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Survey Demographic
Economics Overview
Key Findings
Regulation Updates
Contents

Survey Demographic

Economics Overview

Key Findings

Regulation Updates
Survey Demographics

- 520 Organizations
- 463 MNC & 57 Local Co.
- 15 Industries
- 2,305 Benchmarking positions (by job & PC range)
- 2 Databases (MNC & Local Co.)
- 211,816 Employees’ data

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2015 Participants’ Profile - MNC

1 new industry and 1 new group

- Retail - 11
- Hospitality - 7
- Real Estate - 12
- Oil & Mining - 19
- Trans & Logistics - 18
- FS - Non Banking - 13
- FS – Insurance - 20
- FS – Banking - 20
- Trading - 32
- Other Industries - 32
- Life Sciences - 46
- Manufacturing - 49
- Consumer Goods - 65
- Chemicals - 51
- High Tech - 68

No. of MNC Companies
463
2015 Participants’ Profile - Local

Good number of participants in Banking, CG, Manufacturing, High tech

No. of Local Companies

FS – Banking - 11
FS- Non Banking - 5
FS – Insurance - 1
Real Estate - 3
Life Sciences - 3
Hospitality - 3
Trans & Logistics - 2
Trading - 2
Consumer Goods - 7
Manufacturing - 7
High Tech - 7
Retail - 1
Other Industries - 5

57
Vietnam market at a glance

**GDP**
- 6.5% for 2015
- 6.6% for 2016
Driven by strong expansion in Manufacturing, Construction, Mining

**FDI**
Focus on Manufacturing, Construction, Real Estate

**Inflation**
- 2.5% for 2015
- 4.0% for 2016
Lower global oil & commodities prices held down transportation & food prices

**VND**
devalue 3.4%
Due to the devaluation of other Asian currencies & to support export
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**Key Findings**

**TRS 2015**

### Terms and definitions - Comp

- Compensation trends
- Pay practices
- Other facts
- Fixed cash allowances
- Variable pay
- Benefits trends
- Staff turnover, hot jobs, hiring intention
Terms and Definitions – Comp

COMP1
Annual Base Salary

COMP2
Annual Guaranteed Cash

COMP3
Annual Total Cash

Variable Pay

Allowance
Annual Base Salary

Allowance
Annual Base Salary

Allowance
Annual Base Salary
Terms & Definitions

Position Class (PC) - is a job weight (size) resulted from Mercer International Position Evaluation system

Market Regressed Line - The result of applying one of several mathematical models to fit a smooth curve through a series of graphed "X/Y" points (representing Position Class and a compensation figure respectively) such that the curve best represents the overall trend in those points.

Mean (average) - The sum of all data reported divided by the number of observations in the sample.

Median (P50) - The data point that is higher than 50% of all other data in the sample when ranked from low to high.
Terms & Definitions

Executives – Typically includes top executives and function heads providing strategic vision and/or tactical/strategic direction across multiple functions or sub-functions (typical PC range: above PC 57)

Management – Typically management and supervisory professionals focusing on tactical and/or operational activities within a specified area (typical PC range: 54-57)

Professionals – Typically professionals with no management responsibility, although may provide mentoring and coaching to less experienced staff (typical PC range: 47-53)

Para-Professionals – Typically roles that are semi-skilled or unskilled with no supervisory or management responsibility (typical PC range: below PC 47)
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Factors that affect Salary Increments

- Company Performance: MNC 86% Local 93%
- Market Competitiveness: MNC 78% Local 73%
- Inflation: MNC 57% Local 49%
- Individual Performance: MNC 98% Local 95%
- Position in Salary Range: MNC 68% Local 69%
- Job Level: MNC 43% Local 75%
- Length of Service: MNC 22% Local 40%
Pay Difference by Industry - MNC

Percentage Deviation from All Industries
(Annual Guaranteed Cash)

- Oil & Mining: 16%
- FS - Banking: 7%
- Trading: 5%
- Chemicals: 3%
- Life Sciences: 1%
- Hi-Tech: 1%
- FS - Non Banking: 3%
- FS - Insurance: 5%
- Consumer Goods: 7%
- Trans & Logs: 6%
- Manufacturing: 8%
- Retail: -23%
- All Industries Regressed Median: -23%

Percentage Deviation from All Industries
(Annual Total Cash Actual)

- Oil & Mining: 81%
- FS - Banking: 20%
- Trading: 8%
- Chemicals: 6%
- Life Sciences: 7%
- Hi-Tech: 1%
- FS - Non Banking: 3%
- FS - Insurance: 1%
- Consumer Goods: 0%
- Trans & Logs: -6%
- Manufacturing: -13%
- Retail: -28%
- All Industries Regressed Median: -28%
Pay Difference between Local Companies and MNC

Big gap between Local and MNC remained for Comp 1

- Para professional: -21%
- Professional: -29%
- Management: -36%
Salary Increase Trend in relation to Inflation and GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary Increase (MNC)</th>
<th>Salary Increase (Local)</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>12.5%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2011</td>
<td>15.2%</td>
<td>12.7%</td>
</tr>
<tr>
<td>2012</td>
<td>13.4%</td>
<td>12.3%</td>
</tr>
<tr>
<td>2013</td>
<td>10.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td>2014</td>
<td>9.4%</td>
<td>6.6%</td>
</tr>
<tr>
<td>2015</td>
<td>9.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2016</td>
<td>10.2%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Inflation: 6.8%, 5.9%, 5.0%, 5.4%, 6.0%, 5.9%, 6.6%, 4.1%, 2.5%, 4.0%
GDP Growth: 9.6%, 9.6%, 9.6%, 9.6%, 9.6%, 9.6%, 9.6%, 9.6%, 9.6%, 9.6%
2015 Salary Increase Trend – Top 3 & Bottom 3

**Top 3 industries**
1. Chemicals: 10.3%
2. Life Sciences: 10.1%
3. Manufacturing: 10.1%

**Bottom 3 industries**
1. Oil & Mining: 6.2%
2. Hospitality: 6.7%
3. FS Non-Banking: 7.9%
## Key Findings TRS 2015

### Contents

<table>
<thead>
<tr>
<th>Category</th>
</tr>
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<tbody>
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<tr>
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<tr>
<td>Fixed cash allowances</td>
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<tr>
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</tr>
<tr>
<td>Benefits trends</td>
</tr>
<tr>
<td>Staff turnover, hot jobs, turnover hiring intention</td>
</tr>
</tbody>
</table>
Other Compensation Trend - Salary Currency

### MNC
- **VND**: 85%
- **USD**: 10%
- **Others**: 5%

### Local
- **VND**: 98%
- **Others**: 2%
Other Compensation Trend - Number of Months Paid

**MNC**

- 12 months: 70%
- 13 months: 15%
- 14 months: 10%
- Other: 5%

**Local**

- 12 months: 68%
- 13 months: 28%
- Other: 4%
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Local Plus Employees in Organizations

% Companies have Local Plus Employees

MNC
- Local-Plus: 25%

Local
- Local-Plus: 25%
Local Plus Population by Level

- Executive: MNC 18% vs. Local 34%
- Management: MNC 41% vs. Local 52%
- Professional: MNC 39% vs. Local 6%
- Para-Professional: MNC 2% vs. Local 8%
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Key Findings
TRS 2015

- Terms and definitions - Comp
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- Other facts
  - Fixed cash allowances
    - Variable pay
    - Benefits trends
    - Staff turnover, hot jobs, turnover hiring intention
### Transportation

<table>
<thead>
<tr>
<th>MNC</th>
<th>Management – Sales</th>
<th>1,900</th>
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<tbody>
<tr>
<td></td>
<td>Management – Non Sales</td>
<td>1,350</td>
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<tr>
<td></td>
<td>Professional – Sales</td>
<td>1,000</td>
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<tr>
<td></td>
<td>Professional – Non Sales</td>
<td>650</td>
</tr>
<tr>
<td></td>
<td>Para – Professional</td>
<td>500</td>
</tr>
<tr>
<td>Local</td>
<td>Management – Sales</td>
<td>1,350</td>
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<td>Management – Non Sales</td>
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<td></td>
<td>Professional – Sales</td>
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<td></td>
<td>Professional – Non Sales</td>
<td>400</td>
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<tr>
<td></td>
<td>Para – Professional</td>
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</table>

*in thousand VND*
### Top 3 Fixed Allowances Provided (P50, monthly amount)

#### Phone

<table>
<thead>
<tr>
<th></th>
<th>MNC</th>
<th>Local</th>
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<tbody>
<tr>
<td>Management – Sales</td>
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<td>800</td>
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<tr>
<td>Management – Non Sales</td>
<td>600</td>
<td>590</td>
</tr>
<tr>
<td>Professional – Sales</td>
<td>480</td>
<td>390</td>
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<tr>
<td>Professional – Non Sales</td>
<td>360</td>
<td>320</td>
</tr>
<tr>
<td>Para – Professional</td>
<td>240</td>
<td>200</td>
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</table>

*in thousand VND*
Top 3 Fixed Allowances Provided (P50, monthly amount)

<table>
<thead>
<tr>
<th></th>
<th>MNC</th>
<th>Local</th>
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<tbody>
<tr>
<td></td>
<td>Average for all levels</td>
<td>Average for all levels</td>
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<tr>
<td>Meal</td>
<td>670</td>
<td>650</td>
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</table>

in thousand VND
## Key Findings

*TRS 2015*

<table>
<thead>
<tr>
<th>Terms and definitions - Comp</th>
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</thead>
<tbody>
<tr>
<td>Compensation trends</td>
</tr>
<tr>
<td>Pay practices</td>
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<tr>
<td>Other facts</td>
</tr>
<tr>
<td>Fixed cash allowances</td>
</tr>
<tr>
<td><strong>Variable pay</strong></td>
</tr>
<tr>
<td>Benefits trends</td>
</tr>
<tr>
<td>Staff turnover, hot jobs, turnover hiring intention</td>
</tr>
</tbody>
</table>
### Variable Bonus & Sales Incentives

<table>
<thead>
<tr>
<th></th>
<th>% Co have VB</th>
<th>% Co have SI</th>
<th>% Co have BOTH</th>
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</thead>
<tbody>
<tr>
<td><strong>MNC</strong></td>
<td>87%</td>
<td>46%</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Local</strong></td>
<td>81%</td>
<td>63%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Talentnet in association with Mercer
Variable Bonus Trend

Variable bonus as % of base salary

- MNC:
  - 2012: 15.1%
  - 2013: 15.5%
  - 2014: 15.2%
  - 2015 (Target): 16.2%

- Local:
  - 2012: 17.9%
  - 2013: 17.3%
  - 2014: 19.9%
  - 2015 (Target): 20.0%
### Target 2015 Variable Bonus – Top 3 & Bottom 3

**Top 3 industries**

1. **Banking** 22.5%
2. **Life Sciences** 18.1%
3. **Insurance** 18.1%

**Bottom 3 industries**

1. **Hospitality** 9.1%
2. **Trans & Logs** 12.0%
3. **Retail** 12.8%
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Benefits Survey
Participant Profile

309 Participants

9 Industries

Main Items:

- Working hours
- Telecommuting
- Annual Leave
- Parental Leave
- Dependent Care Support
- Sick & Hospitalization Leave
- Travel Insurance
- Air Travel Policy
- Travel Expenses – Domestic & Overseas
- Health, Accident, Life Insurance
- Medical Check-up
- Car Benefits
- Loans (Car, Housing, Personal)
- Training & Development policy
- Foreign Language Training
- Allowances (transportation, meal, acting, …)
- Golf club, Recreational club, Fitness club membership
- Long Service Awards
- Outing trip
- Congratulations & Condolences
- Domestic Relocation
- Long-term incentives
- Referral Program
  ... and more

Source: 2015 Mercer Benefits survey
Car benefits
% Companies Provided

Vehicle Non Sales
39%

Vehicle Sales
30%

Source: 2015 Mercer Benefits survey
Car benefits
Type of Car Benefits

Source: 2015 Mercer Benefits survey
Fitness club membership

% Companies have Club Membership

- Yes: 18%
- No

Club Membership Amount per employee (Median)

10,000,000 VND

Source: 2015 Mercer Benefits survey
Voluntary Staff Turnover Trend

- **MNC**
- **Local**

<table>
<thead>
<tr>
<th>Year</th>
<th>MNC</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>13.3%</td>
<td>15.7%</td>
</tr>
<tr>
<td>2010</td>
<td>15.6%</td>
<td>15.0%</td>
</tr>
<tr>
<td>2011</td>
<td>18.8%</td>
<td>16.9%</td>
</tr>
<tr>
<td>2012</td>
<td>16.9%</td>
<td>17.1%</td>
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<td>2013</td>
<td>13.0%</td>
<td>12.2%</td>
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<tr>
<td>2014</td>
<td>12.7%</td>
<td>17.2%</td>
</tr>
<tr>
<td>H1-2015</td>
<td>8.4%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
### 2014 Staff Turnover – Top 3 & Bottom 3

**Top 3 industries**

1. Retail  |  42.1%
2. Hospitality  |  22.3%
3. Life Sciences  |  16.7%

**Bottom 3 industries**

1. Oil & Mining  |  6.0%
2. Trading  |  8.4%
3. Banking  |  8.8%
Hot Jobs in 2015 - MNC

<table>
<thead>
<tr>
<th>Sales</th>
<th>2</th>
<th>1</th>
<th>Sales Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Professional</td>
<td>2</td>
<td>1</td>
<td>Sales Management</td>
</tr>
<tr>
<td>Marketing Management</td>
<td>3</td>
<td>2</td>
<td>Sales Management</td>
</tr>
</tbody>
</table>

**Difficult to recruit**

**Difficult to Retain**

<table>
<thead>
<tr>
<th>Sales</th>
<th>1</th>
<th>2</th>
<th>Sales Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced Professional</td>
<td>1</td>
<td>2</td>
<td>Sales Management</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3</td>
<td>Marketing Senior Professional</td>
</tr>
</tbody>
</table>
Hiring Intention predicted for next 12 months - MNC

- 40% Recruit to add head count
- 56% No headcount change
- 4% Reduce
### 2016 Planning & Budgeting

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
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<tbody>
<tr>
<td>GDP</td>
<td>6.6%</td>
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<tr>
<td>Inflation</td>
<td>4%</td>
</tr>
<tr>
<td>SI Contribution</td>
<td>+ Allowances</td>
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<tr>
<td>Base Salary</td>
<td>~12.4%</td>
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<tr>
<td>Region Min Wage</td>
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<tr>
<td>Salary Increase</td>
<td>9.6%</td>
</tr>
<tr>
<td>Variable Bonus</td>
<td>16.2%</td>
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<tr>
<td>Sales Incentives</td>
<td>36%</td>
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<tr>
<td>Hiring Intention</td>
<td>40%</td>
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</table>
Thank you!

Happy Budgeting for Year 2016!
### Upcoming Mercer College Workshops

<table>
<thead>
<tr>
<th>Mercer College Workshops</th>
<th>Tentative Date (1 full day)</th>
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<tbody>
<tr>
<td>Pay for Performance – Variable Pay</td>
<td>November 6</td>
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<tr>
<td>Sales Incentive Plan Design</td>
<td>December 4</td>
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</table>
Our Services

Compensation Analysis / Review
- Conduct data analysis on market competitiveness, generating trendlines, tables, charts and scatter graphs for your company or business unit/department and comparing the results
- Produce Internal Equity table & graph, analyzing incumbent’s data vs market, generating compa-ratio reports

Salary Structure & Salary Increase Matrix
- Build or review and update current salary ranges
- Build salary increase matrix to distribute salary increase budget to employees

Bonus Allocation
- Consult on how to distribute variable bonus budget to employees

Benefits Scheme
- Benchmark and suggest for changes
- Build brand new benefits scheme

Workforce Metrics
- Benchmark your key workforce metrics vs market

Performance Management System
- Consult on how to build or improve your Performance Management System
Mercer, one of the leading global HR Consulting firms, has its head office located in New York, USA, and its Asia Pacific regional office located in Singapore. Having more than 20,500 employees based in 41 countries, Mercer operates in more than 130 countries.

Mercer Total Remuneration Survey (TRS) has always been considered the biggest and most reliable one in Vietnam market.

The publication date of Mercer TRS Reports is in mid September each year, the earliest publication date of Survey reports in Vietnam market and in the AP region. This provides companies timely market data to support companies preparing compensation budgets for next year.

Mercer HR consulting services have been offered to numerous leading MNCs and local companies in Vietnam.
About

- Originated from PwC Vietnam from 2007
- Offices in Ho Chi Minh city & Hanoi
- Also have Payroll Outsourcing & Staffing services (partner with ADP)
- Have more than 200 employees (18 employees in Mercer surveys & HR consulting business unit)
- We provide:
  - Mercer Remuneration Surveys
  - HR consulting services (JD, salary structure, benefits scheme, bonus scheme, PMS, ..) for both local clients and regional/global clients in joined project with Mercer
  - Most updated HR practices and trends in Vietnam and around the world
Why choosing Talentnet in association with Mercer

- The largest, most reliable remuneration database in Vietnam from 520 well established companies

- Report is published the earliest in Vietnam, on 16 September, with 2 separate databases for MNC & Local companies

- Huge number of positions (By Jobs: 1,489, By Job & PC Range: 2,305)

- Numerous QC tools to check to ensure data quality. Powerful WIN system to view and run reports across countries

- 18 consultants with solid years of experience in Mercer surveys to conduct surveys and support clients to use survey reports

- Wide network with clients to understand market insights. High level of commitment and customer service