

HR REPORT

for Japanese Corporations in Asia

Q3
2024

>Talent Needs in Asia Countries

>People and Organization Column
'Improving Engagement'



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PERSOLKELLY Group operates in 13 countries and regions in the Asia-Pacific, and supporting our clients' talent needs. This report summarizes the latest job trends in each country based on around 100,000 hiring needs per year (*), which are submitted to our group in Asia-Pacific countries. We hope this report will be helpful to your organization's growth.

※Numbers of recruitment cases in 13 countries and regions in Asia and the Pacific

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Talent Needs in Asia Countries (Singapore)



The following graph shows the number of new job openings we received from Japanese and non-Japanese companies, and compares it to the same period last year, set at 100.

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Compared with the same period in the last year



Significantly Increasing



Gradually Increasing



Stable

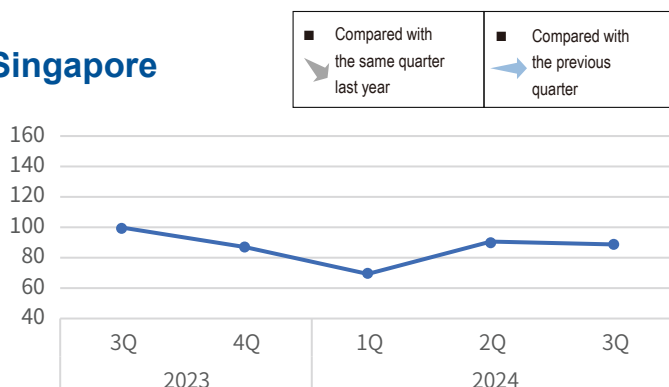


Slightly Decreasing



Significantly Decreasing

Singapore



Written by:

Amily Yoong, PERSOL Singapore

As the third quarter of 2024 comes to a close, key trends continue to shape the workforce and business landscapes. Companies across sectors are navigating complex challenges brought about by rapid technological advancements, evolving employee expectations, and shifting economic conditions. Several themes dominated Q3, offering insights into what can be expected in Q4 and beyond.

The focus on workforce resilience grew in Q3 as organizations recognized the importance of adaptability, emotional intelligence, and continuous learning. With global economic conditions remaining uncertain, businesses are prioritizing these traits to build sustainable career paths for employees. The emphasis on problem-solving and agility in the face of challenges underscores a broader shift towards fostering long-term success in today's evolving job market.

Artificial intelligence (AI) continued to play a pivotal role in workforce transformation during Q3. As organizations harness the power of AI, employees with specialized skills in this area are seeing increased demand and compensation. Reports suggest that those equipped with AI expertise could experience salary hikes of over 25%, particularly in IT and research-driven fields. This trend is expected to persist, with many workers indicating a desire to develop AI-related competencies to secure job security and efficiency improvements.

A notable legislative update during the quarter was the planned increase in Singapore's retirement and re-employment ages, scheduled for 2026. This reflects the government's long-term approach to addressing manpower shortages and the aging workforce. Businesses will need to adjust their workforce planning strategies accordingly, focusing on upskilling and retaining senior employees.

Additionally, mental health remains a critical issue within the workforce. Despite increasing awareness, burnout continues to challenge many organizations, highlighting the need for more comprehensive wellness support. Proactive mental health initiatives and wellness programs will be crucial to mitigating this ongoing crisis.

Despite mixed economic expectations in Singapore, hiring sentiment improved in Q3, with nearly half of employers planning to increase their headcount in Q4. Sectors such as finance and real estate are leading in job creation, while industries like energy and utilities are scaling back due to profitability concerns. These developments suggest cautious optimism in the job market, with many companies seeking to balance growth aspirations against ongoing economic uncertainties.

Hiring trend among Japanese organization remain conservative in Q3. Overall job orders from our clients decreased by 4% quarter-on-quarter. Manufacturing jobs made up over 37% of Q3's job orders, followed by IT and Telecommunications and Construction making up about 22% of job orders. The demand for Japanese speaking talents held steady compared to Q2, accounting for 11% of total orders received in Q3.



The fourth quarter is expected to bring continued focus on strategic workforce planning, particularly in response to Singapore's aging demographic and the corresponding need for productivity-driven growth. Upskilling remains a priority, especially in sectors like finance, which require specialized knowledge and talent to sustain growth. The alignment between government initiatives, such as the unemployment support scheme, and inclusive hiring programs signals opportunities for businesses to continue investing in human capital.

Hiring sentiment in Q4 looks promising, particularly in sectors with high demand for skilled workers. However, as businesses seek to manage costs and improve efficiency, investments in technology and flexible work arrangements will likely remain central to sustaining productivity and competitiveness.

Talent Needs in Asia Countries (Malaysia)



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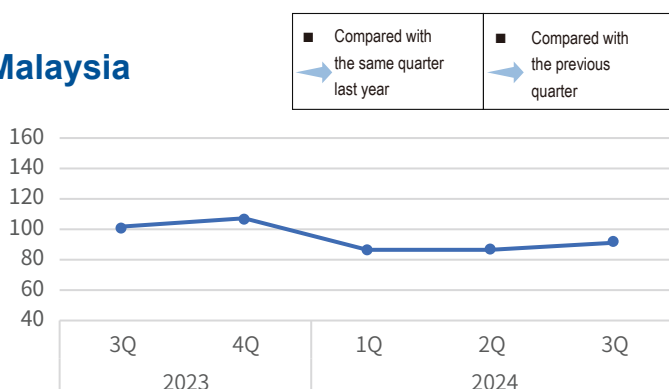


Slightly Decreasing



Significantly Decreasing

Malaysia



Written by:

Ryoko Kitasaka, PERSOL Malaysia

According to Bank Negara Malaysia, the Malaysian economy in September 2024 is growing due to increased domestic demand and a recovery in external trade, with rising household spending attributed to a strong labor market and government policies. Investment activities have been revitalized by the sustained progress of long-term projects and. Exports have experienced double-digit growth, driven by increased external demand and a global technology upcycle, with the growth rate reaching +12.1% year-on-year by the end of August. This is primarily due to a surge in electrical and electronic exports and increases in shipments of palm oil, palm oil products, machinery, equipment, and parts.

According to MIDF (Malaysia Industrial Development Finance), the Malaysian labor market is stable, with the unemployment rate decreasing to 3.3% as of the end of July, the lowest level since the pandemic. Moving forward, Malaysia's employment outlook is expected to remain stable, with an anticipated increase in job openings. Additionally, the domestic economy is expected to maintain its strong momentum, leading to increased labor demand. In a statement from the Minister of International Trade and Industry (dated September 4), it was announced that the government policy, the New Industrial Master Plan 2030 (aiming for broad economic growth through six initiatives: enhancing economic complexity, creating high-value job opportunities, expanding collaboration among domestic industries, developing new industrial clusters and improving existing ones, promoting inclusivity, and advancing ESG [Environmental, Social, and Governance]), aims to increase the value-added in manufacturing and job creation by 2.3% to 3.3 million by 2030 compared to fiscal year 2022, and to raise the median salary from RM 1,976 per month in 2021 to RM 4,510, reflecting an annual increase of 9.6%. Specifically, the National Semiconductor Strategy and Green Investment Strategy are key components, with more global companies beginning to recognize Malaysia's significant potential. The intention is to continue promoting Malaysia as a hub for manufacturing and services in the ASEAN region while attracting high-quality investments.

MIDF indicates that there is significant growth in labor demand in the services and construction sectors, with job openings comprising simple labor (+13.6K), professional roles (+3.4K), and technicians and semi-professionals (+1.5K). The job market for Japanese job seekers remains similar to the previous year, with IT (19%), sales and marketing (18%), and accounting (11%) accounting for about half of the total openings. Many Japanese job seekers are still aiming to relocate with their families for international education for their children, often filling positions in BPOs where experience requirements are relatively low. Additionally, there is a noticeable presence of job seekers in their 50s and 60s, particularly applying to major manufacturing companies and the travel industry. There has also been an increase in inquiries from new graduates who completed their studies abroad in June, indicating a growing trend of diverse Japanese job seekers aiming to work in Malaysia.

Talent Needs in Asia Countries (Thailand)



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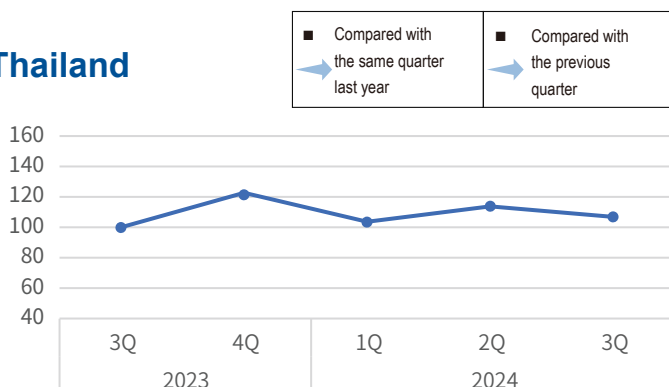


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Thailand



Written by:

Yuko Otsuka, PERSOL Thailand

On October 9, the Thai Board of Investment (BOI), responsible for attracting investment to Thailand, announced its approval of additional investment by German tire giant Continental at its factory in Rayong Province, eastern Thailand. The investment amounts to 13.4 billion baht (approximately 60 billion yen) and will increase annual production capacity by 3 million tires to 7.8 million. According to the U.S. publication Tire Business, Continental ranks as the fourth largest tire manufacturer in the world. On July 26, the National EV Policy Committee announced a reduction in excise tax for hybrid vehicles, continuing to draw attention to the electrification of the automotive industry and trends among foreign companies. However, the Federation of Thai Industries (FTI) recently reported a significant year-on-year decline in vehicle and motorcycle production for August. Domestic sales also saw a drop, with automotive sales down 25.0% compared to the same month last year, and motorcycles down 17.7%. In terms of hiring, companies related to motorcycles and automobiles are showing restraint in recruitment and controlling hiring costs, while the number of Thais working in the Japanese automotive industry seeking new jobs appears to be increasing.

On the other hand, in the IT sector, Google announced in September that it would invest 1 billion USD (approximately 144 billion yen) in Thailand, following a partnership announcement with Gulf Energy in June. The plan is to develop digital infrastructure facilities in Bangkok and Chonburi Province in eastern Thailand. Google stated that this investment is expected to raise Thailand's GDP by 4 billion USD by 2029 and support 14,000 jobs annually over the next five years. The competition for IT talent, which has already been fierce, is likely to accelerate further. A manager from a Japanese IT company remarked, "It's cheaper to bring Japanese IT engineers than to hire talented Thai IT engineers."

Regarding the full-time job vacancies received in our company, although there are differences by industry, demand has continued to grow, with a 7% increase compared to the same period last year. Non-Japanese firms saw significant growth in the previous quarter, but in the third quarter, they fell by 17% compared to the previous quarter, while Japanese firms showed a steady increase of 4%, reversing the trend. However, the actual situation for Japanese companies is that, although they are recruiting, they are cautious about hiring, resulting in a decrease in the rate of job offers from first interviews. There seems to be a tendency to want to hire good candidates while keeping costs low, as it is difficult to anticipate sales increases.

With the establishment of the Phaetontarn administration, which has adopted Prime Minister Srettha's policies, the first distribution of 10,000 baht was executed at the end of September. The new government is actively inviting foreign investment while facing numerous challenges such as income disparity, a declining birthrate and aging population, household debt, and typhoon damage. As a fellow woman of the same generation, I would like to pay attention to this new administration. We will continue to assist Japanese companies in Thailand in their growth from a human resource perspective.

Talent Needs in Asia Countries (Indonesia)



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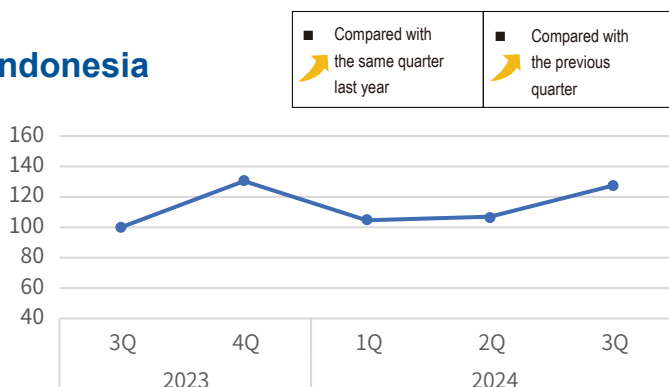


Slightly Decreasing



Significantly Decreasing

Indonesia



Written by:

Junpei Miyata, PERSOL Indonesia

From April to June 2024, Indonesia's GDP growth rate was 5.05% year-on-year, a decrease from the growth rate of 5.11% recorded in the previous quarter. However, it showed steady progress as initially expected.

By industry, all major sectors experienced year-on-year growth, with notable increases in transportation and warehousing (9.56%) and the hospitality and food service industry (10.17%).

Regarding the unemployment rate, statistics from February 2024 indicate that it has returned to pre-pandemic levels, showing significant annual improvement. Therefore, further improvement is anticipated in the second half of this fiscal year. However, with approximately 2.14 million unemployed individuals out of a total workforce of around 214 million, unemployment remains a significant issue. Consequently, economic growth and job creation will continue to be major challenges for Indonesia.

In terms of job trends for the third quarter of 2024, new job openings increased by 127.6% compared to the previous quarter and 110.4% year-on-year, indicating robust growth. The job market for Japanese 外国人求職者 remains a candidate-strong market, with many Japanese companies struggling to hire. For local staff positions, the demand for recruitment in Indonesia is growing steadily alongside the localization efforts of Japanese companies. However, there is a significant increase in outbound demand from Indonesia to Japan, driven by labor shortages in Japan. Our group in Japan is also supporting the recruitment of foreign workers, particularly for IT and engineering positions. There is also a high demand for service, food, and retail-related positions for liberal arts graduates, and competition for talent with various countries is expected to intensify.

We plan to hold a seminar in November for Japanese companies on the theme of "The Local Recruitment Market in Indonesia," and we encourage participation to gain insights into the current market and tips for successful hiring.

Current challenges faced by Japanese companies include ongoing difficulties in localization and a lack of growth in management ranks. Many companies are increasingly considering revising training and compensation systems, in addition to seeking new management candidates and hiring Japanese staff locally.

In 2024, there has been an increase in inquiries from new market entrants. As a holistic human resource solution provider for Japanese companies, we aim to support their overseas operations from various perspectives, including talent acquisition, labor management, HR systems, and training.

> Talent Needs in Asia Countries (Vietnam)



The following graph shows the number of new job openings we received from Japanese and non-Japanese companies, and compares it to the same period last year, set at 100.

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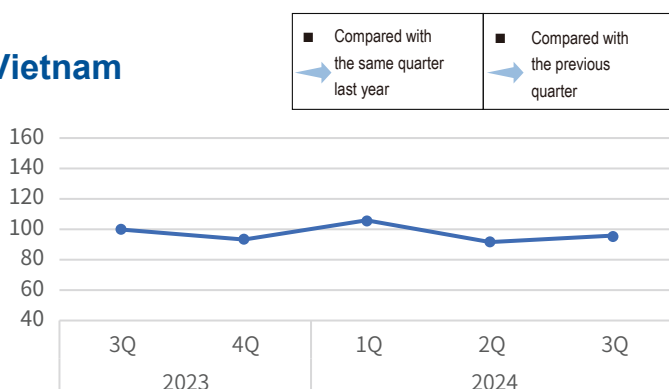


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Significantly Decreasing

Vietnam



Written by:

Kento Ishikawa, PERSOL Vietnam

According to the S&P Global report, manufacturing Purchasing Managers' Index (PMI) in Vietnam for September 2024 stood at 47.3, a decrease of 5.1 from the previous month, marking the lowest level in 11 months since November 2023. This is the first time in six months that the index has fallen below the neutral level of 50, primarily due to disruptions in the supply chain and temporary production halts caused by Typhoon No. 3 (Asian name: Yagi), which struck the northern region.

According to the General Statistics Office (GSO), despite the impact of Typhoon No. 3, the estimated GDP growth rate for the July to September 2024 period was a high 7.4% year-on-year, significantly surpassing the 5.33% recorded in the same period the previous year. For the January to September period, the GDP growth rate was 6.82% year-on-year, accelerating from 4.40% in the same period last year. The growth rate for the industrial and construction sectors was 8.19%, driven by electricity, gas, and thermal supply at 11.11%, water supply at 9.83%, and manufacturing at 9.76%.

However, the growth rate for the agriculture, forestry, and fishery sectors was only 3.2%. Comparing the growth rates for the January to September period from 2020 to 2024, this year's rate was lower than all years except for 2020, primarily due to the severe damage caused by Typhoon No. 3 in northern Vietnam.

The GSO reported that the average monthly income for workers from July to September 2024 was 7.6 million VND (approximately 45,500 yen), reflecting a 7.2% increase year-on-year, or an increase of 519,000 VND (approximately 3,100 yen). The average monthly income by gender showed that male workers earned 8.7 million VND (approximately 52,100 yen) while female workers earned 6.5 million VND (approximately 39,000 yen), resulting in a wage gap of 2.2 million VND (approximately 13,200 yen), equivalent to 25.3%.

Additionally, the number of workers in July to September increased by 114,100 from the previous period and by 238,800 from the same period last year, reaching 52.65 million. The service sector accounted for the largest share, making up 40.5% of total employment. The unemployment rate during this period decreased by 0.05 percentage points from the previous period and by 0.06 percentage points year-on-year, standing at 2.24%. Of this, the urban unemployment rate was 2.29%, while the rural rate was 2.2%.

Regarding job openings, the Japan Desk at PERSOLKELLY Vietnam's Ho Chi Minh and Hanoi branches reported a 128% increase in total job openings compared to the same period last year.

According to data released by the GSO, the number of newly established companies nationwide during the January to September 2024 period was 121,898, reflecting a 3.4% increase year-on-year, indicating continued activity. There has been an increase in inquiries from companies considering new set-up in Hanoi and Ho Chi Minh City, as well as actual hiring positions for Japanese and Vietnamese people, suggesting that job openings for new set-ups are expected to continue rising.

> Talent Needs in Asia Countries (Philippines)



The following graph shows the number of new job openings we received from Japanese and non-Japanese companies, and compares it to the same period last year, set at 100.

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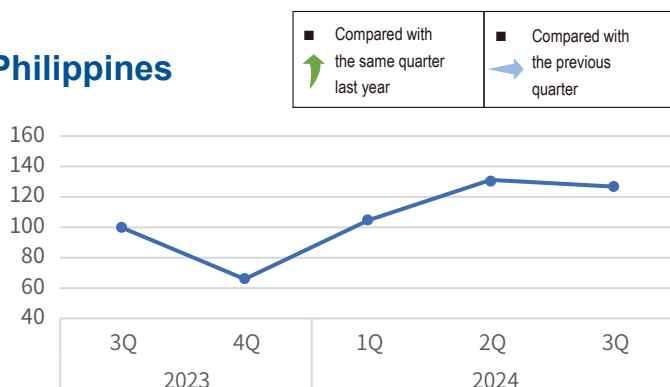


Slightly Decreasing



Significantly Decreasing

Philippines



Written by:

Ayahito Takayama, PERSOL Philippines

The International Monetary Fund (IMF) has projected the Philippines' real GDP growth rate for 2024 at 5.8%, a downward revision of 0.2 percentage points from its June forecast. This adjustment reflects lower-than-expected personal consumption growth in the first half of the year, influenced by persistently high food prices. For 2025, the GDP growth rate is projected to be 6.1%, with inflation expected to average 3.3% in 2024 and 3.0% in 2025.

According to data from the Philippine Statistics Authority (PSA), the unemployment rate in July 2024 is 4.7%, an improvement from 4.9% in July 2023. However, the number of unemployed individuals has reached 2.38 million, exceeding the 2.29 million reported in July 2023 and the 2.04 million in April 2024. Consequently, the employment rate has risen to 95.3%, up from 95.1% last year, but still below the 96.0% recorded in April 2024.

The estimated number of employed individuals stands at 47.7 million, an increase from 44.56 million a year ago, though it remains below the 48.36 million in April 2024. The labor force participation rate is at 63.5%, up from 60.0% last year but still short of the 64.1% in April 2024. The total labor force (aged 15 and above) is estimated to be 50.07 million, stable compared to 46.85 million last year but down from 50.40 million in April 2024.

The average working hours have decreased to 41.1 hours, down from 42.4 hours in July 2023, but have increased from 40.5 hours in April 2024. The underemployment rate has improved to 12.1%, down from 15.9% last year and 14.6% in April 2024. However, there are still 5.78 million workers who report wanting more hours, indicating ongoing challenges.

In terms of industry, the service sector accounts for 60.8% of employment, with 1.07 million in wholesale and retail, 936,000 in agriculture, and 512,000 in accommodation and food services, all showing significant increases. In contrast, employment in manufacturing and information and communication sectors has declined. Regionally, the National Capital Region (NCR) has the highest unemployment rate at 6.5%.

The Philippine government plans to implement a nationwide increase in the minimum wage by the end of the year, having already raised the minimum wage for non-agricultural sectors in the Metro Manila area on July 17, 2024. The impact of this wage increase on the economy and labor market will be closely monitored.

Overall, the employment situation in the Philippines shows signs of improvement, but addressing youth employment and rising labor costs remain critical challenges. Japanese companies are seeking skilled talent amidst rising wages, leading to higher recruitment difficulties and prolonged hiring processes. In this market environment, PERSOL Philippines will continue to monitor trends and support businesses through recruitment and labor consulting solutions. We remain committed to providing services tailored to market needs and contributing to the sustainability and growth of Japanese enterprises.



‘Improving Engagement: A Fundamental Challenge for Localization’

Strategic Actions are Necessary for Improving Engagement

To successfully advance localization and continuously produce the next generation of talent, it is vital to implement human resource development initiatives, such as succession planning. However, I understand that the fundamental and essential challenge lies in maintaining and improving engagement. Often, engagement initiatives are seen as mere efforts to please employees, aimed at enhancing welfare or serving as simple retention strategies. Yet, I believe that implementing engagement initiatives as part of a strategic organizational approach is crucial.

In other words, improving engagement itself can be regarded as a strategy. This concept resonates with diversity initiatives as well. Japanese companies have tended to adopt superficial measures for "utilizing" women and "utilizing" foreigners, merely complying with shareholder demands. However, these initiatives should be pursued strategically to achieve business objectives, emphasizing that diversity initiatives are inherently strategic.

Better Information Flow for Managers in High Engagement Workplace

Why does improving engagement influence the execution of strategy and the advancement of localization? According to a global engagement survey conducted by Gallup, there is a statistically significant positive correlation between engagement and various financial performance indicators. This has been reported multiple times. In essence, enhancing engagement increases the likelihood of profitability, leading to sustained business success.

Statistical data is certainly accurate; however, if there are tangible examples from the field that resonate with business drives, the strategic importance of improving engagement will be

more effectively conveyed. Otherwise, engagement initiatives may be reduced to mere employee benefits, akin to annual parties or health check-ups. (Of course, this does not negate the strategic use of such activities to enhance engagement.)

Let's compare workplaces with high and low engagement. Assuming that employees fulfill their duties to achieve personal goals and KPIs, in a high-engagement workplace, individuals are not only committed to their own goals but also involved in the goals of their organization or team. For instance, picking up trash in the workplace, notifying the office building management if the restroom is dirty, or treating office supplies with the same care as personal belongings are all forms of engagement.



When employee engagement is high, it creates a more conducive work environment and increases commitment to organizational and team performance. Employees collaborate voluntarily rather than acting solely in their self-interest.

This fosters not only voluntary collaboration among employees but also offers significant advantages. Managers can easily access necessary information. In high-engagement workplaces, individual experiences are more readily shared. Without essential information from the field, decision-makers may lead the company in the wrong direction. Even if capable personnel are entrusted with the company's future during localization, a lack of on-the-ground and customer insights will hinder their effectiveness. In workplaces where information is scarce, it is also difficult for managers to gain successful experiences, making it challenging to continuously develop future managerial talent.

This is why I consider improving employee engagement to be the foremost challenge for sustaining localization and successfully advancing business initiatives.

In this discussion, I have highlighted the importance of engagement in localization. In the next installment, I will revisit the topic and discuss the definition of engagement.



Hiroaki Ide

Director of Organizational Development,
PERSOLKELLY Consulting



With over 10 years of consulting experience in human resource management across Japan, Greater China, and Southeast Asia, he has been involved in designing HR systems for various industries and has prior experience as an in-house HR professional at a listed company, handling strategic HR initiatives such as HR system development and talent selection. He has also published multiple HR-related columns in finance industry publications.



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