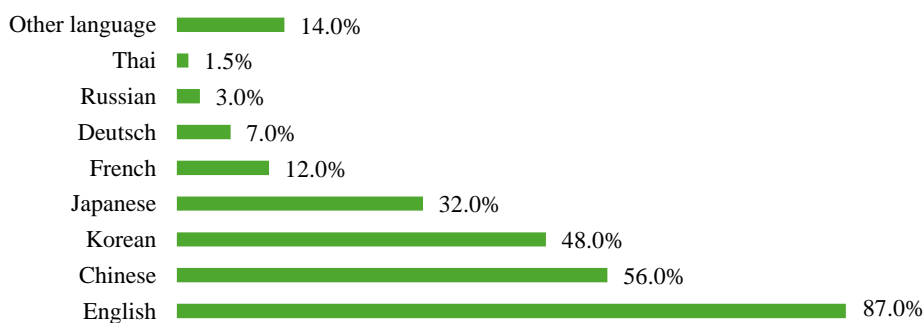


Figure 2. Percentage of FDI enterprises with foreign language human resource needs

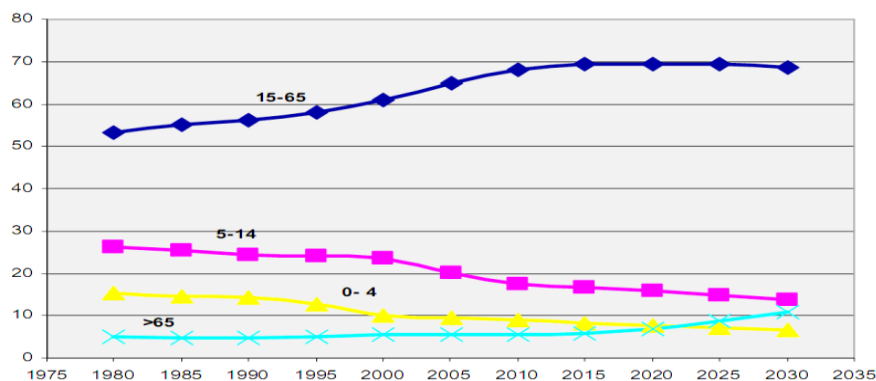
Therefore, businesses need to utilize English-proficient workforce, which accounts for the largest proportion at 87%. Among them, there are also businesses that require both English-speaking and Korean-speaking or Chinese-speaking, Japanese-speaking, etc., workforce. Employees working in FDI enterprises are generally evaluated as adaptable to their jobs, dynamic, and possessing good communication skills.

Due to the international nature of these enterprises, employing local workforce with language skills is essential. However, the demand for workforce varies depending on the specific sectors of production and business. The survey reveals that 75% of FDI enterprises have a workforce trained in various fields from domestic universities. Particularly, all Chinese investment projects have Chinese-speaking personnel, mainly assigned as interpreters and guides. In particular, highly specialized foreign workers account for over 72% of the workforce in FDI enterprises, primarily in fields such as science and technology, electronics manufacturing, services, education, and training.

**The level of meeting the workforce demand for FDI enterprises :** The General Statistics Office conducted a census of Vietnam's population, revealing that the estimated average population in 2023 is 100,3 million people, marking an increase of nearly 835.000 individuals (0,84%) compared to 2022. The labor force aged 15 and above reached 52,4 million people nationwide, showing an increase of more than 666.000 individuals compared to the previous year. However, it is projected that the population will decrease in the coming years. Like many developing countries in Southeast Asia, Vietnam is in the later stages of the population transition, transitioning from a country with high birth and death rates to a country with low birth and low mortality rates. Concurrently, the rising life expectancy of Vietnamese people has significantly altered the age structure of the population.

According to the statistics and recommendations of the United Nations, the changes in Vietnam's population structure are characterized by the following three points:

The proportion of the working-age population (15-65) is projected to increase until reaching a peak of 70% in 2020. This will provide a large potential labor force, contributing to economic growth, while also increasing pressure on future employment. This presents a challenge for the education sector in strategic workforce development planning and is an advantage for institutions ranging from vocational training to universities and postgraduate education. The proportion of elderly people (over 65 years old) is also expected to increase from 5,6% in 2006 to about 11% by 2030, requiring a plan to build a healthcare system and social welfare for the elderly to ensure sustainable development. The proportion of children (0-4) and school-aged children (5-14) continues to decrease; and this decline may be sufficient to offset the population growth rate, implying that the number of children is expected to remain unchanged; creating more investment opportunities for education and training, thereby improving the quality of the workforce.



Source: United Nations Population Commission, Economic and Social Council. World Population Prospects, 2006

Figure 3. Age structure of Vietnam's population from 1975 to 2035

Therefore, from 2010 to 2040, Vietnam has entered a golden population period, during which the government has implemented appropriate policies to seize the opportunities presented by this demographic trend. In particular, the state has focused on education and training to address post-training employment for workers, reduce unemployment, and job loss. Especially in the current period, Vietnam has been actively promoting multilateral and bilateral development cooperation with other countries, attracting foreign direct investment (FDI) to fuel the country's economic growth. Therefore, It is necessary to develop and implement strict solutions to ensure meeting the increasing human resource needs in FDI enterprises. Part of the labor demand, particularly from FDI enterprises, has been partially fulfilled with the annual supply of the workforce to society. In recent years, resources from foreign language universities and specialized language training institutions have also

partially met the job requirements in FDI enterprises. However, FDI enterprises also have high demands for resources with excellent English language skills or the language of the investing country.

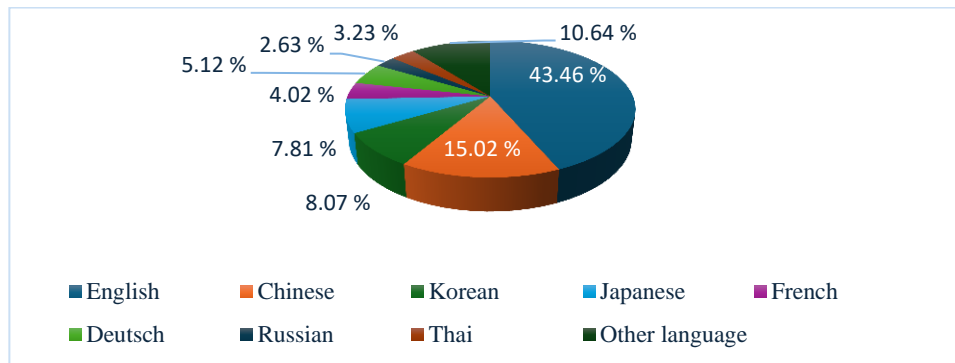


Figure 4. Proportion of human resources in foreign languages

The proportion of students majoring in English accounts for the largest share compared to all other majors, corresponding to meeting the majority of the needs of FDI enterprises in Vietnam.

**Solutions to enhance foreign language resources for FDI enterprises :** Some solutions to enhance foreign language resources and connect with the development of FDI enterprises may include:

**Strengthen language training programs:** Develop high-quality language training programs at universities, vocational training centers, and training organizations, focusing on enhancing language skills necessary for the activities of FDI enterprises. **Collaborate with businesses:** Establish collaborative programs between universities and FDI enterprises to provide internship opportunities, recruitment, and training for students and employees, helping them develop language skills as well as other necessary job-related skills. **Encourage self-learning:** Create an environment that encourages and supports employees and students to self-learn languages through materials, online courses, or international study and communication programs. **Invest in educational technology:** Utilize technology to provide modern and flexible learning solutions, including mobile applications, online learning systems, and interactive learning platforms. **Enhance international communication:** Organize training courses and seminars on international communication and business culture to improve communication skills and understanding of the working culture in international environments. By implementing these solutions, enterprises can meet the increasing demand for foreign language human resources and create favorable conditions for their sustainable development in the global business environment.

## V. CONCLUSION

In general, after more than 25 years of innovation, alongside the country's industrialization and modernization process, Vietnam's resource quality has shown positive changes, experiencing rapid growth in quantity and diversification in structure, with gradual improvements in quality. As Vietnam progresses socio-economically, job opportunities and workers' livelihoods are steadily improving. However, despite the rapid advancement of science and technology, there are instances where workers fail to meet the requirements in terms of quantity, quality, and professional skills. There's a shortage of technical experts and skilled workers, and industrial discipline remains limited. Moreover, the majority of workers lack basic and systematic training. Developing and enhancing the quality of human resources is a strategic breakthrough and a decisive factor in advancing the development and application of science and technology, restructuring the economy, shifting the growth model, fostering competitive advantages, and ensuring rapid, sustainable, and effective economic development for the nation.

Currently, FDI enterprises require foreign language human resources as they serve as the bridge in investor cooperation. Depending on the specific field of activity, each business has varying demands for both the quantity and quality of foreign language human resources. However, in general, all businesses share a common need for English-speaking personnel and proficiency in some other commonly used languages.

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