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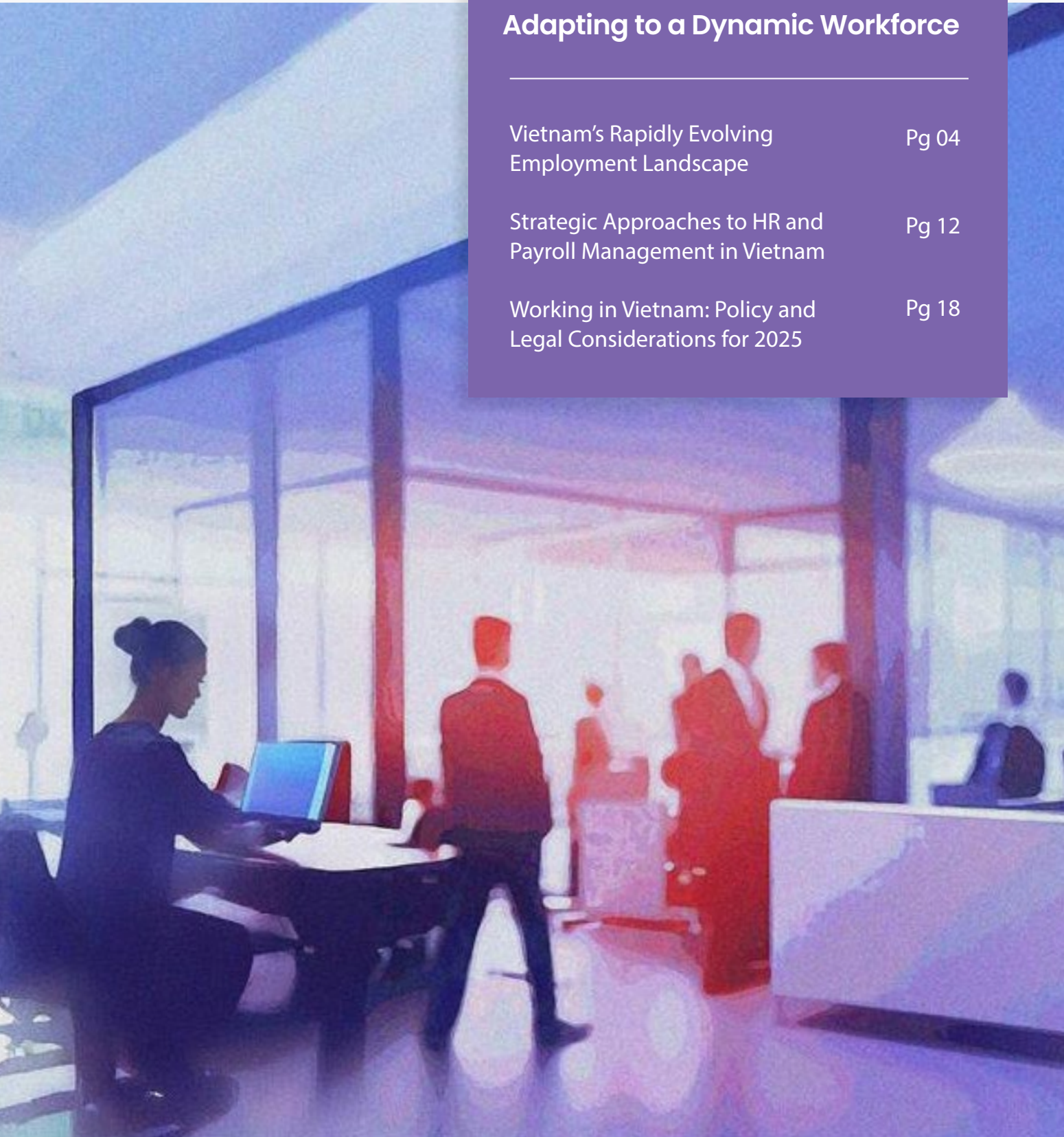
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Strategic HR & Payroll Management in Vietnam: Adapting to a Dynamic Workforce

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Introduction



VIVIE WEI
Country Director, Vietnam
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Welcome to the July 2025 issue of *Vietnam Briefing Magazine*, “Strategic HR & Payroll Management in Vietnam: Adapting to a Dynamic Workforce,” where we explore the transformative trends, challenges, and legal updates shaping Vietnam’s employment landscape. As the economy grows, businesses face evolving demands, new HR technologies, and stricter employment regulations for local and foreign workers, requiring agility and updated knowledge of the labor market and recruiting trends.

In Chapter 1, we examine Vietnam’s rapidly evolving employment landscape, driven by robust GDP growth, sectoral shifts, and demographic changes. This chapter provides a data-driven snapshot of the opportunities and pressures defining the workforce in 2025.

In Chapter 2, we introduce HR and payroll strategies for attracting and retaining talent amid rising expectations for remuneration, flexible work arrangements, and the adoption of AI. We also analyze advanced payroll technologies and automation tools that affect compliance and increase efficiency.

Finally, Chapter 3 outlines key legal and policy updates for 2025, including amendments to the Trade Union Law, expansion of social insurance, and streamlined work permit processes for foreign professionals.

Compiled and analyzed for HR leaders, entrepreneurs, and investors, this issue aims to equip executives, managers, and business leaders with actionable insights to align their workforce strategies with Vietnam’s fast-paced economic trajectory, ensuring compliance, competitiveness, and employee satisfaction in an era of transformation. For business inquiries, please contact us at **vietnam@dezshira.com**.

With kind regards,

Vivie Wei



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Vietnam's Rapidly Evolving Employment Landscape

Vietnam's employment landscape is evolving rapidly, driven by robust economic growth and demographic shifts. With a GDP growth rate of 7.09 percent in 2024, the labor market is experiencing significant job creation, particularly in service-oriented sectors.



Sudhanshu Singh

Editor

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Overview of Vietnam's economic growth and its impact on employment

Vietnam's labor market in 2025 is unfolding against the backdrop of robust economic momentum. According to the National Statistics Office (NSO), the country's gross domestic product (GDP) grew by 7.09 percent in 2024 and 7.52 percent in the first six months of 2025, its fastest first-half pace in 15 years.

This high-growth trajectory has significantly influenced employment generation. In H1 2025, Vietnam's workforce aged 15 and above reached 53 million, an increase of over 542,600 year-on-year.

Meanwhile, the number of employed workers rose to 51.9 million, representing an addition of 538,100 jobs. The strong GDP performance translated into job creation across various sectors.

Particularly notable was the rebound in service-based industries, which contributed more than half of the added economic value. Transportation,

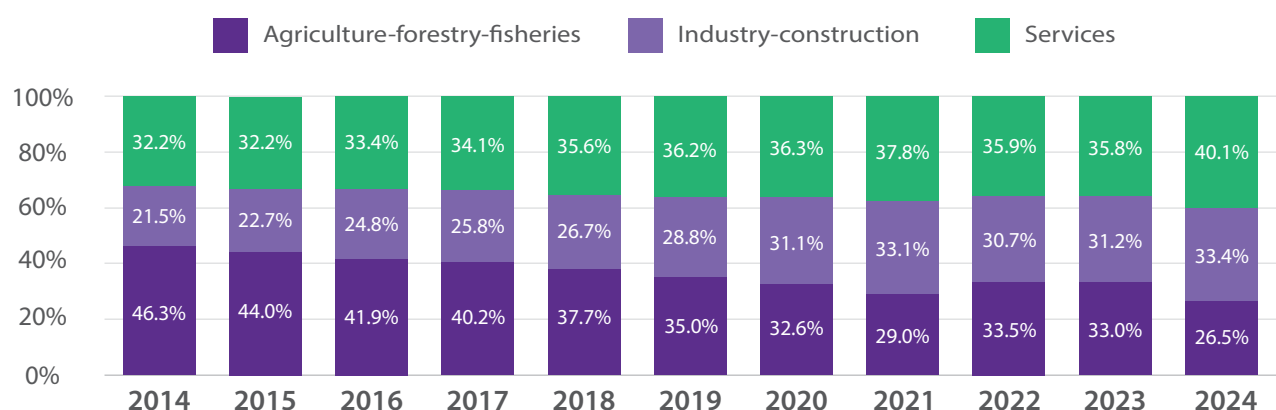
accommodation, communications, and retail were the major drivers of growth, all of which saw increased hiring post-pandemic. This trend aligned with expanded final consumption (up 7.95 percent) and exports (up 14.17 percent) in H1 2025.

Vietnam's labor force continues to be structured around three pillars: agriculture, industry, and services. However, there is a clear trend of gradual movement away from primary sectors toward manufacturing and tertiary industries, reflecting Vietnam's broader economic restructuring goals under Vision 2030.

These figures underscore Vietnam's evolving position as a regional manufacturing and services hub, driven by foreign direct investment (FDI), export-led growth, and domestic consumption.

As production scales and sectors modernize, the employment base expands and diversifies, setting the stage for new labor market opportunities and skill demands.

Vietnam's Employment Proportion by Economic Sector, 2014-2024



Source: Source: General Statistics Office (GSO)/Statista

Vietnam Labor Market – H1/2025 Snapshot

Labor force and employment



Labor force (15+):

53 million,
▲ 542,600 YoY



Employment:

51.9 million,
▲ 538,100 YoY



Labor force
participation rate:
68.2%

Employment by sector (Q1/2025)

Sector	Employed (mil)	Change (YoY)
Agriculture-Forestry-Fishery	13.5	▼ 243,700
Industry-Construction	17.2	▲ 258,500
Services	21.2	▲ 523,300

Average monthly income: VND 8.3 million, ▲ 10.1%

Unemployment & underemployment



Unemployment rate (working age):

2.22%, ▼ 0.04 pp YoY



Underemployed workers (15+):

1.72%, ▼ 0.33 pp YoY

Challenges



Labor Quality Gaps:

29% of workers are formally trained
(certificate/degree)



Informal employment rate:

63.9%

Source: GSO

Demographic shifts and workforce characteristics

Vietnam's labor market in 2025 is not only defined by economic dynamism but also by demographic transitions. The country's population reached 101 million by the first half of 2025, of which more than 53 million were part of the active labor force, according to data from the NSO.

The labor force participation rate stood at 68.2 percent, slightly higher than the previous year, and was consistently high for women, whose rate was recorded at 62.5 percent in Q2 2025.

Young workforce with an improving educational profile

One of the most prominent demographic traits shaping the employment landscape is Vietnam's youthful workforce. Individuals aged 25 to 49 accounted for over 61 percent of the total labor force, providing a solid foundation for labor-intensive industries such as manufacturing, textiles, and construction.

However, as the population gradually ages, a trend expected to begin in 2030, Vietnam will need to prepare for potential labor shortages and rising social protection needs.

The educational profile of the workforce is also improving steadily. In Vietnam, nearly 27 percent of workers hold a college degree or higher, while about 44 percent had completed upper secondary education. This shift indicates progress in workforce quality, but regional disparities remain. Urban centers like Hanoi, Ho Chi Minh City (HCMC), and Da Nang lead in educational attainment and digital literacy, whereas rural and mountainous regions continue to lag.

These variations are critical for businesses considering location strategies, especially those in knowledge-based sectors or needing skilled technical labor. For instance, provinces like Bac Ninh and Binh Duong have become magnets for electronics and logistics due to both infrastructure and workforce readiness.

Notable contribution from informal employment

Another critical trend is the increasing role of informal employment, which still comprises around 65 percent of total employment in Vietnam. While the informal sector provides livelihood opportunities, it also underscores vulnerabilities such as lack of contracts, limited access to social insurance, and fewer protections under the Labor Code.

Vietnam has begun taking steps to regulate and formalize this segment through efforts like Decree No. 38/2022/ND-CP, which prescribes minimum wage adjustments applicable even to informal workers. Additionally, programs under the *National Target Program for Sustainable Poverty Reduction (2021–2025)* aim to create pathways from informal to formal employment, especially in rural and underdeveloped areas.

A gender-balanced workforce

The gender dimension of Vietnam's labor force also merits attention. Vietnam has consistently maintained a high female labor force participation rate centered around 70 percent in last two decades, on the back of family-friendly laws, affordable and accessible childcare and numerous maternity benefits, as well as high educational attainments for both men and women. While the gender gap in labor participation is relatively narrow, women remain overrepresented in lower-paying service and agriculture roles.

Sectors leading employment growth

Vietnam's employment dynamics are increasingly shaped by shifts in sectoral growth, trade policy, and investment patterns. As of 2025, three primary economic sectors, industry and construction, services, and agriculture, constitute the foundation of the national labor structure. According to the NSO, the services sector has now overtaken agriculture as the largest employer, reflecting a steady transformation toward a modern, diversified economy.

Manufacturing and export-driven industries

The manufacturing sector remains a robust engine of job creation, particularly in electronics, textiles, and footwear. Provinces like Bac Giang, Hai Phong, and Long An have attracted sustained FDI from tech giants such as Samsung, Foxconn, and LG, creating thousands of jobs. The electronics segment alone employs over 1.5 million workers, while the textile sector, buoyed by trade deals like the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), accounts for approximately 2.5 million jobs.

Construction and infrastructure also demonstrate strong labor absorption, supported by public-private partnerships (PPP) under frameworks such as Decree No. 35/2021/ND-CP on investment in the PPP model. Urban development, transportation corridors, and affordable housing projects are among the most significant drivers for labor absorption.

Growth of the services sector

The services sector has gained prominence, employing nearly 40.1 percent of the workforce and 42.3 percent of the gross value added as of 2025. Vietnam's rapid urbanization, coupled with rising disposable incomes and digital adoption, has stimulated expansion in

e-commerce, banking, education, and tourism.

Information and communication technology (ICT) services are projected to grow by a compound annual growth rate (CAGR) of 13.6 percent from 2025 to 2033, with software development, digital banking, and cloud infrastructure among the top recruiters.

Retail and logistics continue to benefit from consumer demand and e-commerce growth, with players like Shopee, Tiki, and Lazada scaling operations and hiring aggressively.

Financial services are also evolving. As part of Decision No. 241/QĐ-TTg, the government's strategy for cashless payments aims to bring 80 percent of adults into formal banking by the end of 2025, increasing demand for fintech and banking professionals.

Vietnam's value of digital payment transactions is expected to reach over US\$45 billion by 2028, making Vietnam the fourth-largest digital payments market in Southeast Asia.

Resilience and challenges in agriculture

Despite its reduced share, the agriculture and forestry sector still play a critical role in rural employment, especially in the northern highlands and the Mekong Delta. Vietnam's coffee, rice, and aquaculture are the top export earners and continue to rely on seasonal labor.

However, these sectors face challenges due to climate vulnerability, low productivity, and informal employment structures. To tackle these issues, policies under Resolution No. 53/NQ-CP aim to promote high-tech agriculture and rural digital transformation by modernizing production methods and integrating smallholders into formal supply chains.

Influence from investment flows

Foreign and domestic investment continues to shape employment trends. According to the Foreign Investment Agency (FIA) under the Ministry of Finance, in the first five months of 2025 alone, Vietnam attracted over US\$18.5 billion in registered FDI, with manufacturing (56.5 percent) and real estate (27 percent) accounting for the majority. Investors from South Korea, Singapore, and Japan were the top contributors, reinforcing labor demand in export-oriented sectors.

Overall, Vietnam's employment growth is increasingly spread across a broad range of sectors and regions. While manufacturing remains pivotal, services, especially ICT, logistics, and finance, are emerging as high-potential growth areas. Agriculture, though declining in relative share, remains essential for inclusive employment and rural livelihoods.

Labor market challenges and opportunities

As Vietnam's economy continues to evolve, the labor market is experiencing a range of complex challenges and emerging opportunities. These developments are shaped by technological transformation, demographic pressures, gaps in the education system, and the country's integration into global trade networks. Navigating these issues effectively is key for businesses and investors looking to engage with Vietnam's fast-growing economy.

Workforce-skill mismatch and educational alignment

A persistent challenge in Vietnam's labor market is the mismatch between workforce skills and industry demand. Despite the growing number of university graduates - projected to surpass 3 million by 2030 - many lack practical experience or specific technical

skills needed in high-growth sectors like electronics, artificial intelligence (AI), software engineering, and data analytics.

Vietnam's government has taken some steps to align vocational training with market requirements. The most notable initiatives include:

- **Resolution 57-NQ/TW**, which aims to enhance Vietnam's R&D ecosystem by increasing R&D spending to 2 percent of GDP and advancing fields like AI, IoT, big data, blockchain, quantum computing, and satellite technologies; and
- **Decision 1705/QD-TTg and Decision 1600/QD-TTg**, which aims to raise the share of international students in Vietnam from 0.5 to 1.5 percent and targets for over 20 percent of higher education programs to be offered in partnership with international institutions ranked in the global top 500.

Nevertheless, only about 28.8 percent of the labor force is considered "highly skilled," according to the 2025 National Statistical Office Employment Survey, highlighting the need for continued investment in education and training.

Informality and wage inequality

Informal employment remains a structural issue. As of 2024, 37.8 million workers in Vietnam lack formal vocational training and only 28.1 percent hold certifications. This number is concentrated in informal sectors of agriculture, retail, construction, and transportation. This leads to reduced job security, limited access to social insurance, and suppressed productivity.

According to a survey by the International Labor Organization (ILO), female workers were more likely to be informally employed (own-account or

contributing family workers) and more frequently found in elementary occupations compared to male workers. Gender-based wage gaps also remain, with women earning 11 percent less on average than men in equivalent roles.

Labor mobility and migration

Labor mobility, both domestic and international, is significant. Many workers move from rural areas to urban centers like HCMC, Hanoi, and Da Nang for better wages. This internal migration stresses urban infrastructure and leads to overcrowding.

Internationally, Vietnam exports labor through agreements with Japan, South Korea, and Taiwan. In 2024, Vietnam sent over 150,000 workers abroad, a 10 percent increase from 2022. This impacts remittance income (over US\$16 billion in 2024) and skills development, but underscores the need for improved domestic job quality to retain talent. Labor exports mainly focus on manufacturing, services, construction, and agriculture, offering wages 160-500 percent higher than in Vietnam.

Opportunities from digital transformation

Despite these constraints, digitalization is opening new doors for employment and entrepreneurship. The government's Digital Infrastructure Strategy focuses on expanding 5G coverage nationwide, enhancing data infrastructure, integrating IoT, and improving digital services. By 2030, the country aims to achieve 99 percent 5G coverage, deploy six new undersea fiber optic cables, and establish advanced, AI-ready, and environmentally sustainable data centers.

The rise of remote work models and freelancing has been particularly beneficial for Vietnam's young, tech-savvy population. Digital platforms now allow

individuals to access global work opportunities in graphic design, content writing, coding, and digital marketing. Formalizing this sector is a work in progress, but it represents a growing part of Vietnam's modern employment landscape.

Vietnam heads toward a resilient and adaptive workforce

Vietnam's employment landscape stands at a critical inflection point. As the country navigates the twin forces of digital disruption and demographic transition, the labor market is being reshaped toward higher productivity, better skill alignment, and more formalized work structures. Policymakers, investors, and enterprises are closely watching how Vietnam balances its development goals with workforce inclusivity and adaptability.

Embracing Industry 4.0 and green transitions

The government's focus on Industry 4.0 technologies, such as AI, automation, IoT, and big data, will have a profound impact on labor demand. The *National Strategy on Research, Development, and Application of Artificial Intelligence to 2030*, introduced in 2021, outlines a phased approach to research, development, and large-scale application. This strategy aims to position Vietnam as a leading hub for AI innovation in ASEAN by 2030.

The National Strategy on the Fourth Industrial Revolution envisions Vietnam becoming a major hub for digital manufacturing and smart services. This transformation will reduce reliance on low-skilled manual labor and increase the demand for engineers, data analysts, cybersecurity experts, and digital marketers.

Alongside the digital push, Vietnam is committed to sustainable development and green jobs. The

National Green Growth Strategy 2021–2030, along with Environment, Social, and Governance (ESG) initiatives, promotes green industries, climate-resilient agriculture, and renewable energy. Job creation in solar and wind energy projects, sustainable construction, and circular economy ventures is expected to grow, supported by investment incentives and retraining programs.

Regional competitiveness and foreign investment

Vietnam's status as a dependable and affordable labor makes it an attractive destination for FDI. It scores highly on global FDI confidence rankings, especially in sectors like electronics, renewable energy, and logistics. Its memberships in ASEAN, CPTPP, and the Regional Comprehensive Economic Partnership (RCEP) facilitate access to expansive markets and enhance its position in global value chains.

The government is improving one-stop-shop licensing procedures, offering tax incentives and implementing favorable labor policies to draw in high-tech investors, particularly those diversifying under the China+1 strategy. As trade partners increasingly require ESG compliance, Vietnam's labor regulations are becoming more aligned with international standards.

Changing demographic structure and inclusivity

Current demographic projections indicate that Vietnam's golden population window, a phase characterized by a high working-age demographic, may close by 2040. The working-age population is expected to peak in 2042, leading to negative growth starting in 2054. In 2024, 67.4 percent of the population was aged between 15 to 64 (down from 68 percent in 2019), while the share of children under 15 decreased to 23.3 percent. Meanwhile, the elderly population (65 and above) was 9.3 percent, up by 1.6

percentage points in five years. This will have critical consequences, including labor shortages, accelerated population aging, and pension pressures.

To harness the current demographic dividend, targeted investments in vocational education and soft skills training are essential. Laws and programs, such as the newly updated Population Ordinance No. 06/2003/PL-UBTVQH11, are already in place to address demographic transition and expand technical training aligned with the needs of the private sector. Gender equality also remains a focus. Although women constitute nearly 69.1 percent of the labor force, they are still underrepresented in leadership and STEM roles, even though Vietnam's gap is smaller compared to regional and global peers.

Government policies and economic influences

Vietnam's labor market evolution is closely tied to the country's macroeconomic strategies, legislative reforms, and efforts to integrate globally. As the government targets higher-value economic activities and wider global supply chain participation, its employment policies have followed suit, adapting to labor demand in tech-intensive and service-oriented sectors, while maintaining a safety net for traditional industries.

Strategic planning and national frameworks

At the center of Vietnam's policy direction is the *Socio-Economic Development Strategy 2021–2030*, which underscores innovation, digital transformation, and human capital development as key pillars. Within this framework, several labor-related targets are emphasized:

- Achieving an annual GDP growth rate of 6.5 percent to 7 percent;

- Increasing the trained labor force rate to 75 percent by 2030; and
- Reducing unemployment in urban areas to below 4 percent.

Supporting this agenda is Resolution 57-NQ/TW, which promotes science and technology as major employment avenues for socio-economic development, and aims to create a labor force capable of adapting to Industry 4.0 dynamics.

Digital economy and startups

Government commitment to the digital economy has emerged as an important policy driver influencing employment creation. Vietnam's Master Plan to 2030 includes the development of high-speed internet, green data centers, and specialized ICT parks, while also prioritizing cybersecurity measures to position the country as a prominent hub for network security in Asia by 2030.

Vietnam's data center economy is forecasted to reach US\$1.03 billion in growth by 2028, and data centers will serve as the backbone of Vietnam's digital capabilities.

Decision No. 677 outlines a strategy for nurturing the development of the country's digital knowledge systems, with a specific focus on harnessing the expertise and capabilities of foreign companies in the field of ICT to facilitate knowledge sharing. The primary objective of this initiative is to enhance the skill set of the local workforce in ICT.

The cultivation of Vietnamese startups, particularly in fintech, edtech, and agritech, is also supported by National Innovation Centers, which offer tax and infrastructure incentives for tech entrepreneurs. This has expanded the freelance economy and created non-traditional employment avenues for the youth.

In brief

Vietnam's labor market is entering a dynamic new phase, defined by technological transformation, demographic resilience, and forward-looking policies. The country's employment ecosystem, supported by a blend of public investment, international partnerships, and private sector innovation, is well-positioned to meet the demands of a modern, competitive economy. 🌸



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Amended Vietnamese Nationality Law: Key Updates for Foreign Workers

June 26, 2025 | Vietnam Briefing Article

As Vietnam seeks to diversify its talent pool with high-skilled workers from abroad, its National Assembly (NA) has approved a new law amending the Law on Vietnamese Nationality.

While incorporating the existing provisions under Decree 16/2020/ND-CP ("Decree 16"), the amended law also offers more flexible conditions for foreign investors, scientists, and experts seeking Vietnamese citizenship.

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Strategic Approaches to HR and Payroll Management in Vietnam

Vietnam's labor market is undergoing a profound transformation amid rapid economic growth and shifting workforce dynamics. With a new focus on flexible work environments and meaningful roles, organizations must adapt HR and payroll strategies to meet evolving workforce demands.



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What do Vietnam's talents seek?

Vietnam's dynamic economic growth and attractive investment policies for prioritized sectors have been notable perks for businesses and investors seeking opportunities in the country.

However, with only 28.8 percent of workers having formal training significant labor quality gaps escalate competition for high-skilled personnel, especially in green and digital sectors. This shift, along with the projected changes in Vietnam's workforce, has influenced how businesses recruit and retain talent in the country.

Simultaneously, according to a survey by Talentnet, Generation Z (Gen Z), which is projected to make up 34 percent of Vietnam's workforce by 2030, will reshape the work environment with new perspectives and lifestyles. In addition to motivations stemming from market demands and governmental orientations, their preferences will infuse a breath of fresh air into the country's office life.

Hybrid work structures on the rise

The habit of remote work, which became customary during COVID lockdowns, has evolved into a preference for a hybrid work models among many employees. Research co-published by The Sentry and Decision Lab in September 2024 revealed that 62 percent of survey respondents enjoyed a mix of office and remote work, compared to 15 percent who preferred to work only in the office and 9 percent who said they want a fully remote role.

The trend indicates a growing desire for a flexible working arrangements and better work-life balance among employees. Companies have widely acknowledged this shift. Sectors such as IT, education, and finance are implementing hybrid models to attract and retain top talent.

Open to new opportunities

A study conducted earlier this year by researchers at Adecco Vietnam found that 65 percent of

professionals surveyed reported salary increases of less than 10 percent in 2024. In contrast, 15 percent received raises greater than 20 percent this year. Expectations for 2025 are even more optimistic, with 37 percent predicting raises over 20 percent.

The disparity between expectations and challenging realities has prompted many to explore new opportunities, with 72 percent of respondents open to a career change in 2025, rising from 69 percent in 2024 and 37 percent in 2023. This trend emphasizes a dynamic talent market, presenting both challenges and opportunities for employers. While most employees decide to remain with their current companies for various factors, including earnings, career development opportunities, company culture, and work-life balance, salary stands out as the primary motivator when seeking new opportunities.

AI adoption by mid-level managers

As reported by Adecco, AI adoption in Vietnam is primarily centered on basic automation tasks like simple coding, customer service, data analysis, and content creation. Its application spans various management levels.

Mid-level managers are increasingly utilizing AI for analysis and planning, whereas senior leaders are employing it as a sophisticated tool for forecasting, aiding decision-making, and optimizing operations. Adecco’s survey reveals that 65 percent of participants recognize AI’s efficiency, 54 percent acknowledge its contribution to strategic thinking, and 35 percent emphasize the necessity for upskilling to enhance its impact.

Key Salary & Compensation Insights in Vietnam

 **77%** of businesses are giving pay rises in 2025

 **84%** of professionals are looking for a new job in 2025

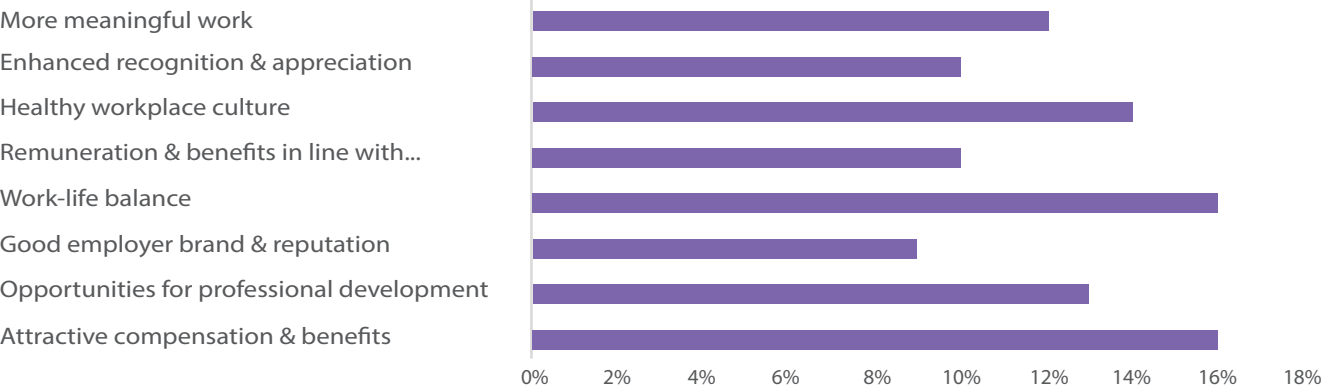
 **1.4 years** – Average tenure of professionals

 **54%** of professionals are confident about job opportunities in their sectors

 **48%** of professionals are expecting a pay rise in 2025

Source: Robert Walters

Top Reasons Employees Stay in Their Current Roles



Source: Adecco

Purposeful work prevails for Gen Z

Gen Z is transforming job roles and structures with their focus on meaningful work. According to Decision Lab’s survey, this generation places a high value on purpose, with 37 percent indicating it as their key factor for job satisfaction. Notably, 26 percent of Gen Z workers feel uneasy about monotonous tasks, while 32 percent fear they may not reach their full potential.

In response, innovative companies are adopting purpose-driven job designs that align individual tasks with broader organizational goals. For instance, objectives and key results (OKR) frameworks effectively link company missions to the contributions of individual team members. Ongoing “purpose alignment” conversations enhance traditional performance evaluations, ensuring a fit between employees’ personal values and corporate objectives. This alignment fosters a more engaged and motivated Gen Z workforce, addressing their concerns about job satisfaction and personal development.

Technology application in HR and payroll management

Benefits of HR and payroll technologies

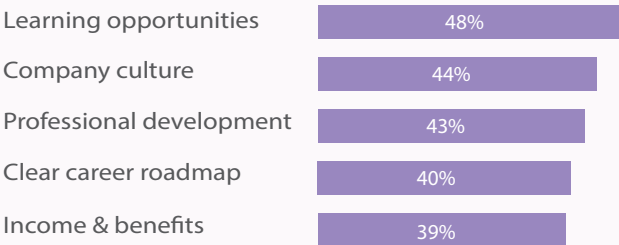
For multinational firms, adapting HR and payroll

management to various markets poses a daunting challenge that typically demands labor-intensive operations and manual data entry, leading to significant risks of inaccuracies and human errors. The emergence of new technologies has provided a much-needed solution to these concerns, enabling businesses to effectively implement recruitment and retention strategies and optimize their talent management.

Some of the most considerable merits of technology application in HR and payroll management include:

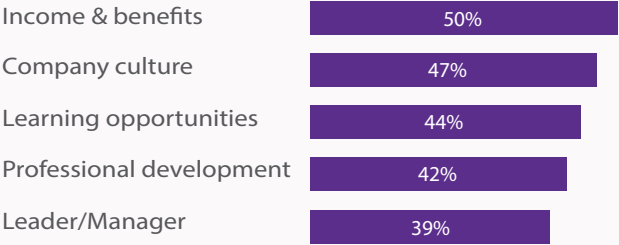
- **Speeding up hiring processes:** AI is transforming recruitment by optimizing operations, reducing costs, and speeding up hiring. Platforms like LinkedIn’s AI hiring assistant incorporate features to streamline the recruitment lifecycle, automating tasks like job postings, candidate sourcing, and preliminary screenings, thereby enhancing efficiency.
- **Enhancing accuracy:** Leveraging technology enhances accuracy by linking employee and timekeeping data directly to payroll software. This automation minimizes manual input, allowing employees to quickly and accurately generate salary slips based on pre-defined formulas.
- **Reducing costs:** Businesses nowadays can choose ready-made solutions or outsource through Software-as-a-Service (SaaS) instead of

Key Drivers in Choosing a Workplace: Gen Z (1997-2003)



Source: Decision Lab

Key Drivers in Choosing a Workplace: Gen Y (1981-1996)



developing software in-house for their HR and payroll management. SaaS models are typically more cost-effective than traditional software licensing, as they save organizations the expense of developing, maintaining, and updating systems.

- **Ensuring data security:** Salary information, being sensitive and confidential, faces a higher risk of data breaches when locally stored. To enhance security, payroll systems should be on cloud-based HR management platforms, allowing access only through authorized accounts and ensuring that sensitive information remains protected for verified personnel.
- **Securing payroll outsourcing:** Technology enables centralized, cloud-based payroll systems

that synchronize all salary data, enhancing security and reducing data fragmentation.

Implementation of automated payroll systems

When it comes to payroll processing, most HR departments encounter the time-consuming and burdensome nature of various management tasks, such as calculating employee wages, withholding the correct amount of taxes, generating payslips, and filing tax returns. This situation has led to the growing popularity of automated software that manages payroll for businesses, serving as an effective tool to minimize human error, enhance operational efficiency, and standardize compliance.

Top Recruitment and Retainment Strategies for the Vietnam Market

Strategy area	Key approaches	Employer considerations
Harmonized compensation, recognition and work culture strategies	- Align compensation and benefits with industry standards - Recognize employee achievements (monetary and non-monetary) - Promote inclusive, positive culture - Encourage work-life balance, teamwork and collaboration	- Implement employee appreciation programs to boost morale - Maintain engagement with employees to learn their needs - Reinforce company values through daily operations
Leverage AI recruitment	- Use AI for job posting, sourcing, and screening - Enhance operational efficiency - Balance automation with human judgement	- Train staff on ethical AI use and bias mitigation - Combine AI tools with human insight for interpersonal and cultural evaluations - Treat AI as a long-term investment
Implementing flexible working models	- Offer personalized hybrid models beyond fixed in-office days - Consider “window working” (flexible hours with collaborative overlap)	- Clearly define and communicate work model policies - Avoid one-size-fits-all return mandates - Tailor flexibility to employee needs and local conditions
Investing in upskilling and cross-training	- Offer lateral moves and cross-functional opportunities - Foster a “career lattice” over the traditional ladder - Highlight growth in recruitment messaging	- Link development programs to personal goals - Encourage internal mobility and reskilling - Support succession planning through skills diversification

While there is no single approach to effectively implementing payroll automation, companies should consider the following steps:

Step 1: Assess current payroll processes

- Map out your existing payroll workflow.
- Identify repetitive, time-consuming, or error-prone tasks (e.g, manual overtime calculations, Excel data entry).
- Define clear automation goals (e.g., improving accuracy, saving time, ensuring compliance).

Step 2: Centralize employee data

- Gather and verify all employee data (salaries, benefits, tax status, banking details).
- Store information in a single, secure location to ensure consistency and accessibility.

Step 3: Configure payroll automation systems

- Customize settings for pay frequency, employee classifications, and regional tax rules.
- Set up workflows for bonuses, deductions, and overtime.
- Enable self-service portals for employees to access payslips and update personal details.

Step 4: Integrate with other systems

- Connect payroll software with HR, accounting, and time-tracking tools.
- Eliminate data silos and ensure seamless information flow across departments.

Step 5: Test the system before full rollout

- Run simulations with a small group to validate calculations (wages, taxes, bonuses, reimbursements).
- Identify and resolve errors before full implementation.

Step 6: Implement in phases and scale gradually

- Start with a pilot group (one team or location).
- Monitor performance, gather feedback, and make adjustments.
- Expand automation company-wide once the system is optimized.

The above approach offers a framework for self-modifications to develop the most suitable practices for each company.

Conclusion

The strategic approach to HR and payroll in Vietnam is evolving, with shifting priorities. As a diverse and dynamic workforce, especially driven by younger generations, companies must adapt to these changes to succeed in the evolving economy.

Although payroll automation simplifies management, businesses must consider factors when choosing the right solution. MNCs need software that handles global payroll complexities, stays updated with tax laws, and integrates smoothly with existing HR, finance, and in-house systems. As businesses grow, their payroll solutions should provide scalability and support multiple currencies, jurisdictions, and employee types. It is essential to recognize that payroll operates under stringent deadlines, necessitating the assurance of timely responses when processed by the automated platforms. 🌸



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Top Payroll Software in Vietnam

Software (provider)	Key features	Pros	Cons
AMIS Tien Luong (MISA AMIS)	Automatic salary calculation, KPI-based, insurance & tax integration, payroll reports, employee confirmation portal	Easy to use, highly accurate, flexible customization, strong customer support, secure	Complex setup for unique pay structures; annual subscription model
CorePayroll (CoreHRM)	Weekly/monthly salary calculation, tax compliance, employee self-service, leave and allowance tracking	Good security, quick payroll processing via Excel data, supports allowances, basic reporting	Lacks integration with timekeeping; limited feature depth
FastWork Payroll (FastWork)	Integrated with KPI & timekeeping, detailed access control, 3P salary structure, customizable templates	High security, strong ecosystem integration, user-level control, versatile exports	High costs, lacks advanced HR analytics features
DigiiC&B (OOS Software)	Full automation, multi-shift/location handling, KPI-linked, graphical payroll reports	Integrates with time attendance devices, flexible salary structures	Cannot handle complex data sets
Tanca (Tanca.io)	Tiered salary levels, Excel-like formulas, mobile payslip access, AI-enabled timekeeping	Low cost, flexible for all scales, bilingual support, good timekeeping integration	Occasional system bugs; no automatic leave-time aggregation
FTSHRM (FTS Vietnam)	Shift-based salary calculation, automatic overtime rounding, HR record storage, detailed reports, asset and training management	Covers full HR spectrum, customizable, suitable for large organizations	High infrastructure costs, not ideal for small businesses
Paradise HRM (Paradise)	Free payroll tool with tax, bonuses, and leave tracking	Free, handles various pay types, social insurance integration	Less user-friendly; depends on internet connection
Ecount ERP (Ecount Inc.)	Cloud-based, integrates payroll with timekeeping, allows bulk payslip emails	Intuitive UI, centralized pay data, email automation	Limited advanced customization, some manual work required
1Office (1Office)	Automatic sync with KPIs, online salary approval, insurance & tax calculation, multi-dimension reports	Comprehensive reporting, scalable, automatic monthly payslip dispatch	Requires user onboarding time; more suitable for large organizations
Base Payroll (Base.vn)	Formula builder, HRM integration, pay cycle setup, version history, customizable reporting	Fully automated, integrable with Base suite, tailored config	No free trial; requires initial setup from scratch



Working in Vietnam: Policy and Legal Considerations for 2025

As Vietnam prepares for significant labor developments in 2025, a comprehensive understanding of its employment policies and legal frameworks becomes essential for businesses and workers alike.



Vu Nguyen Hanh
Editor
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Author

Legislative and institutional backbone

Vietnam's employment regulations are grounded in the amended Labor Code 2021, which provides the legal framework for employment contracts, collective bargaining, gender equality, and worker protections. Its supporting decrees include:

- Decree No. 145/2020/ND-CP, which guides the implementation of labor rights in private enterprises, including maternity policies, workplace safety, and minimum wage compliance;
- Decree No. 152/2020/ND-CP, which regulates foreign workers and facilitates work permit procedures; and
- Decree No. 70/2023/ND-CP, amending and augmenting specific provisions outlined in Decree No. 152;

Salary and wages

Vietnam's minimum wage regime, adjusted annually, has a direct impact on employment dynamics,

particularly in labor-intensive sectors such as textiles and food processing. While the regional minimum wage remains unchanged, the two-level administrative model, effective as of July 1, 2025, has significantly altered how regions are categorized.

Trade unions

Vietnam's new Trade Union Law will come into force on July 1, 2025, after being enacted in November 2024. The new law is expected to bring about changes to protect the rights of foreign workers in Vietnam, especially by allowing them to join trade unions.

In Vietnam, employers and employees have the option to voluntarily form a trade union. If a company and its employees decide to create a grassroots trade union, a combined monthly contribution of 3 percent of total salary costs will go to the trade union fund.

This includes an additional 1 percent contribution

Region	2025 Minimum Monthly Wage (VND)	US\$
Region I	4,960,000	190.5
Region II	4,410,000	169.4
Region III	3,860,000	148.3
Region IV	3,450,000	132.5

from employees' salaries and a 2 percent contribution from the employer to the fund.

Social insurance

Various updates from Law No. 41/2024/QH15 on Social Insurance, the revised Law No. 51 on Health Insurance, and Decree No. 158/2025/ND-CP, effective July 1, 2025, have changed Vietnam's social insurance system. The country now requires coverage for part-time and seasonal workers under certain contract conditions.

Both the employer and employee must contribute to Social, Health, and Unemployment Insurance (SHUI) at the following rates:

According to the 2024 Social Insurance Law, at the time of payment, the salary used as a basis for compulsory social insurance must be at least equal to the regional wage plus 7 percent for trained jobs, and should not exceed 20 times the reference level (also called the statutory pay rate).

The reference level is the amount determined by the government for calculating payment and benefit levels for certain social insurance benefits. It is adjusted based on increases in the consumer price index (CPI) and economic growth, taking into account the state budget's capacity and the social insurance fund.

Additionally, starting January 1, 2026, the 2025 Employment Law will take effect with significant changes to unemployment insurance (UI) regulations. Businesses must thoroughly review the revised law for compliance, as it is expected to expand UI coverage, modify contribution mechanisms, and introduce new management systems.

Personal income tax

Vietnam's Law on Personal Income Tax (PIT) recognizes 10 different categories of income, with a host of different deductions, tax rates, and exceptions applying to each of them.

A tax resident in Vietnam is defined as an individual who has stayed in the country for 183 days or more within a calendar year or during any 12 consecutive months following their arrival date.

These tax residents are liable to pay PIT on their global employment earnings, irrespective of where the income is generated or paid, with rates that range from 5 percent up to a maximum of 35 percent.

It is important to note that the initial VND 11 million (approximately US\$421) of an individual's income is exempt from PIT, and this exemption can be increased depending on the number of dependents the employee has registered, which adds VND 4.4 million (approximately US\$168) for each dependent.

Insurance Type	Employer Contribution	Employee Contribution
Social insurance	17.5% of salary	8% of salary
Health insurance	3% of salary	1.5% of salary
Unemployment insurance	1% of salary	1% of salary



RELATED READING

Salary and Wages in Vietnam

Doing Business in Vietnam

Vietnam's business environment, free trade costs, and its ideal location as a China plus one destination make it favorable among foreign investors looking to relocate or diversify their operations.

However, as Vietnam's economy continues to grow, increasing wages will be an unavoidable feature of doing business in the country and is increasingly important for companies to understand how to navigate.

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or upon arrival at a Vietnamese airport. Alternatively, for short trips or initial entry, foreigners can apply for an online e-visa, which does not require employer sponsorship. For long-term work and residence, obtaining a work permit (or exemption) and a temporary residence card (TRC) is mandatory after entry, allowing legal stay and work in Vietnam.

However, visas in Vietnam, such as business visas and visa exemptions, as well as resident cards, do not confer employment rights and are intended solely for immigration purposes.

According to current legislation, all foreign individuals must obtain a work permit before starting any employment in Vietnam, unless they meet certain exemption criteria and possess the appropriate Exemption Certificate.

Non-resident taxpayers are subject to PIT at a flat rate of 20 percent on their Vietnam-sourced income.

Visas and work permits

To work and stay in Vietnam for an extended period, foreigners are required to obtain an appropriate visa type, such as a business visa (DN1/DN2) or an e-visa (valid for up to 90 days, single or multiple entry). For business visas (DN1/DN2), the sponsoring company in Vietnam must first submit an application to the Immigration Department for visa approval.

Once approved, the foreign national can collect the visa at a Vietnamese embassy or consulate abroad

Vietnam's Ministry of Home Affairs (MOHA) recently submitted a draft decree to replace existing regulations on foreign employees working in Vietnam, which are currently governed by Decree No. 152/2020/ND-CP ("Decree 152"), amended by Decree 70/2023/ND-CP ("Decree 70"). Some of the most notable changes include removal of title-based eligibility, elimination of pre-approval requirements, and preferential policies for high-skilled experts

Hiring Professionals in Vietnam: Recommendations for 2025

Vietnam's labor market in 2025 offers a vibrant yet increasingly complex environment for employers.

Driven by strong GDP growth, impactful legal reforms, and demographic strengths, the country remains one of Asia's most appealing destinations for foreign investment. A workforce of 53 million— young, increasingly educated, and urban— supports Vietnam's role as a key regional center for manufacturing, services, and digital innovation.

However, employers face significant challenges. Gaps in labor quality persist, while wage expectations are rising in tandem with living costs and urban migration. At the same time, new payroll technologies, along with the growth of AI and automation, are transforming compliance and efficiency standards across different industries.

Looking ahead, 2025 will be a vital year for businesses to review and adapt their recruitment strategies in Vietnam. For the year and beyond, firms are encouraged to consider the following actions to strengthen their HR management:

- **Invest in workforce development:** Upskilling and reskilling should be strategic priorities. Firms shall leverage Vietnam's growing vocational ecosystem and consider co-developing training programs with local institutions to secure long-term talent pipelines.
- **Adopt smart payroll systems:** Enterprises shall apply digital tools to ensure compliance with evolving tax, insurance, and reporting rules while improving efficiency and employee satisfaction.
- **Balance compliance with competitiveness:** It is necessary to keep updated with legal changes, such as expanded social insurance and work permit simplifications, to ensure compliance. However, businesses can take advantage of the government's labor incentives, such as the new Nationality Law, to attract foreign talent to the market.
- **Formalize informality:** Where possible, businesses

shall transition informal roles into formal employment structures to access government incentives, reduce risks, and improve retention.

- **Localize hiring strategies:** Consider regional workforce disparities when expanding. Provinces like Bac Ninh and Dong Nai offer both infrastructure and skilled labor, while other areas may require stronger training and onboarding support.
- **Plan for demographic shifts:** Firms must prepare for long-term transitions such as population aging and shrinking rural labor availability by investing in automation and regional recruitment.

Vietnam's evolving policy landscape for employment in 2025 highlights a robust commitment to worker rights and safety.

Businesses operating in Vietnam must stay informed and adapt to these changes to ensure compliance and promote a positive workplace culture that aligns with the nation's progressive labor standards.

Those prioritizing strategic, compliant, and tech-enabled HR and payroll management will be best positioned to attract top talent and drive sustainable growth in 2025 and beyond. 🌸



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E-ID Registration Guide for Foreign Residents

Vietnam has implemented an electronic ID (e-ID) system for all residents, including foreigners, to simplify procedures and improve digital access to public services.

What are e-ID accounts for foreigners?

According to Vietnam's laws, e-ID is information in the digital identification and authentication system that allows unique identification of an individual, agency, or organization. An e-ID account is used to log into and access features and utilities on the VNeID mobile application. E-ID accounts for individuals have two levels: while Level 1 grants access and use of basic e-ID features, Level 2 allows authentication for banking, rental agreements, and access to public services, plus storing electronic documents via the VNeID app.

The VNeID app enables digital applications for Level 1 e-IDs. However, Level 2 e-IDs must be applied for in person at the immigration management agency under the Ministry of Public Security (MPS) or the provincial public security office.

How to obtain the Level 2 e-ID?

Those who wish to register for Level 2 e-IDs must have a valid temporary or permanent residence card as of July 1, 2025. This procedure is **free of charge**.

Foreign nationals under the age of 14 must be accompanied by a guardian or legal representative when presenting for Level 2 e-ID registration. For children aged 6 to under 14, the guardian must use their own verified mobile number to complete the application on the child's behalf.

The procedure is as follows:

- **Step 1:** Visit an immigration management office under the Ministry of Public Security. The offices will receive applications during working days, from Monday to Friday, except on holidays, as per the law.
- **Step 2:** Present your passport, valid residence card, and completed Form TK01 (as per Decree No. 69/2024/ND CP).
- **Step 3:** An officer will input your details into the system, capture your facial image and fingerprints, and verify them with the national immigration database. Your consent will be confirmed before the registration continues.
- **Step 4:** The request is submitted to the electronic identity and authentication authority for account creation.
- **Step 5:** You will receive the result of your registration via the VNeID app, your verified mobile number, or email.

Depending on specific cases, the processing time may vary. However, the statutory timeline is prescribed as follows:

- **Three working days** if your photo/fingerprints are already in the national database; or
- **Seven working days** otherwise.

Periodic Labor Reports for Businesses

Report	Deadline
Monthly report on labor fluctuations (increase/decrease in employees) (if any)	Before the 3rd of each month
Enterprises employing foreign workers report on the use of foreign labor	Before January 5
Summary report on occupational accidents	
Report on occupational safety and hygiene	Before January 10
Occupational health report	
Report on unemployment insurance participation	Before January 15
Report on labor changes in the first 6 months of the year	Before June 5
Labor leasing enterprises: report on labor leasing in the first 6 months of the year	
Employment service enterprises: report on their operations in the first 6 months of the year	Before June 20
Summary report on occupational accidents in the first 6 months of the year	
Enterprises employing foreign workers: report on foreign labor usage in the first 6 months of the year	Before July 5
Occupational health report for the first 6 months of the year	
Report on labor changes	Before December 5
Enterprises conducting in-house occupational safety and hygiene training; organizations operating technical safety inspections: annual report on occupational safety and hygiene training results	
Organizations conducting technical safety inspections: written report on operations	Before December 15
Organizations conducting workplace environmental monitoring: written report on operations	
Report on the supply/leasing of Vietnamese workers to foreign organizations/ individuals in Vietnam	
Labor leasing enterprises: report on labor leasing	
Employment service enterprises: report on their operations	Before December 20
Enterprises sending workers abroad: report on sending Vietnamese workers overseas	
Report on technical safety inspections, occupational safety training, and workplace environmental monitoring	Before December 31



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