

Country Report

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economy and society of a country in transition

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The Labour Market in Vietnam



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Add: 64 Ba Trieu, Ha Noi City | Tel: (024) 62631704

Website: nxbthanhvien.vn | **Email:** info@nxbthanhvien.vn

Branch: 145 Pasteur, Ward 6, District 3, Ho Chi Minh City | Điện thoại: (028) 39106963

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Editors: Pham Quang Minh - Detlef Briesen – Nguyen Thi Thuy Trang

Responsible for Publication:

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Foreword



Assoc. Prof. Dr. Dao Thanh Truong

After more than 35 years of national renovation, the labour market in Vietnam has grown both in size and quality. The system of labour market policies and institutions has basically been completed; employment quality has been improved; informal employment has been gradually formalized; labour structure has been shifted towards reducing the proportion of labour in the agricultural sector and increasing the proportion of labour in the industrial and service sectors. Labour productivity and competitiveness of the labour force have been raised, making a significant contribution to Vietnam's socio-economic achievements in recent years.

However, the development of Vietnam's labour market is not strong enough to utilize all resources for socio-economic development and there are still many difficulties and challenges, especially in the context of the current "multi-crisis" world. The incomplete legal framework, the large informal sector, an imbalance in the supply and demand of labour between localities and sectors, gender gap and low quality of human resources are problems that Vietnam's labour market is facing. These are also the topics discussed in the Country Report Vietnam: Labour Market in Vietnam compiled and published by the University of Social Sciences and Humanities, Vietnam National University, Hanoi and Justus Liebig Giessen University (Germany), with the support of Hanns Seidel Foundation (Germany) in Vietnam.

This is the sixth Issue of the Country Report Vietnam series, a collaborative research and policy consulting activity of the University of Social Sciences and Humanities, Vietnam National University, Hanoi. Since its establishment, the University of Social Sciences and Humanities, Vietnam National University, Hanoi has proactively implemented research and policy consulting activities, contributing to the policy making process of the Communist Party of Vietnam, State agencies and other stakeholders. The report has the contribution of Vietnamese and international experts and researchers and aims to contribute to the process of building and completing labour market institutions and policies, and making the labour market in Vietnam more flexible, modern, effective, sustainable and connected to the regional and global labour markets in the coming time.

Assoc. Prof. Dr. Dao Thanh Truong

Vice Rector

**University of Social Sciences and Humanities
Vietnam National University, Hanoi**

Foreword



Michael Siegner

In today's ever-changing global landscape, understanding the nuances of a country's workforce is essential, and Vietnam stands out as a compelling case study in this regard. Vietnam's labour market is characterised by a vibrant and youthful population, a demographic asset that holds the promise of great potential. This Country Report showcases factors shaping Vietnam's labour market, shedding light on its historical context, present-day challenges, and future prospects. The narrative within this report explores the unique blend of tradition and modernity that characterises Vietnam's labour landscape, offering valuable insights for policymakers, businesses, and researchers alike.

Throughout this Country Report, readers will find in-depth analysis, up-to-date statistics, and expert commentary on topics ranging from Vietnamese Labour policies to employment trends and the role of women in the labour market as well as the impact of globalization and digitalization. The contributors to this report also explore the critical role of education and vocational training in shaping the country's future workforce. As we navigate through the complexities of Vietnam's labour market, we will also pay due attention to the societal and cultural factors that influence labour practices, highlighting the differences and challenges regarding formal and informal employment.

This report is a strong confirmation of the collaborative efforts between the Hanns Seidel Foundation (HSF) and our partners in academia and government. For over 15 years, HSF has been cooperating with various stakeholders on policy recommendations for enhancing social inclusion and social security in Vietnam. Together with the Institute of Labour Science and Social Affairs (ILSSA) under the Ministry of Labour, Invalids and Social Affairs, we have undertaken numerous studies and policy dialogues on employment and labour issues in the context of an aging population and increasing domestic migration in Vietnam especially during the COVID-19 pandemic and in the post-pandemic recovery. Our support to this Special Issue of the Country Report series complements these ongoing academic, regulatory and policy discussions.

I would like to thank everyone who has been involved in this Country Report. First, I would like to sincerely thank PD Dr Detlef Briesen of the JLU Gießen, Prof Dr Pham Quang Minh and Dr Nguyen Thuy Trang of the USSH who have devoted a great deal of time, efforts, and enthusiasm to this project. I would also like to say thanks to all contributors and authors. Finally, I would like to extend a special thanks to Ms Trinh Ngoc Mai of HSF Vietnam for the tireless coordination of this project.

Michael Siegner

Resident Representative

Hanns Seidel Foundation in Vietnam



Business Women at their desk
Source: Stock-Fotografie-ID:841566378

Editorial



Detlef Briesen



Pham Quang Minh

The fact that Vietnam has achieved considerable economic and social progress since the 1980s is hardly ever seriously questioned in any publication today. This also applies to its labour market, where millions of people have found new employment in recent years, with numerous foreign direct investors also benefiting from the labour and energy of a population that is still young on average. However, academic studies in particular also highlight a number of weaknesses in Vietnam's labour market or its economy in general: informal employment is far too extensive, the level of education too low, labour turnover too high, there are too few large-scale Vietnamese-owned enterprises with a high technological level and attractive jobs. And gradually, the rapid ageing of the country's population is also making itself felt: For demographic reasons, fewer young people are now joining the workforce every year. Above all, the years in which Vietnam could be considered a low-wage country are increasingly over. Higher wages and salaries are undoubtedly a very positive development for the people in Vietnam themselves. But, at the same time, they change Vietnam's position in international competition and require the country to make extensive investments in infrastructure and education. These are the basic prerequisites for Vietnam, which, like many other countries in East and Southeast Asia, seems to have followed a development model described by Kaname Akamatsu as early as 1962 (the so-called goose-flight model), to reach any further stage of development. Problems such as rising wages, increasing competition from other emerging economies and insufficient competitiveness in terms of innovation must be overcome: According to this model, by intensifying high-tech industries until they become competitive with other industrialised countries. Even if it could be argued whether this has really been the path to success for the economies

of East Asia: change is certainly necessary, and it is not an easy path. The country's population must be taken along if the change is to succeed. For the labour market, according to the quintessence of this issue of the Country Report Vietnam, is much more than a market for labour. It is one of the basic prerequisites for the social coexistence of people who try to realise their wishes and goals for themselves, their families, and the country as a whole through professional activity. In this respect, this issue of the Country Report attempts to provide empirical material for the debate in Vietnam.

Detlef Briesen

Pham Quang Minh

<https://www.ussh.vnu.edu.vn>
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Construction work near Vinh Long
Source: www.flickr.com

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Basic Article

The Labour Market in Vietnam

● Detlef Briesen, Nguyen Thi Thuy Trang and Pham Quang Minh

Vietnam has experienced an enormous economic upswing in recent decades. The gross national product has multiplied, domestic demand has grown considerably, the population has become much wealthier on average, and many foreign companies have discovered Vietnam as a production location. With the gradual departure from the state economy, the country's production, productivity, and international integration have increased enormously. These great successes were also made possible by a population that is still young on average and a correspondingly large number of available workers. As late as 2021, 51 percent of Vietnam's nearly 100 million people were between the ages of 15 and 65 and thus of working age, of whom young women are a particularly dynamic factor. However, the country's population is ageing rapidly; the General Statistics Office estimates that the window of opportunity for Vietnam to benefit from a predominantly young working population will close in 2036 (Thu Quynh 2020).

The undeniable bright sides also contrasted by dark ones. In Vietnam, only just under 44 percent of the labour force has a contractually regulated employment relationship, and thus has fixed wages or salaries and is covered by social insurance. The majority of the workforce is employed in informal jobs: in rural areas mainly in agriculture, in the city in a diverse service sector that is currently being significantly changed by digitalisation. In addition, there are training problems – only 19 per cent of the population has a level of education that goes beyond a mere school-leaving certificate. Many domestic and particularly foreign companies are desperately looking for skilled workers in Vietnam, especially in those industrial sectors that have been one of the main foundations of the country's enormous upswing in recent years: Mass production in electronics and electrical engineering and, with a view to the future, in automation and IT in general. In the future, Vietnam will also be affected by the changes that will trigger the developments that today are summarised under the keyword Industry 4.0: self-controlling production and distribution processes and the so-called Internet of Things (ILO 2022; Schwab 2016).

Vietnam will therefore have to reform its labour market in a comprehensive sense in order to be able to continue on the path that has been so successful so far. As the high fluctuation of the labour force in general and also the turning away of many employees from industrial work, which is becoming visible through the COVID-19 pandemic, shows, the latter must be made more attractive for employees, the social security systems and labour law reformed, the level of education significantly increased, and the situation of employees in the informal sector improved. The imbalance in education and employment between urban and rural areas must be further reduced and new employment opportunities for women created. Schools, vocational training institutions, and universities, and of course the employers themselves, are called upon to invest in practice-oriented training. Especially for highly qualified workers from the technology sector, it must become more attractive than before to stay in Vietnam and not leave the country because of better job offers abroad. This also applies in a different way to foreign professionals, whose employment needs to be better regulated. On the road to the future, many challenges lie ahead for Vietnam, its people, its economic and education system and thus its government (ILO 2023).

It is certainly not wrong to assume that the labour market respectively the human resources will be of enormous importance in Vietnam's future. This is one of the most important reasons for this issue of the Country Report.



SDG 8 : Decent work and economic growth

Source: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:SDG_8_tachometer_2023.png



Labour Market Policy for Vietnam
Source: www.flickr.com

1. Labour, Labour Market, Employment and other Policies

This Country Report commences with some rather theoretical remarks, as concepts such as work, the labour market and labour policy are complex and have led to a broad academic and political debate on the subject. It is almost impossible to keep track of them all. Nevertheless, a certain orientation is necessary, without which the articles below would not always be understood in the editors' sense. This is particularly necessary with the concept of work, which is used in a variety of ways in physics, philosophy and numerous sub-disciplines of economics, social and cultural sciences. Therefore, while no definition follows here, a more precise outline is offered of what we mean by work.

The concept of human labour

Everybody is familiar with the fact that work/labour is used in a broad sense as a philosophical or anthropological concept because work is what distinguishes humans from other creatures. Great thinkers such as Karl Marx, Max Weber, Talcott Parsons, and Hannah Arendt (Arendt 1958) in particular have dealt with it in intellectual depth. From this philosophical debate, however, it can at least be inferred that a purely economic definition of labour only partially captures its significance for human beings:

For people, work is usually not just an activity to generate income, but a meaningful process through which humans try to determine their self-worth and their position in society.

Even if here and in the following articles of the Country Report there will not always be a mention of this decisive component of people's self-realisation, such fundamental insights are implicitly always included. In our publication, however, we mainly rely on a narrower definition of labour: It ties the term to the gainful work that is mediated and remunerated for the production of goods and services – via supply and demand on the labour market. In such a political-economic sense, labour is the most important factor of production, which serves as the basis for the other factors, land, capital, and technical progress. In this sense, human work is the central, the so-called human resource of all economic activity and is also referred to as such in a broad scientific literature and in public debates.

Nevertheless, it is necessary to point out two limitations that underlie this political-economic concept:

- Firstly, labour in this sense is always gainful or paid, and thus large parts of other human activities are excluded: In particular, the numerous tasks that mainly women perform in the household, for the family, in raising children and caring for the elderly, for which the term care work has also been introduced (Abel/Nelson 1990).
- Secondly, there is a socio-political, normative concept of work, especially in the Global North, which is oriented towards a so-called *normal employment relationship* – with an eight-hour day, a five-day week, full-time annual employment and, above all, a permanent working contract. All other forms of paid or income-generating occupational activities, on the other hand, are considered special cases: Half-day employment, even self-employment, activities on the informal labour market, temporary work, etc.

Although the importance of the normal employment relationship is dwindling in the Global North as well, it still plays a major role there in social policy and especially in many contributions to the public debate. What is important for our context is above all: *the normal employment relationship* serves as an explicit or implicit normative background for many academics or consultants working in a country like Vietnam. Therefore, when in the following we repeatedly refer to the need for Vietnam to reform its labour market, we do so without this specific normative backing. However little regulated labour may be, Vietnam must develop its own way, like other countries, to better tap its human resources and thus make its labour market viable for the future.

Labour market theories

Apart from subsistence and purely planned economies, the world of work is prima facie organised like a market in which work is offered (by workers or self-employed persons for example) and demanded (by customers or entrepreneurs for instance). Vietnam's economy is also characterised by these basic market relations, as the country has undergone a transformation from a socialist planned to a socialist market economy since the Doi Moi reforms. In a very general view, the labour market is a place where the demand meets the supply of labour. Since this labour market is of central importance for the economy and thus for a country as a whole, it is intensively researched, for example by social sciences, but especially by economics where there is an extensive field of studies known as labour economics (Borjas 2015).

The basis of the labour market is the fact that people in a modern society can only in a few cases secure their livelihood through subsistence farming, i.e. through their own production of food. Therefore, they must offer their labour to those who own means of production (land and capital for example). Worldwide, it can be observed that, beginning in Europe in the late 18th century, more and more people have given up farming and found employment in the industrial and service sectors, hence on a labour market which was increasingly characterized by the division of work. Together with the enormous population growth since that time, this has created rapidly expanding employment that now numbers in the hundreds of millions in countries such as China and India. To stay with the example of Vietnam, here the labour force has

almost doubled from 32 million in 1990 to 56.15 million in 2022 (The Global Economy 2021).

However, if we take a closer look at the term *labour market*, we see that it is not only characterised by pure market relations. As a result, serious differences of opinion in economics about its basic characteristics can be identified. Just to name a few ones. In *neoclassical economics*, the labour market, like other commodity markets, functions via the relations between supply and demand: When wages are low, there tends to be less demand for labour than when they are higher; when wages rise, there is less willingness to employ persons. In the *institutionalist* and *Keynesian* schools, on the other hand, labour is not a commodity like any other. It is not purely economic but shaped by people's social and cultural relations (so especially in institutionalism) and therefore also necessitates an ethical approach (so in Keynesianism) as people who cannot earn their living through work often fall into misery in modern societies.

Thus, institutionalism and Keynesianism with their focus on norms and values are more appropriate in the scientific observation of labour markets (see Keynes 1936; North 2005). This realisation and the widespread social movements since the Great Depression of 1929 have resulted in intensive monitoring of the labour market according to various criteria, which can lead to specific forms of social policy to identify and compensate for disadvantages for certain groups. Indicators are therefore collected, such as employment and unemployment rates, wage, and income levels, which also give indications of the development status of a country as a whole.



Source: <https://vietnamevents.com/skilling-up-vietnam-2019.html>



Innovation and Action on Active Labour Market Policies

Source: <https://www.etf.europa.eu/en/news-and-events/news/innovation-and-action-active-labour-market-policies>

Other lists of indicators drawn up for analytical purposes also suggest that the labour market is of enormous relevance not only in economic but also in social policy terms. In this respect, important subdivisions are made according to the following criteria:

- according to age and gender,
- by economic sectors,
- regarding the type of work,
- with regard to the position in the labour and valorisation process,
- according to the level of technologization.

This indicates that the labour market is the target of comprehensive economic policy measures, which are briefly outlined below.

Policies for the labour market

As already indicated above, labour and the corresponding market in the theoretical sense are not largely unregulated commodity markets like many others, but rather institutions that structure society in a very incompressible way and thus its shaping has a high political significance, for both contemporary issues and for the future.

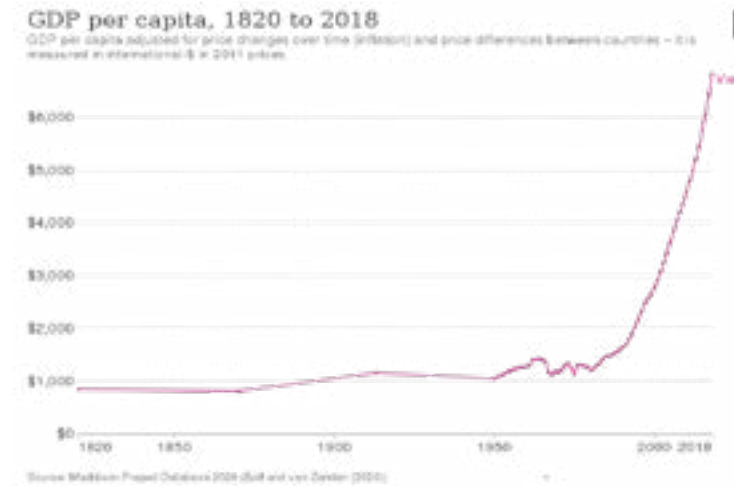
Labour markets like other human institutions are based on implicit and explicit rules with a binding claim to validity and a certain social scope. Institutions or organisations like the world of work are therefore grounded on norms that are determined by cultural, professional, legal, and historical characteristics, some of which go back a long way. They have a social life of their own beyond the respective current constellations of actors and interests. Social expectations and ideas are decisive for them, which are not only reflected in the rules and structures of an institution, but also in

the regular practices, forms of awareness and habits of thought of the actors. Institutions are thus value-based societal entities in which social values prescribe patterns of action that guide people's activities and thus become social reality. In summary: Labour markets are based on societal rules, and these can be changed, even if not easily (Mayntz/Scharpf 1995).

Human work and the labour market are therefore subject to sets of rules and political measures, differing from country to country. These can either be traced back to enforced governmental laws or even supranational legal sources, or they have come about contractually, for example through collective agreements between employers and employees. In addition, as already mentioned above, the world of work is linked to social expectations and ideas, in the example of Vietnam with central questions of how the country's development should proceed, and which forms of work should be considered acceptable or desirable for the future.

This points to the relevance of the political level: Three levels of governmental action can be distinguished according to the scope of the measures which relate to human resources.

First, labour market policy is a sub-area of employment policy and includes all measures of the public sector that have a regulating function on the interaction of labour supply and demand in an economy. The use of the corresponding measures within the framework of the so-called employment promotion law results from the political view that a free or unregulated market produces phenomena that are socially undesirable. In this respect, labour market policy can be the explicit object of a political programme, such as in a social market economy, or it can result implicitly from pragmatic action in liberal economic systems. Basically, labour market policy can be divided into



GDP per capita in Vietnam 1820 to 2018
Source: <https://ourworldindata.org/grapher/maddison-data-gdp-per-capita-in-2011us?country=>

passive and active. While the passive one is primarily aimed at mitigating the material damage to persons affected by unemployment and their dependents for a certain period of time, the policy aims at providing unemployed persons with non-material support for (re)integration into the labour market. In addition, we speak of a proactive policy when threatened sectors receive support prophylactically. In this sense, labour market policy is primarily about protecting human resources from risks.

Second, employment policy has broader objectives as it aims at more than just mitigating the effects of unemployment: It consists of comprehensive measures to create jobs in a sustainable way, indeed, to promote the qualification of human resources in order to prevent unemployment and to advance a society as a whole through a higher standard of the workforce or a more flexible use of it. These measures include supportive macroeconomic policies as well as sustained public and private investment in people and the economy. Employment must go hand in hand with social policy to ensure that economic change and growth leave no one behind. Policy coherence and coordination are a prerequisite for progress in the employment situation, both to address immediate and underlying economic and social challenges.

The European employment policy guidelines should be mentioned here as they give typical objectives:

- Increasing the employment rate of women and men, reducing structural unemployment, and improving job quality.
- Development of a workforce with skills that match labour market needs and promotion of lifelong learning.

- Improving the quality and performance of education and training systems at all levels and facilitating access to higher education or its equivalent.
- Combating social exclusion and poverty (European Commission 2023).

Thirdly, labour market policy is integrated into a very broad range of societal policies. Until a few years ago, these were classically economic, financial, environmental, and regional structural policies for instance. In recent years, those rather particular policies have been replaced by more far-reaching programmes. Changes in the labour market, together with other reforms, are aimed at bringing the whole economy and thus society to a new, more sustainable level of progress. Human resources and the structure of the labour market are genuine development factors in this endeavour. Countries have committed themselves to sustainable development goals, mainly influenced by the 17 SDGs published by the UN. Within the framework of these SDGs, labour and employment policy play directly or indirectly a central role in the following areas:

goal 1: No Poverty, goal 2: Zero Hunger, goal 4: Quality Education, goal 5: Gender Equality, goal 8: Decent Work and Economic Growth, goal 9: Industry, Innovation and Infrastructure, goal 10: Reduced Inequality, goal 12: Responsible Consumption and Production, goal 16: Peace and Justice Strong Institutions (United Nations 2023).

The various policies for human resources respectively the labour market are thus of paramount significance for overall societal development goals. This is also reflected in Vietnam's corresponding strategies. Vietnam plans to become a high-income country by 2050. Reforms in the areas of work and the labour market will be of great significance in order to achieve this goal (Anh Minh 2023).

3. About this Issue

With such an important topic as human labour and the labour market in Vietnam, it is inevitable that there will be gaps in our journal. However, we urge our readers you to use our publication as an opportunity to further explore the issue and help fill in the gaps. The sixth volume of the Vietnam Country Report can only have a first look at the basic structures and problems of the Vietnam's labour market.

Like the previous reports, the present volume is divided into several parts.

The first section gives *basic information* on the labour market in Vietnam (Dang Hoang Linh) and introduces in its national and *international legal framework* (Ngo Minh Huong).

The second part discusses in more detail the *formal* (Le Thi Thanh Ha) and *informal labour market* (Trinh Thu Nga) in the country, employment in *rural areas and labour migration to the cities and industrial centres*

(Nguyen Thi Phuong Mai) and deals with *women and their opportunities and problems in the world of labour* (Vu Thi Minh Thang/Nguyen Thi Thuy Hang).

The third section focuses on the country's new challenges. These include the necessary reforms in *vocational education, and in-company training* (Phung Le Khanh) and the *need to reform education at the country's universities* (Lai Quoc Khanh). Two more articles look at the ambivalent balance of *labour migration*, between brain drain, business start-ups by homecoming Vietnamese and the significant role of remittances from expatriate workers (Nguyen Tuan Anh) and also address the roles and perceptions of the *foreign workforce* Vietnam (Detlef Briesen).

As in all country reports, a fourth section provides more *general information* (Nguyen Thi Thuy Trang/Luu Thi Thuy Huong), here on the labour market in Vietnam with regard to labour law, policies, and research. Since we sometimes use technical vocabulary, Luong Thi Han has summarised in her article (*concepts and terminology*) the most important terms for us in an explanatory way.

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PD Dr. Dr. Detlef Briesen

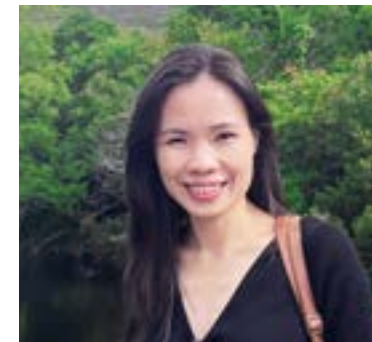
Contemporary History

Department of History and Cultural Studies

Justus-Liebig Universität, Gießen

DAAD Counselor Vietnam

Email: detlef.briesen@geschichte-uni.giessen.de



Nguyen Thi Thuy Trang, PhD.

International Relations, International Development Studies

Faculty of International Studies

VNU University of Social Sciences and Humanities, Hanoi

Email: trangqt@vnu.edu.vn / trangntt84@yahoo.com



Prof. Dr. Pham Quang Minh

Faculty of International Studies

VNU University of Social Sciences and Humanities, Hanoi

Email: minhpq@ussh.edu.vn



Statistical analysis of labour market data
Source: Stock-Fotografie-ID:1480239219

Basics about Vietnam's Labour Market

● Dang Hoang Linh

In 2023, the population of Vietnam is 99,655,790, nearly reaching 100 million people. This number is equivalent to 1.25 per cent of the total world population, making Vietnam ranks number 15 in the list of countries by population (World Meter 2023). Moreover, Vietnam has one of ASEAN's largest labour markets, whose strength is approximately 56 million people, and with a labour participation rate of 76 per cent. Since 2007, Vietnam has been in the golden population period with people aged 14–60 accounting for two-thirds of the total population. In 2019, the proportion was about 70 per cent, or 67 million. This is the golden opportunity for Vietnam to develop the economy and protect the fatherland with its young labour force (Thu Quynh 2020).

However, Vietnamese had an average life expectancy of approximately seventy-five years, considerably high for countries at similar income levels. In 2011, persons over 60 years old in Vietnam accounted for less than 10 per cent, but the figure rose to 11.95 in 2018, and to 14 per cent in 2019. Of this, about 8 per cent are over 65. Therefore, it is estimated that the golden population period (high percentage of working age adults) will end by 2038. As such, Vietnam would shift from the golden population period into the older population period after 30 years (Thu Quynh 2020). Meanwhile, it took countries with developed economies many decades, or even several centuries, to shift to the older population period (115 years for France and 69 years for the US).

Additionally, due to the developing nature of the workforce in Vietnam, it is natural that there exists some difficulty such as finding highly skilled employees or the share of total employees by region, etc. Therefore, this essay aims at analysing Vietnam's labour market to 2022 acknowledging the government's policy to have strategies to deal with this problem of its labour force.

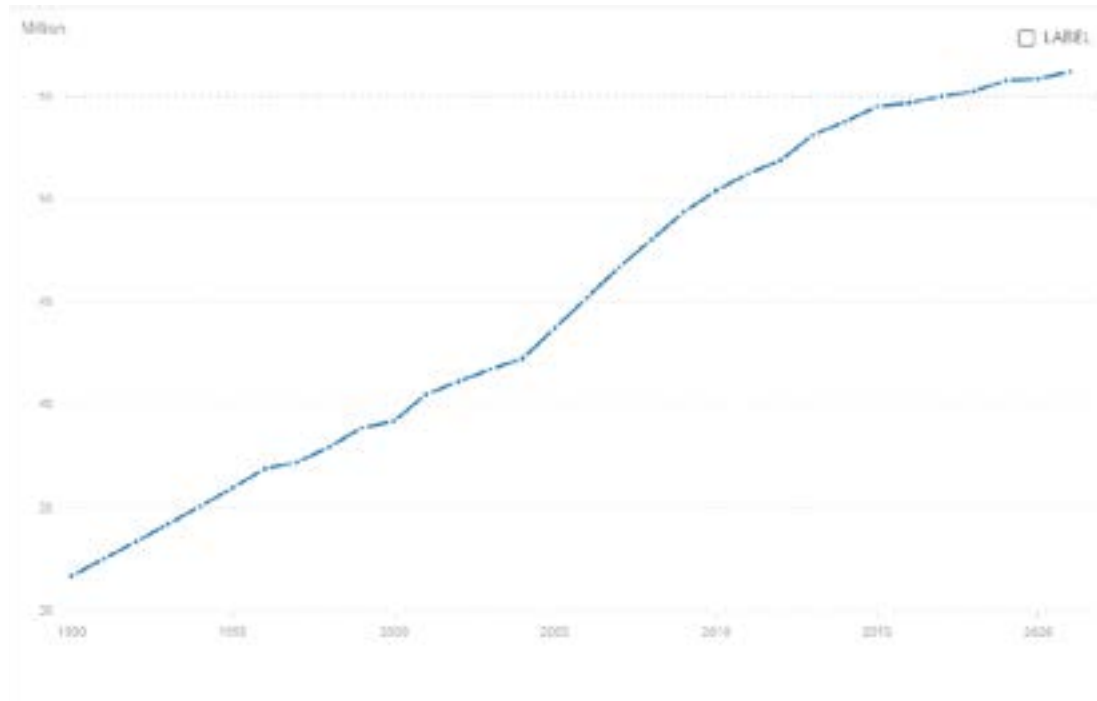
1. Basic Information on the Labour Market in Vietnam

Labour supply

Doi Moi, which translates literally as restoration, are the reform measures that Vietnam began implementing in 1986. They have had a significant and positive impact on the nation, saving it from the shortcomings of the central planning and self-isolation policies that were put in place following the country's unification in 1975. Vietnam has recovered from being on the verge of economic collapse and is now on the road to prosperity, enjoying increasing international prestige through membership in a number of regional and international organizations including the World Trade Organization (Anh Tuan 2009). As the result, Vietnam now has become an increasingly attractive place for businesses of all types, given the country's growing consumer class and dynamic workforce.

In addition, starting in 2007, Vietnam entered the golden population age which helped not only Vietnam to make up an expanding share of the population, boosting economic growth but also to keep retirement and health spending in check. According to World Bank data, Vietnam's labour force has rapidly expanded since 1986, rising from more than 32 million in 1990 to 56.15 million in 2022 (Global Economy 2021). This number helped Vietnam rank 12th in the global rankings (Global Economy 2021) while this country is thus the 67th biggest country in terms of area worldwide (World Data 2022). Additionally, workforce between the ages of 15 and 39 years currently accounts for nearly half of the total labour force in Vietnam (Das 2018).

Figure 1: Vietnam's labour market 1990–2021 (unit: million people)



Source: World Bank 2022

After peaking in 2016 with almost 79 per cent, the participation rate began to decline, going against the rising trend of the labour force.

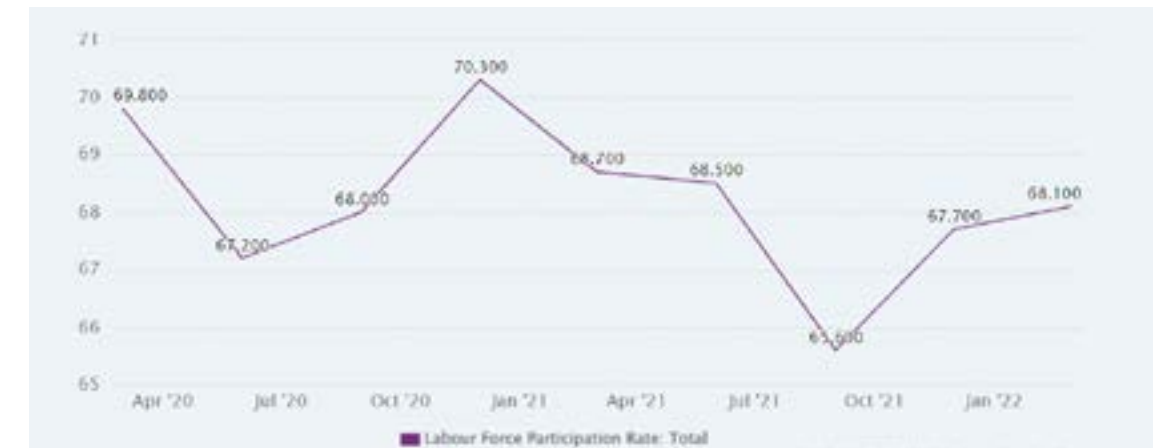
Figure 2: Vietnam labour force participation rate 2012–2021



Source: World Bank 2022

The participation rate clearly declined in the COVID-19 pandemic, a time when Vietnam's human resources presented numerous difficulties for employees and their means of subsistence. When the fourth wave of the COVID-19 pandemic (which began on April 27, 2021), which was primarily associated with the Indian version, occurred in October 2021, this number decreased to roughly 65 per cent. To date, however, the labour market's turbulence appears to have slightly steadied as a result of the upward trend in 2022 with 68.1 per cent in March (GSO 2022).

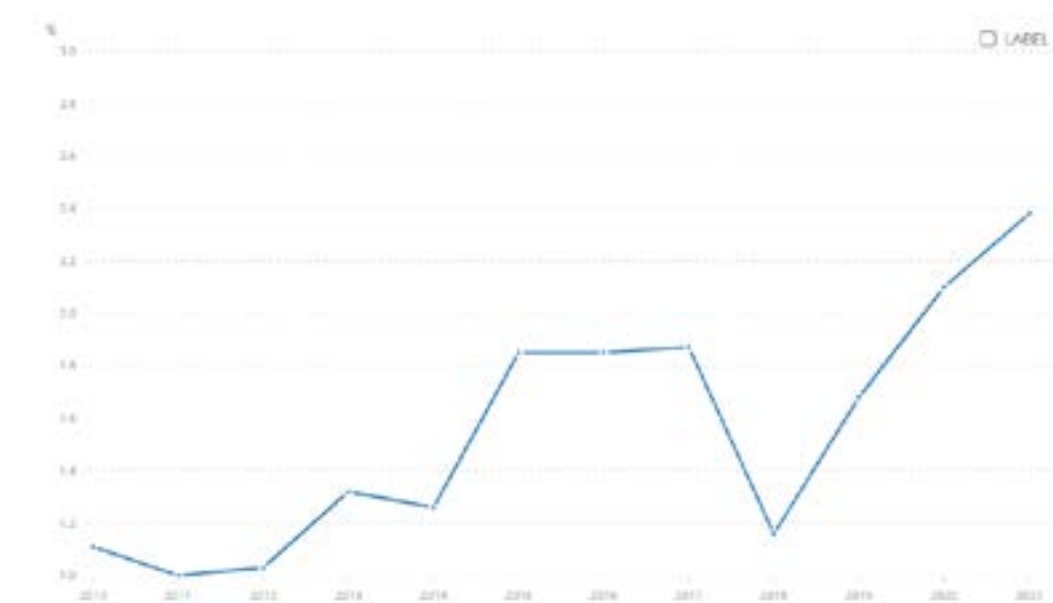
Figure 3: Vietnam labour force participation rate April 2020 to February 2022



Source: World Bank 2022

The trend in Vietnam's unemployment rate and participation rate are the same. It fluctuated steadily at less than 2 per cent until the Vietnam economy was struck by COVID-19. This rate was still higher than the preceding period in September 2022, at 2.29 per cent (GSO 2022).

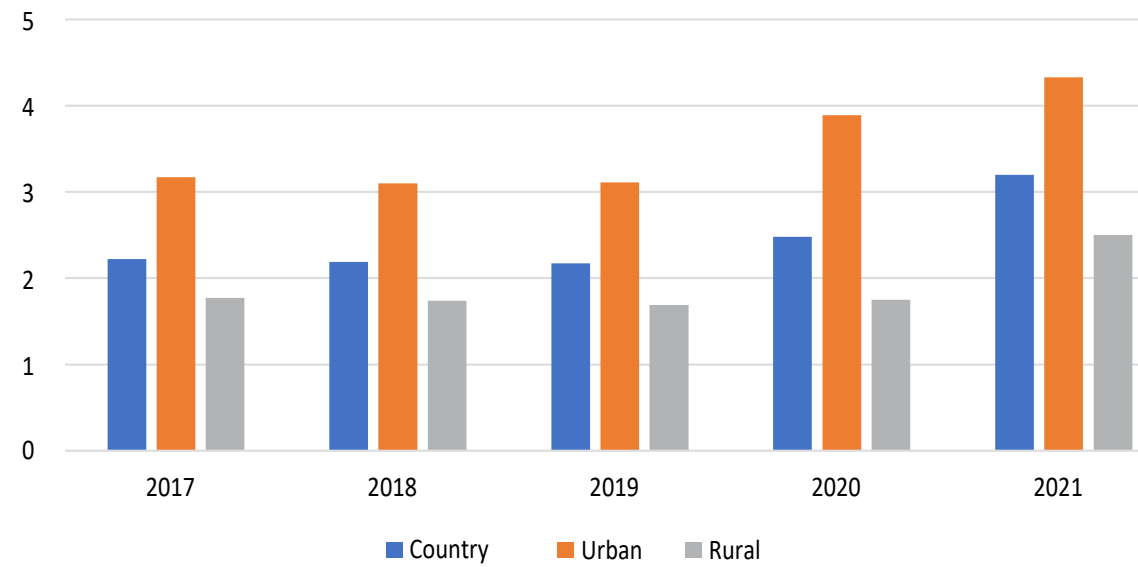
Figure 4: Vietnam unemployment rate 2010–2021



Source: World Bank 2022

In addition, the unemployment rate in metropolitan areas is consistently greater than in rural ones. In 2021, the unemployment rate in urban areas was 4.33 per cent, compared to 3.2 per cent nationwide and 2.5 per cent in rural areas.

Figure 5: Vietnam unemployment rate by region 2017–2021



Source: General Statistics Office 2022

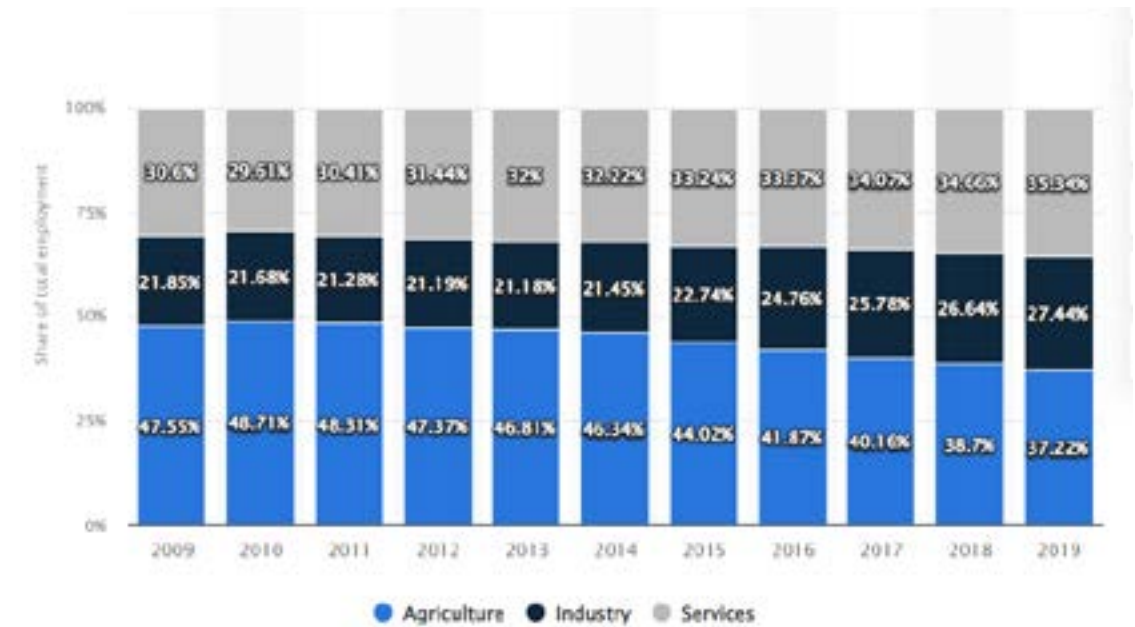
Labour force distribution

The most recent figures from the Vietnam General Statistical Agency show that 51.6 million people were employed in Vietnam during the first nine months of 2022. The labour force was made up of 50.5 million employed people, a rise of 504.6 thousand over the previous quarter (equal to 1.01 per cent), an increase of 701.8 thousand over the previous year (equivalent to 1.41 per cent), and more than 1.1 million unemployed people. In addition, 63.4 per cent of the labour force in Vietnam was remained concentrated in rural areas, despite recent years' significant increases in the labour force in urban areas. In fact, there were 31.9 million employed workers in rural areas and 18.7 million in urban areas, an increase of 3.7 and 0.1 per cent, respectively, over the previous year. Although the growth rate of employed workers was larger among the former than the later, both women and men showed a growing trend (GSO 2022).

Labour force distribution per sector

Additionally, after the decline peaked in the third quarter of 2021, employment in the services sector continued to grow. Labourers engaged in agriculture, forestry, and fisheries actually showed a decline from 47.55 per cent in 2009 to 37.22 per cent in 2016, whereas industry and construction saw an increase from 21.85 to 27.44 per cent over the same time frame. Also increasing from 30.6 to 36.34 per cent were services. However, in COVID-19, the service sector has been most badly impacted, accounting for 71.6 per cent of employment, followed by industry and construction at 64.7. Agriculture, forestry, and fisheries all had rates of 26.4 per cent (GSO 2020).

Figure 6: Vietnam share of employment by economic sectors



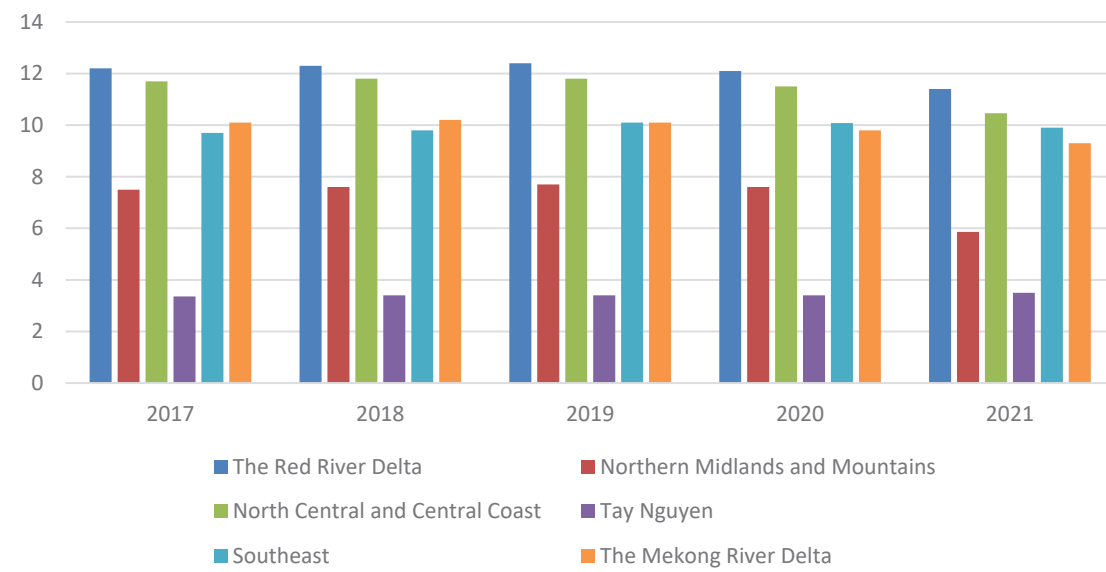
Source: Statista 2022

The strategy of entirely opening up to tourism as of March 15, 2022, has been a crucial catalyst for growth and development in 2022 by assisting workers in the services industry in gradually regaining their pre-pandemic original status. Some service-related businesses saw significant employment growth. Wholesale and retail trade, motor vehicle and motorcycle repair, other services activities, which have seen a 47.8 thousand person increase year over year, and lodging and food services, which have seen a 24.1 thousand person increase over the same period last year, are a few examples (GSO 2022). Therefore, services sectors accounted for the highest number of employed labourers in the first six months of 2022 with 39 per cent, followed by 33.4 per cent in Industry sector (GSO 2022).

Labour force distribution in socio-economic regions

Between 2017 and 2020, Vietnam's labour force has the lowest percentage in the Red River Delta, the North Central and Central Coast, and the Mekong River Delta. In reality, the Northern Midlands and Mountains, Central Highlands, and the Mekong River Delta are home to the majority of the labour force in agriculture, forestry, and fishing. The majority of people working in the construction and industrial sectors are located in Ho Chi Minh City and the Red River Delta in the Southeast (Hanoi). Additionally, the majority of the workforce in the services is concentrated in Ho Chi Minh City, Hanoi, and the Mekong River Delta (Das 2018).

Figure 7: Vietnam share of total employment by socio-economic region 2017–2021

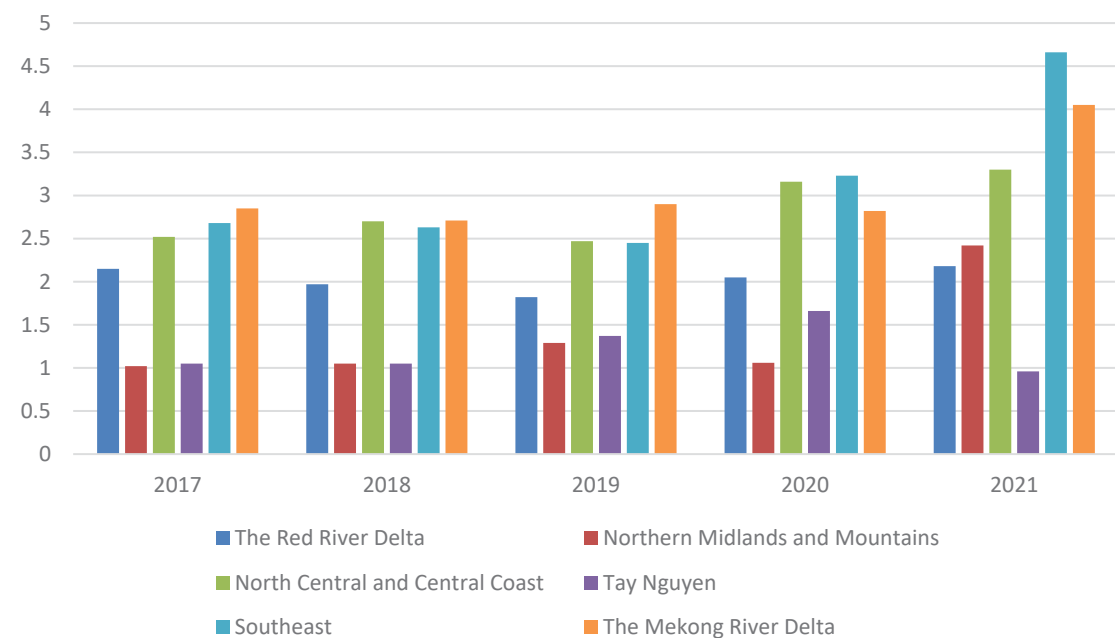


Source: General Statistics Office 2022

In the second quarter of 2022, compared to the previous quarter, the numbers of employed workers in statutory working age increased in most socio-economic regions. The Red River Delta saw the largest growth (growing 2.3 per cent), followed by the Southeast (increasing by 155.1 thousand people or 1.6 per cent). Of all the regions, the Northern Midlands and Mountains saw the biggest increase (rising 7.5 per cent) (GSO 2022).

Moreover, the labour force in Vietnam has a lower unemployment rate than other socioeconomic regions. From 2017 to 2020, Tay Nguyen and the Northern Midlands and Mountains maintained the lowest unemployment rate, while the Mekong Delta River and the South had the highest rate.

Figure 8: Vietnam unemployment rate by socio-economic region 2017–2021



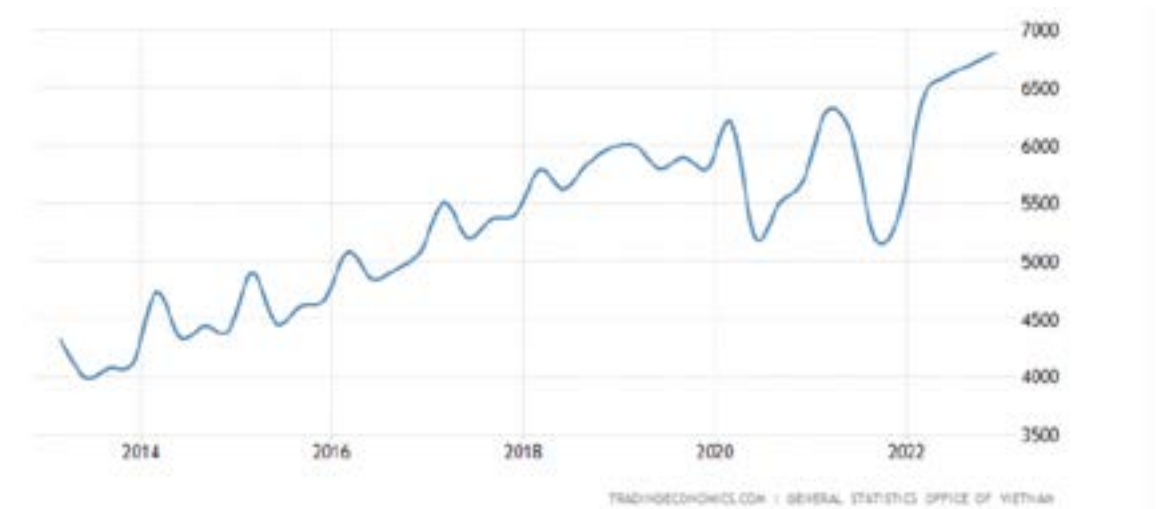
Source: General Statistics Office 2022

Vietnam’s average wages

Each of Vietnam’s four regions has a distinct minimum salary level. The minimum salary in Region I, which includes urban Hanoi and Ho Chi Minh City, was 4,200,000 Vietnamese dong (190 US dollar), while the minimum pay in Region IV was 3,070,000 Vietnamese dong (132 US dollar). Also, workers who have received vocational training must be paid at least 7 per cent more than the current minimum wage rate.

The average monthly wage in Vietnam has generally improved since 2014, rising from 4 million Vietnamese dong to approximately 7 million in 2022 after sharply declining owing to COVID-19 in late 2021.

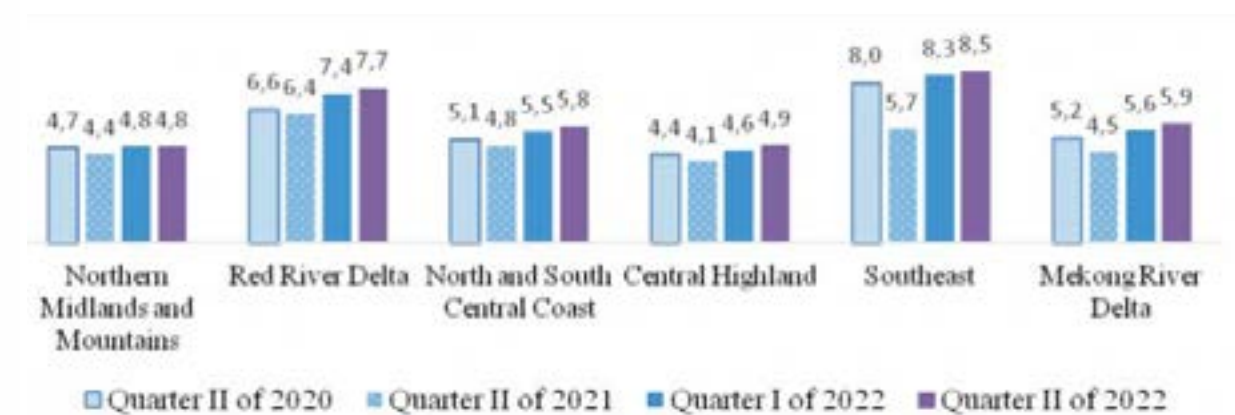
Figure 9: Vietnam average monthly wage 2014–2022 (unit: million Vietnamese dong)



Source: Trading Economics 2022

With an average monthly income of 5.8 million Vietnamese dong, up 12.9 per cent from the same period in 2021, the North and South-Central Coast achieved the highest growth rates among the six socio-economic areas in the second quarter of 2022 compared to the same period the previous year. The provinces with the largest increases in average monthly income are Da Nang, Khanh Hoa, and Thua Thien Hue, with increases of 9.7 per cent, 15.5 per cent, and 15.8 per cent respectively.

Figure 10: Average monthly income of workers by socio-economic region in the second quarter of 2021 and the first and second quarters in 2022

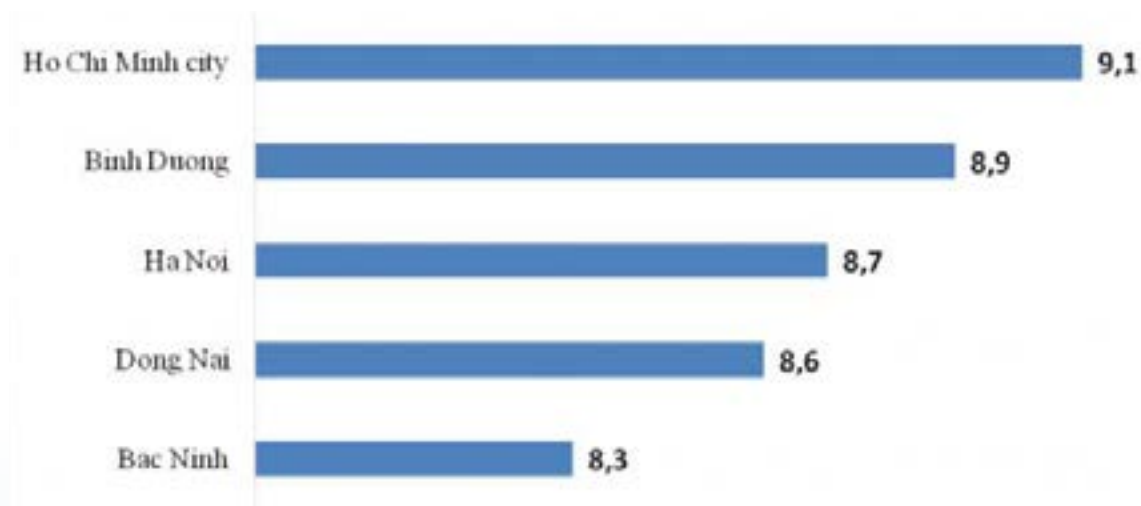


Source: GSO 2022

Meanwhile, the Red River Delta and the Southeast continued to have higher average monthly wages for workers than the other regions. The average monthly wage of workers in the Southeast increased by 8.5 per cent between the same period last year and 8.5 million Vietnamese dong. Particularly, with incomes of 9.1 and 8.9 million Vietnamese dong per person per month, respectively, Ho Chi Minh City and Binh Duong workers' incomes have consistently ranked at the top of the nation.

The Red River Delta had the region's most encouraging income rise over the same period last year, increasing 12.4 per cent, with workers earning 7.7 million Vietnamese dong/person/month. In the second quarter of 2022, Hanoi and Bac Ninh were placed third and fifth, respectively, among the five provinces and cities with the highest average monthly salary of workers (GSO 2022).

Figure 11: Five provinces and cities with the highest average monthly income of workers, second quarter of 2022



Source: General Statistics Office 2022

Moreover, in January 2023, the report of General Statistics Office showed that the average monthly income for workers in all three economic sectors grew. The growth rate was the highest in the industrial and construction sector with 17 per cent, followed by the services sector (15.4 per cent) and the agriculture, forestry, and fishery sectors (9.8 per cent) (Vietnamnews 2023).

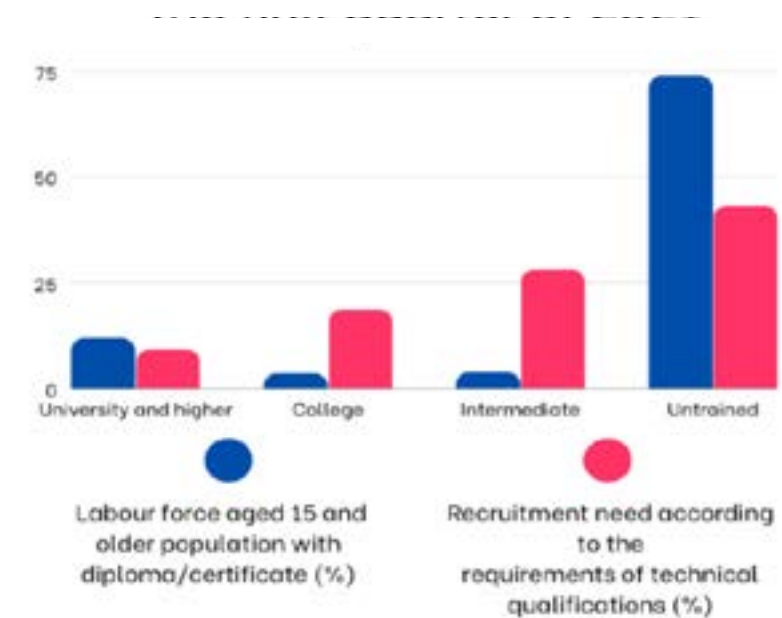
Besides, Vietnam set to increase regional minimum wages by an average of 6 per cent from July 1, 2022, after almost two and a half years due to the pandemic is also the reason for the growth in Vietnam average monthly wage. However, this rise in minimum wage came as Vietnam is facing inflation pressures due to an increase in fuel prices and the Russia-Ukraine conflict. Vietnam's consumer price index rose 2.86 per cent in May 2022. Therefore, the minimum wage increase will ensure the livelihoods of workers while employees have asked for increases of up to 7 to 8 per cent (Samuel 2022).

Challenges of Vietnam's labour force

The shortage of skilled personnel and the effects of industry 4.0 are two of the biggest issues facing the Vietnamese labour market (Das 2018). In the early period of FDI attraction in Vietnam, labourers were often concentrated in manufacturing industries such as garments and textiles, and also footwear. Nonetheless, the percentage of advanced technology-using industries has also been rising quickly. The labour market in Vietnam, as a whole, is still experiencing a surplus of human resources, low job quality, uneven development, and an imbalance between the supply and demand of labour across regions and economic sectors. The welfare, insurance, and intermediary institutions that support the labour market are nevertheless ineffective, with little coverage. The trained labour structure is inadequate and unsuitable for real-world requirements.

In addition, there are too many low-skilled and not enough high-tech workers in the Vietnamese labour market. According to the Ministry of Labour, Invalids and Social Affairs, only approximately 11 per cent of the domestic labour force is highly skilled, while 26 per cent are trained workers with degrees and certifications. Importantly, just 5 per cent of employees speak English fluently, which is insufficient to compete with non-local employees.

Figure 12: Vietnamese labour market in the first quarter of 2021



Source: Source of Asia 2022

It can be seen that, after years of economic reform, the labour force has doubled, from 27 million in 1986 to 51.4 million in 2022. Vietnam's population is in the golden age, but the quality of labour is not yet golden, as the rate of trained labourers is still low. Many businesses express concern about the shortage of high-quality human resources, as they are in need of recruiting thousands when expanding production (VNA 2022). As a result, the economic shift away from labour-intensive industries and toward high-tech items will take longer than expected, decreasing Vietnam's competitiveness.

Moreover, the distribution of labour by geographical area is also uneven and unreasonable. The Red River Delta has the highest concentration of the labour force, followed by the North Central Coast, Central Coast, and Mekong River Delta. With roughly 65 per cent of the labour force still located mostly in rural areas, the labour structure between urban and rural areas also differs. Despite the fact that this figure tends to decline over time, it is still very high.

Due to the market's poor pace of labour restructuring and inability to keep up with economic restructuring, there is an imbalance between the supply and demand of labour across regions and economic sectors. As a result, given the labour market's structure and the epidemic's environment, Vietnam is currently experiencing a number of labour market disadvantages that make it challenging to achieve the nation's industrialization and modernization goals in the age of industries 4.0 (Hieu/Linh 2022).

2. Relationship between Labour and Economic Growth in Vietnam

Labour force

With the high proportion of employees participating in the labour market as well as the high unemployment rate, Vietnam's authorities need to acknowledge this advantage as well as to minimize drawbacks in order to develop the economy of this country. In fact, the relationship between the labour force and economic growth is a positive one, according to economic theory and practice in both developed and developing countries. However, in the long run, as long as other factors remain constant, an increase in the labour force gradually reduces the marginal benefit of economic growth (Huu Cung 2020, 349–350).

In Vietnam, the work force has consistently increased in size and proportion to the overall population since the country's reunification day, particularly since economic reform was put into place. Throughout the past 30 years, the rapid rise in the labour force and policies of innovation, openness, and development have greatly boosted the country's economic growth (Phuong Huu Tung 2021, 289).

With a GDP growth rate of approximately 9 per cent annually from 1993 to 1997, Vietnam had one of the fastest growing economies in the world. This has translated into strong economic growth, led by the industrial sector, which expanded more than 13 per cent a year from 1993 to 1997. According to Belser, industrial employment increased by only 4 per cent annually on average between 1993 and 1997, which is less than the rise of industrial GDP. The public sector's capital-intensive, import-substituting nature and foreign investment, which dominate industry, were to account for this slower growth. The domestic private sector, which employs more people and is more focused on exports, is still modest but expanding swiftly (World Bank 2022). Huu Cung utilized a linear model to do regression and correlation on the impact of the labour force on Vietnam's economic growth between 1998 and 2018. According to the findings, the labour force positively affects economic growth at a 1 per cent level of significance (Huu Cung 2020, 351–353).

Since before 1979, Vietnam's labour force has been steadily growing. Due to excessive birth and low mortality rates, the *population boom phenomena* that started in the 1960s was unavoidably responsible for this occurrence. In Vietnam, the labour force rose by an average of 1.3 million workers year between 1999



Statistical analysis of labour market data
Source: Stock-Fotografie-ID:1311598658

and 2009, up from an annual average of 820,000 workers in the years 1979 to 1989, and 980,000 workers in the years 1989 to 1999. In general, from 1979 to 2009, the population expanded by 1.6 times while the number of individuals of working age increased by 2.1 times; however, from 1999 to 2009, the working-age population's growth rate doubled that of the overall population. In Vietnam, the labour force has grown through time despite slower growth rates between 1998 and 2018, going from 39,835,733 million in 1998 to 48,232,146 million in 2007 and 56,933,418 million in 2018, with a growth rate of 2.55 per cent in 1998 to 1.9 in 2007 and 0.09 in 2018 (Phuong Huu Tung 2021, 243).

Labour productivity

Although a young and plentiful labour force is recognized as a national asset, it requires the integration of two factors in terms of the scale and quality in order to be fully utilized. Vietnam might collaborate as a production partner with developed nations in some important industries if the workforce is well-educated and has strong professional credentials. Vietnam will be able to integrate more quickly and thoroughly into the regional and global economies due to its vast and skilled labour population.

Despite this, Vietnam's labour force lacks professional expertise and abilities. When compared to the rate of economic expansion and labour restructuring, the percentage of labour in Vietnam with professional and technical credentials was 22.8 per cent in 2018,

15.5 in 2009, and 10 in 1999, indicating a slow-moving improvement in labour quality. More than 77 per cent of employed workers in the country were untrained in 2018, with a notable difference in the number of trained workers in urban and rural areas. The nation will have a difficult time achieving the goal of sustainable development. However, the quality of trained professionals is still lacking, with about 40 per cent of them having subpar credentials.

Vietnam's labour productivity is low due to the small amount of human capital that has been amassed in the work force and the lack of technical and professional skills. Vietnam's labour productivity, according to the Ministry of Labour, Invalids, and Social Affairs, is still significantly lower than that of many ASEAN nations. The labour productivity of Vietnam in 2018 was 1/30 times that of Singapore, 13 per cent of Malaysia, 29 per cent of Thailand, and 44 per cent of the Philippines when measured against prices from 2010. Vietnam's productivity growth rate over the past few years has consistently lagged behind economic growth. This demonstrates that rather than deepening and relying on labour productivity, Vietnam's economy is growing based on increasing production size and utilizing more labour.

Vietnam is not an exception to the rule that most developing nations' economic growth models are mostly built on raw materials products, which means the exploitation of readily accessible natural resources and unskilled labour. Vietnam has used an economic growth strategy that mainly relies on the export of raw commodities and foreign direct investment while utilizing a low-cost, uneducated labour population over the previous 30 years of economic innovation. During this time, significant socioeconomic growth accomplishments were made. Vietnam, which once belonged among the world's poorest nations, has transformed into a developing nation with an annual economic growth rate that is among the highest in the world. It has emerged from underdevelopment to become a low-middle-income nation, with a GDP per capita of 2,545.1 US dollar in 2018.

However, Vietnam's raw materials and unskilled labour-based economic growth paradigm is gradually losing suitability. In order to increase labour productivity and integrate with the increased workforce during the *golden population structure* period, it is necessary to improve the quality of labour by increasing the number of trained workers and improving the quality of training, among other urgent tasks. This will speed up economic growth.

3. Restructuring the Labour Market for Economic Development in Vietnam

Recognizing these challenges of Vietnam labour market, this country government have enacted policies to measure disadvantages in order to get the goal of sustainable development.

With regard to labour quality, the government introduced Decree No. 49/2018/ND-CP in March 2018 that establishes standards for vocational education in an effort to improve vocational and technical training in order to fulfil market demands. More than 1,900 vocational training facilities, including 395 colleges and 545 vocational schools, are present throughout Vietnam as of February 2018. These facilities provide courses in tourism, beauty services, IT, construction, clothing and textiles, pharmaceuticals, precision mechanics, and hotel management. In 2018, the government plans to offer 2.2 million individuals vocational training (Das 2018). As the results, Vietnam advanced from 87th in 2018 to 81st in 2022 in the ranking of the Global Talent Competitiveness Index (GTCI), which assesses countries in terms of their ability to attract, develop, and retain talent (GTCI 2022).

Additionally, to direct for labour market restructuring, on February 5, 2021, the Prime Minister issued Decision No. 176/QĐ-TTg on promulgating the *Labour market development support program through 2030* to establish a firm foundation for the construction and simultaneous development of labour market factors, contribute to effective resource mobilization, allocation, and use to support socio-economic development, modernize labour structure, and ensure the connection of the rules of engagement.

The initiative sets a goal of keeping the overall unemployment rate under 3 per cent. By completing and improving the effectiveness and efficiency of mechanisms, policies, and legal documents on developing labour market, the Vietnamese State will play the role of creating and supporting the development of the labour market. The state will also promote reform of administrative procedures to reduce risks related to workers' rights in the context of the Fourth Industrial Revolution. Promoting the link between domestic labour supply and demand in conjunction with the global labour market while also actively integrate Vietnam into the world economy.

Additionally, at this time, Vietnam is in the *golden population age*, with more than 70 per cent of the population of working age. However, it is estimated that around 2038, Vietnam's golden population period will end, when the proportion of the population over 60 years old accounts for 20 per cent. The Vietnamese Government increases the retirement age of men to 60 years and 6 months, and of women to 55 years and 8 months since 2023 – which is one of the biggest changes in the labour market in 2022. This regulation is in line with our country's conditions when the life expectancy of Vietnamese people has improved. Moreover, working conditions have improved significantly, so workers also tend to want to prolong working time to increase income and improve pensions in old age (Bui Sy Loi 2020). Besides, this also a relevant policy to deal with the Vietnam population aging.

4. Conclusion

Since Vietnam's adoption of the Doi Moi or renovation policy in 1986, the country has been undergoing the transition from central planning to a socialist market-oriented economy. Among other reforms, this has involved an expansion of the private sector and the gradual opening up of Vietnam's economy to international trade and foreign investment. These changes have made a significant contribution to economic growth.

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Regarding Vietnam's labour market, it has advantages including high participation rate, low unemployment rate as well as the increase in the average wages in 2022. However, it still has several problems, including a poor supply chain connecting the supply and demand of labour across geographic regions and economic sectors. Vietnam must therefore overcome numerous obstacles in order to fulfil the country's industrialization and modernization goals in the era of *industries 4.0*.

The Vietnamese Government has provided certain measures to restructure the labour market for the nation's economic development in an effort to address these issues. To meet market demands, vocational education has been focused on enhancing technical and vocational training. Since 2018, Vietnam's colleges, universities, and vocational institutions have seen a sharp increase in their numbers. Also, the government has released new decisions regarding the labour market for construction and concurrent labour market factor development, which support efficient resource mobilization and allocation. This will enable Vietnam's workforce to share and contribute equally to the market in each socioeconomic region. Last but not least, the authority's approach to achieve sustainable development is to raise the retirement age starting in 2022 in order to deal with the aging population.

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Assoc. Prof. Dr. Dang Hoang Linh

Dean of Faculty of International Economics

Diplomatic Academy of Vietnam

Email: dhlinh13@gmail.com



Legal dispute over wage payment
 Source: Stock-Fotografie-ID:1252617108

The Legal Framework for the Vietnamese Labour Market

● Ngo Thi Minh Huong

Economic liberalization since Doi Moi in Vietnam in early 1990 has created an emerging class structure that embodies new social forces in the labour market. As economic development leads to competition between economic sectors this in turn impacts on the division between the working class and the new class of capitalists (Paul 2010). Alongside economic success, legal reforms and institutional reforms came later, as noted by Gillespie and Chen (2010). Vietnam undertakes legal reform to adopt with the requirement and changes in economic liberalization, market economy and global integration. Vietnam thus, established a legal framework to ensure equal opportunities in all sectors, including private or state, domestic or foreign owned companies and better recognize labours rights. This paper provides a review on changes in legal framework in Vietnam regarding regulating labour market and labour rights.

1. Legal Challenges of the Labour Market

Despite the economic success, the labour market in Vietnam still faces challenges.

First, more difficulties found in increasing labour in the informal economy. In Vietnam, forty million workers of the total of fifty-four million (GSO 2017) are employed in this sector. This means that two thirds of the total workforce in the country is working in the informal sector and is not regulated/protected by laws. There is concern for conditions of work, including in the informal economy regarding labour safety and hygiene among workers and employers, exacerbated by the size of the informal economy (ILO 2018), and increased marked inequality between informal and formal economy especially amongst migrant workers and in accessing public healthcare services and social insurance (Mnet 2018). Also, it is argued that there is a lack of comprehensive policies for social security, expansion of social insurance schemes, unemployment insurance and health insurance for informal groups (Gave/UPR 2019). The Government of Vietnam reported in 2018 that the number of holders of voluntary social insurance only achieved 61 per cent of the target. It should also be noted that the 2014 Social Insurance Law on voluntary social insurance only covers two benefits: pensions and survivorship. Holders of voluntary social insurance are not covered against risks such as illness, accidents, and in case of maternity. This raises the need to have regulations that express its commitment to ensure social insurance for citizens (GOV 2018). Further concern is that, in spite of the progress achieved in expanding enrolment in health insurance, its low coverage among workers in the informal economy as well as the co-payment requirement impedes access to health care among disadvantaged and marginalized groups (ESCSR Committee 2014).

Second, the dispute, compliance and grievance mechanism are yet not strong enough regarding the protection of workers' rights. According to the VGCL strike statistics, around 42 per cent of the strikes in 2015 occurred over violations of labour rights and 38 per cent of strikes were about interest-based disputes (VGCL 2016). Wildcat strikes that were not led by formal unions and did not follow legal procedure occurred more in unionised companies than in un-organised ones (Clarke/Lee/Do 2007); Chan/ 2005; Do (2011). Labour conflicts in the form of wildcat strikes have entailed large challenges for trade unions in terms of capacity and independence of unions. While enterprises are mostly dominated by the management, the Labour Code grants key rights to the Labour Unions. In particular, the right to collective bargaining and the right to strike are granted to enterprise unions and upper-level unions in the case of un-organised workplaces. Consequently, 56 per cent of collective bargaining agreements concluded to date are mere copies of the labour law and only 15 per cent of these agreements have shown any sign of workers' participation (VGCL/FES 2015).

When a worker has a grievance about a labour abuse/violation, she/he can choose to manage the grievance via in-house remedies, including an enterprise's dialogue and grievance mechanisms. After exhausting the in-house remedies, the worker may also place their complaint to the provincial labour inspectorate (Decree 24/2018/ND-CP) or contact the local labour mediator to oversee the grievance as an individual labour dispute (Art. 201, 2012 Labour Code). If the dispute is not solved by the labour mediator or the worker does not agree with the Labour Inspectorate's decision, she/he can bring the case to the Labour Court. In certain cases such as unlawful dismissal, violations in social insurance, abuses of domestic workers and overseas workers, the worker can take the case immediately to the Labour Court without going through mediation (Art. 201, 2012 Labour Code). Apart from these state-based grievance mechanisms, the worker may seek legal counselling from legal aid centres managed by the trade unions or non-governmental organisations. The interest-based collective dispute should be mediated by a labour mediator before being submitted to provincial labour arbitration. Article 206 of the 2012 Labour Code provides right of workers to go on strike if and their representatives disagree with the decision of labour arbitration.

Collective bargaining is provided with legal ground but still not effective on the matter of negotiation on rights and interests of workers, although numbers of collective bargaining has also improved markedly compared to previous years. From 2013 to 2018, 5,302

new CBAs were signed. All SOEs have trade unions and have signed CBAs. In the foreign-invested enterprise sector (FDI), the rate of signing of CBAs increased from 60.51 per cent in 2013 to 66.05 per cent in 2018 (MOLISA 2018).

The wage system in Vietnam has for a long time been left in the hands of businesses. In the market economy, labour markets are deregulated in ways that give more space for businesses to negotiate labour contracts and wage with individual employees. In particular, wages have been the cause of over 40 per cent of wildcat strikes (Anner 2017). The state did not impose policy on wages in market and industrial relations. Only until 1997, a mandated minimum wage did apply. The 2012 Labour Code encoded the minimum wage for all sectors into law (Art. 91). Vietnam has indeed made progress in raising minimum wages over recent years by increasing both the General and the Regional Minimum Wages. However, according to the MOLISA's report (2018), the regional minimum wages have only met 50–60 per cent of the minimum living needs of workers. The basic wages are paid just at the minimum level and the total salary lags behind the living wage rate. Workers in the formal sector being paid below the regional minimum wages existed. In the production sector, wage is either paid on monthly basis or on piece rate. Even when the workers are paid on piece rate, the factories maintain a second payroll which is used as the basis for social insurance contribution. In the second payroll, each piece rate worker has a monthly base wage which is adjusted annually in accordance with the new regional minimum wages. When the piece-rate workers, especially in garment factories, fail to produce enough to reach the base wage, the factories tend to pay them extra to make up for the difference between their actual production and the base wage (which is normally the minimum wage). The implications are obvious that show workers/employees have little power to decide on decent wage:

- First, wages are set arbitrarily by the employers, mainly based on the legal minimum wages without consultation or negotiation with the workers and their representatives.
- Second, when wages paid during the regular hours drop far below the liveable wage, workers are placed in the constant need to do overtime to achieve a sustainable income for themselves and their families.
- Third, wage-related issues continue to be the primary concern and complaint of workers as well as the main cause of strikes (Do/Torm 2015).



Rule of Law
Source: www.freepik.com

Low wages commonly encourage workers to accept overtime work. It is common for workers to be automatically summoned for overtime without signing a written consent (Better Work Viet Nam 2017). This leads to insufficient compliance with the legal provisions on working hours in the production and industrial sector. The most common violations include:

- exceeding overtime limits; and
- failure to ensure workers' consent to work overtime.

In extreme cases, workers have claimed that they were coerced into working overtime by their supervisors (CNV 2016).

2. Labour Migration

Since the opening of the economy in the 1980s, Vietnam has increasingly relied on labour export. As opportunities in rural areas have decreased, migration for better employment opportunities has grown considerably. While labour export had already been in place to Eastern Bloc countries, Doi Moi resulted in an expansion to international and Asian labour markets (Anh 2008). The Government of Vietnam set a target of 100,000–120,000 workers travelling abroad each year to be reached by 2020 (Hoang 2020). In 2019, over 152,530 (54,700 women) migrant workers went to work abroad through regular migration channels, including 82,703 workers to Japan and 54,480 workers to Taiwan (China). In March 2020, around 560,000 Vietnamese people were working in more than forty countries and territories worldwide. In 2019, migrant workers travelling to Taiwan (China) alone cumulatively paid over 81 million US dollars to recruitment agencies for brokerage commission, 1,500 US dollars per migrant worker (ILO 2020). This problem must be addressed as it can lead to forced labour of migrant workers. They also need capacity and safe migration. It reveals that it is not always easy to identify the differences between recruitment agencies, smuggling of migrants and trafficking in persons. Many trafficked persons were originally migrants being smuggled, but on their migration journey, they were forced to pay transportation costs or fell into dependence due to debt, resulting in forced labour or prostitution (Dang 2008).

For Vietnam's economy labour migration has meant economic benefits but protection is still slow to catch up. Recruitment agencies are the primary facilitator of labour migration, and there is limited oversight of their practices (Zhang 2021). Nguyen et al. (2020) argue that limitations of law enforcement in detecting and preventing trafficking undermines improvements in legislation.

Child labour still exist in Vietnam. Vietnam still records over 1.7 million working children of which one million is employed in risky and hazardous environments (ILO, MOLISA, GSO 2017). Child labour is a result of the weak age verification systems. The main violation of the labour law regarding young workers (i.e. those between the age of 15 and 18) is performing overtime or with too heavy work.



The ASEAN Community
Source: www.freepik.com

3. State Ideology and the Legal Labour Reform

Vietnam holds to a socialist ideology in a way that the Communist Party (CPV) was placed in control of the state by legislation. Beresford and Fforde (2017) analysed Vietnam in the early 1980s and argued that there was a changing notion of socialism. The state used its authority to regulate the internal workings of the economy. The growth of SOEs within a state regulated system made for a paradox. They argued that during the reforms of this period, the state (and the Communist Party) could effectively mediate between social groups without the use of legal mechanisms per se and that it was perhaps this political success rather than socialist doctrine that achieved outcomes. However, as the economic actors arise with a new social forces in the new market, this changed the way the state-controlled society and regulated SOEs. The CPV now emphasized the role of the state as mediator between interests: public and private sectors, local markets, and related actors. Instruction no. 07-CT-TW dated 23 November 1996 of the Politburo gives way for tri-partite cooperation mechanisms to be strengthened by means of collective bargaining:

“To ensure harmonious labour relations as an urgency and long-term objective to ensure political stability, investment attraction, economic development.”

It has been confirmed by the Instruction no 22-CT/TW dated 5/6/2008 of Central Committee Secretary on strengthening harmonious labour relations in enterprises:

“to ensure harmonious labour relations is both urgent and a long-term objective to ensure political stability, investment attraction, economic development.”

Resolution No. 20 NQ/TW, 2008 of Central Committee of CPV emphasized to develop the Vietnamese working class in industrialisation and modernization:

“To harmonise the interests between workers and employers and the state and society” and “to develop effective mechanisms for conflict resolution to promote harmonious labour relations” through means of “trade unions to protect rights and interests of youth and workers when violated.”

The 12th Party Congress (2016) orients that:

“To create opportunities for people to have jobs and improve their incomes. Ensuring fair wages and income and ensure conditions for livings and reproduction of labour resource” and “transition from humanitarian assistance to ensuring the rights of social security of citizens.”

Gender equality in workforce is not ensured. Under 5 per cent of their member companies were found to practise gender discrimination, mainly in the form of stating a gender preference in job advertisements (Better Work Viet Nam 2017). There is 72.9 per cent of women participate in the workforce in Vietnam, lower than men (83.0 per cent) and a gender gap remains in terms of salary. The average income of a man is at least 10.1 per cent higher than the income of a woman with the same qualification in 2015. Males with vocational training earn 15 per cent more than females with the same level of education (GSO 2016).

The majority of unemployed young people are found to be untrained for the labour market. More than 70 per cent of rural female workers do not have access to vocational training programs, leading to their inability to access jobs with better salary policies and opportunities when entering the labour market (UN Women/FAO 2015). Currently, the state does not have a separate policy to support training and vocational training suitable for internal migrant workers, especially female and migrant workers to get jobs in urban areas. State-managed VTET and labour market support systems have remained weak, fragmented, and inadequately funded, most of them still performing poorly and lacking in ability to adapt to changing market demands ADB (2020). The new law no. 74/2014/Qh13 on vocational education and respective requirements have also been integrated into new quality accreditation standards for TVET institutions and programs.

The CPV recognizes the need to establish labour legislation, including re-defining the role of state enterprises, the employers, trade unions and the workers-employees with their rights and benefits whilst at the same time ensuring that the state retained effective control of the entire system. The two key bodies of law bearing on the role of unions are the Labour Law and the Trade Union Law with major amendments to these two laws over time to regulating labour market and rights (Table 1).

The Vietnam 2013 Constitution states that state power belongs to the people as represented by coalitions of workers, farmers, and intellectuals (article 2). The 2013 Constitution enlarged recognition of human rights in its Chapter 2. Followed this, the National Assembly adopted a new Labour Code to recognise the right to work and to choose the type of work/occupation, receive a salary on the basis of an agreement reached with the employer, be entitled to labour protection, safe and hygienic working conditions, and collective welfare. The 2013 constitution reaffirms that citizens have the right to work and freely choose their profession, employment, and workplace. Paid workers are guaranteed fair and safe working conditions, salary, and recreation (Article 35). Discrimination, forced labour, and employment of workers below the minimum working age are prohibited.

Regarding the protection of labour rights, Vietnam has issued important documents such as

- Decree 61/2015/ND-CP on Assistance policies for job creation and the National Fund for Employment.
- The 2016–2020 Target Program for Education on Vocation, Work and Workplace Safety.
- The 2016–2020 Planning for the Network of Employment Service Centres.
- The 2016–2020 Program for the prevention and reduction of Child Labour for the 2016–2020 period.



Values Promoted by ILO

Source: <https://untoday.org/how-are-international-labour-standards-born/>

Table 1: Key labour legal frameworks governing labour (until 2021)

Labour codes (1994, amendment in 2002, 2006 and 2007 and 2012)
2006 Law on Gender Equity (in effect on 1/7/2007)
2006 Law on Social Insurance (in effect on 1/1/2007), Decree 135/2007/ND-CP dated 16-8-2007 on administrative punishment in social insurance, 2/10/2007, Decree 63/2005/ND-CP in medical insurance (2005)
2013 Employment Law 2013
2008 Health Insurance Law

The 2015 Criminal Code has also updated the regulations for handling violations in the area of labour (Articles 162, 165, 216, 295 and 297). Vietnam has made major changes in New Labour Code 2019 (Law no 45/2019/QH2014, come into effect 1 Jan 2021).

4. Vietnam’s Commitment to International Standards

As of 2021, Vietnam has ratified and acceded to seven of nine of the United Nations Human Rights Conventions, remained not have ratified yet the *International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families* and the *Convention on the protection of All Persons from Enforced Disappearance*. Vietnam ratified and acceded to twenty-five conventions of the International Labour Organization (ILO), including seven of eight core labour standards conventions. The core labour standards as per ILO conventions include:

(1) child labour; (2) discrimination; (3) forced labour (4) freedom of association and collective bargaining. (see Table 2).

The ratification of international conventions on human rights and ILO presents Vietnam’s commitment undertake constitutional and legal responsibility of the state in protecting, promoting, and respecting human and labour rights according to international standards. Vietnam also entered various of Free Trade Agreements which have placed requirements for Vietnam to undertake legal reforms. Vietnam is a signatory to eighteen active and planned, bilateral and multilateral Free Trade Agreements including major FTAs such as the

Table 2: Vietnam’s ratifications of ILO core conventions

ILO conventions	Domestic legislations
Ratified:	
C29 – Forced Labour Convention	2019 Labour Code 2019 provides provision on association of employers and workers representative organisations which are in principle of non-interference, influence, accessed by workers and represent workers with guarantee about job secure.
C100 – Equal Remuneration Convention	2019 Labour Code provides five types of work which do not allow more than three hundred hours overtime a year.
C111 – Discrimination (Employment and Occupation) Convention	2019 labour code provides provision to promote gender equality, including men and women.
C138 – Minimum Age Convention	2019 Labour Code provides non-discrimination on special labour forces such as persons with disability and old aged people.
C182 – Worst Forms of Child Labour	The 2019 Labour Code provides that a labour contract should be made between the enterprise and the employee (specified in Articles 13, 14, 20, 24, and 25).
C98 – Right to Organise and Collective Bargaining Convention	The 2019 Labour Code provides regulations on occupational safety and hygiene should be obeyed (Articles 132, 134, 137, 142, 16, 32, 55, 67, 108, and 118).
C105 – Abolition of Forced Labour	The Law on Social Insurance 2014 provides that social insurance should be provided for employees working under labour contracts of one month or more (specified in Articles 2 and 21).
Not ratified	
C87 – Freedom of Association and Protection of the Right to Organise Convention	The 2014 law on Health insurance provides required health insurance for employees working under labour contracts of three months or more (Article 12 of 2008 the Law on Health Insurance 2008 and Article 1 of amended 2014 the Law on Health Insurance. Criminal Code 2015 and revised 2017 define crimes on human trafficking and forced labour.
Other technical ILO conventions	2019 Law on execution of criminal judgement provides clear conditions for prisoners; working align with ILO conventions. 2012 Law on Trade Union provides that employees have the right to join the trade union of the enterprise under VGLC system (Article 5)

- ASEAN Free Trade Area (1993),
- Regional Comprehensive Economic Partnership, RCEP (2022),
- United Kingdom-Vietnam Free Trade Agreement (2021),
- EU-Vietnam Free Trade Agreement (2020), and
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP) (2019) and others.

Free trade agreements will enable Vietnam’s economic development to continue to shift away from exporting low-tech manufacturing products and primary goods to more complex high-tech goods like electronics, machinery, vehicles, and medical devices. FTAs such as RCEP and EVFTA allows Vietnam to take advantage of the reduced tariffs, both within the ASEAN Economic Community (AEC) and with the EU and US to attract exporting companies to



Minister of Labour, Invalids and Social Affairs Dao Ngoc Dung introduces revised Labour Code of Vietnam

Source: <https://en.vietnamplus.vn/new-labour-code-helps-improve-employment-relations-in-vietnam/177477.vnp>

produce in Vietnam and export to partners outside ASEAN. Vietnam’s entry into these trade deals will also ensure alignment with national standards ranging from employee rights to environmental protection. Both the CPTPP and EVFTA require Vietnam to conform to the International Labour Organization’s (ILO) standards. The ILO has noted that this is an opportunity for Vietnam to modernize its labour laws and industrial relations systems.

In order to confirm the commitment to international standards and frameworks, Vietnam undertakes further legal reform regarding to labour sector. Legal reform have been further accomplished in more comprehensive framework align with the international framework (see Table 2). The revised Labour Code 2019 marked a crucial step forward in the modernization of labour market governance and in the government’s efforts to build a legal and policy environment. The changes enshrine greater protections for fundamental principles and rights at work, including non-discrimination and gender equality, the prohibition of forced and child labour, collective bargaining, and the right to organize. Significant gaps do, however, remain between provisions in national law and international labour standards and so Vietnam’s government has set out a roadmap for further labour reforms (Nguyen 2019).

5. Key Improvements of the 2019 Labour Code

Key improvements of the 2019 Labour Code are:

First, the informal sector is covered better under the new 2019 Labour Code.

The code expands coverage to those who work but without written employment contracts. Certain legal protections under the new code can be applied to about fifty-five million people, instead of the current coverage of about twenty million workers with employment relations (ILO 2019).

But the occupational health and safety for informal sector remain challenge. ILO Convention 187 aims to promote the continuous improvement of working conditions to prevent work injuries, diseases and deaths through national policies and programmes in line with international labour standards and other international trade agreements. The Vietnam 2015 Law on Occupational Safety and Health provides the legal framework on occupational health and safety, including a labour inspection system but does not provide strong enforcement and cover the informal sector.

Second, wage and working conditions are put under the Labour Code which are enabling legal provisions for workers and employers to decide wages and working conditions through dialogue and negotiation.

The role of the state is limited to defining legal minimum standards such as minimum wages and overtime caps. For example, employers no longer have to register their salary scales and tables but are required to consult with workers’ representative organizations. This fully embodies the guiding principles set out by the Party Resolution No 27 on wage policies adopted in 2018 (Resolution 27-NQ/TW dated 21 May 2018). Resolution twenty-seven provides guidance on how wages should be established and adjusted and compatible with ILO international labour standards. This resolution fully recognizes the importance of collective bargaining in fixing wages and working conditions. It states that:

“enterprises [must] implement wage policies based on negotiations and agreements between employers and workers’ collective representatives. The state should not directly intervene in the wage policy of enterprises.”

Resolution No. 27-NQ/TW of 2018 that puts wage matters and other working conditions in the realms of labour relations.

- First, the resolution clearly states that the state does not participate in the wage-setting process at the enterprise level.
- Second, the resolution recognizes the significant role of the minimum wage, but at the same time states that the limitation of the minimum wage is only to protect the most vulnerable workers in the labour market. The minimum wage cannot be used to determine the real wages of all workers.
- Third, the resolution encourages unions and employers to set real wages through collective bargaining.

In addition, the 2019 Labour Code establishes a minimum wage. The minimum wages are established by regions depending on cost of living and level of development. The National Wages Council is established as an employer and employee representative, representing the VGCL, which operates at regular intervals.

Third, Vietnam has aligned itself more closely with the right to collective bargaining in accordance with ILO conventions.

In September 2019, the Communist Party Instruction no 37-CT/TW provides requirements on harmonious labour relations. The 2019 Labour Code allows workers to establish and join a workers' representative organization of their own choosing (Art 7). Trade union organizations may or may not be affiliated with the Viet Nam General Confederation of Labour (VGCL).

The Code also ensures the protection of employers' and workers' organizations against any acts of interference by each other, and that workers enjoy adequate protection against anti-union discrimination. Employers now have clearer obligations to avoid acts of anti-union discrimination and interference in functions and activities of workers' representative organizations before and after the registration. In addition, the Code does not allow senior management personnel to join a trade union, because as such, they belong to the employer, so it is sometimes difficult to speak up for the employees.

This provision makes Vietnam's legal framework closer to ILO Convention 98 on Right to Organise and Collective Bargaining which Vietnam joined in 2019. MOLISA issues the action plan to implement Convention no 98 as per Decision no 673/QĐ-TTg dated 07/5/2021.

Under the 2019 Labour Code, the mechanism for resolving labour disputes has been streamlined. If mediation fails to resolve a dispute, workers now can

choose whether to go to lawful strike or arbitration. Procedures for settling labour grievances and disputes are provided for in the 2019 Labour Code, the 2015 Law on Complaint and the 2011 Law on Denunciation. The 2019 Labour Code states that a rights-based dispute is no longer required to be referred to the Chairman of People's Committee at the district level but can be referred directly to the Labour Arbitration Council. The Viet Nam Labour Code gives a number of mechanisms for the settlement of collective and individual labour disputes. Additionally, Decree 24/2018/ND-CP provides for the scope and procedures for handling grievances and denunciations in labour, employment, OSH, vocational training and sending workers abroad.

However, the implementation of Convention 98 and the Labour Code face challenges. But up to now in 2023, the government has yet to issue a decree on registration of workers' representative organizations and another decree on collective bargaining. Without them, workers and employers cannot enjoy benefits of new rights created by the 2019 Labour Code. It should be noted, however, that the Trade Union Law (2012) requires that all unions be affiliated with the Viet Nam General Confederation of Labour (VGCL). Enterprise unions are set up in a top-down approach with the upper-level unions (i.e. district or industrial zone unions) persuading employers to establish unions rather than by fiat. VGCL remains the umbrella body to all union systems including collection and use of revenue from trade union fee (ref. Art 26 of 2012 Trade Union Law).

Fourth, the 2019 Labour Code strengthens protection of employees against discrimination.

Employers are prohibited from the following acts:

discriminating based on gender, race, colour, social class, marital status, belief, religion, participation in trade unions, HIV-AIDS infection, or disability; maltreating employees; sexual harassment; forced labour; making use of apprenticeship or on-the-job training for the purpose of getting benefits for oneself and exploiting employees, or enticing or compelling an apprentice or on-the-job trainee to carry out illegal activities; making enticement, false promises, or false advertising to deceive employees or making use of employment service or the export of labour to foreign countries to do illegal acts; employing illegally child labour; obstructing the establishment or joining of trade unions and participation in union activities.

The code has strengthened protections against gender discrimination and sexual harassment at work. Employers are now required to "ensure equal pay for

work of equal value without discrimination based on sex" and provide maternity protection. Meanwhile, sexual harassment has been legally defined for the first time, and employers have an obligation to develop internal regulations and implement solutions to prevent sexual harassment at their workplaces.

Fifth, migrant workers are recognized to need protection.

The following law must also be mentioned: The 2007 Law on Vietnamese Workers Working Abroad Under Contract and the Revision of the Law on Contract, Based Vietnamese Overseas Workers (Law 69/2020/QH14, en force January 2022). The new law provides normative relevance and impact of removing one of the cost categories for payment by migrant workers. This is a major step forward, as it offers the possibility of unilateral contract liquidation in case of maltreatment. In addition, the Prime Minister provided the Directive no. 01/CT-TTg dated 3/5/2018 on enhance of prevention, fighting against illegal migration, residing abroad to prevent migration become trafficked victims. Vietnam has ratified the ASEAN Convention on Trafficking in Persons (ACTIP), become effective on 8/3/2017, and has enacted three acts on the transfer and receipt of persons accordingly. However, there is a low level of awareness among the actors responsible for implementing the convention, and there is no national mechanism to report on implementation of the convention (ASEAN/ACT 2021). Vietnam also joins the Action Plan on prevention of human trafficking of sub-Mekong region (COMMIT), and the country signed in ASEAN Consensus on 14/11/2017 on protection and promotion of the rights of migrant workers. Other laws and policies focus explicitly on labour migration.

6. Conclusion

The legal framework for Vietnam's labour market has begun to address the needs of labour force in the market economy. The change starts with change in state ideology on the state-society relations where government had to lessen its role in controlling the economic sphere and the industrial relations.

However, the state also recognize that industrial relations themselves do not guarantee the protection of the rights of workers, which was clearly demonstrated when wildcat strikes happened to endanger work force stability as well as economic growth. At the same time, the lack of law enforcement in case of low wages, poor working conditions, or lack of representation and negotiation power through legitimate representatives and effective unions can

result in unrest among the labour force. Vietnam shows its commitments to international standards including the ILO and human rights conventions and free trade agreements. This also places a demand for legal changes in the field of labour in general and of labour rights in particular.

With the adoption of the 2013 Constitution, more human rights have been recognised, and the ratification of other ILO conventions provides the basis for a legal framework for the world of work and corresponding legal relations. The 2019 Labour Code therefore contains important improvements to create an enabling environment for the right to collective bargaining, including wage and dispute issues, the right of trade unions and remedies against discrimination practices. This requires a commitment to change industrial relations as a whole by reducing the dominant power of employers and strengthening that of workers. For example, the 2019 amendment to the Labour Code requires a corresponding amendment to the Trade Unions Act and the Associations Act to recognise the right of trade unions, which is a valuable tool for effective collective bargaining.

Nevertheless, for the labour market there remain challenges including the issue of labour migration and the necessity of protection mechanisms. The future strengthening of migrant workers protection will require the state to

- Regulate and monitor recruitment services and ensure that criminal acts perpetrated by those involved in the recruitment industry are duly prosecuted and punished.
- Improve the complaints mechanisms and legal assistance to consider the vulnerability, mobility, and complexity of migration.
- Adopt targeted policies that respond to the needs of vulnerable migrants, such as irregular migrants and domestic workers.

The Vietnamese Government also needs to establish social and health insurance coverage which should be universal and inclusive, for informal and migrant workers, must ensure that health insurance co-payments remain affordable for all, including socially disadvantaged groups, and must expand the list of prescribed medicines under the insurance scheme so as to limit out-of-pocket payments. These also requires the Vietnamese State to take further action to leave no one behind in Vietnam and to pursue this principle in intergovernmental relations as well.

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Ngô Thị Minh Hương, PhD.

Law, Human rights, governance and sustainable development
Department of Constitutional and Administrative Law,
University of Law, Vietnam National University Hanoi
Email: nmhuongvn@gmail.com



Work process in the modern open plan office
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Formal Sector Labour in Vietnam Today

● Le Thi Thanh Ha

1. Introduction

In Vietnam, nearly 40 per cent of the labour force has a formal labour contract, are paid monthly, and receive full benefits of social welfare. However, this workforce is also facing a number of challenges such as unsatisfactory quality of work, inappropriate labour structure, low salary, low remuneration, and many difficulties in promotion opportunities. Therefore, the article summarizes some of the challenges posed to formal sector workers from secondary data. On that basis, implications regarding policies for this workforce development in Vietnam today will be recommended.

2. Formal Sector Labour in Vietnam Today: Concept and Reality

There are different interpretations of formal sector labour and there is no definition of formal sector labour. However, in reality, the term *formal sector worker* is often understood as an employee who signs a labour contract, is paid monthly, pays compulsory social insurance, and gets full social welfare.

In Vietnam, formal sector workers include those working in agencies of the Communist Party, Government, Fatherland Front, socio-political organizations, state-owned enterprises, public non-business units, people working in the army or police force; people working under labour contracts or working contracts with a term of three months in which a labour contract, social insurance and social welfare are included (National Assembly 2019).

According to the General Statistics Office, in Vietnam, in 2022, the labour force aged 15 and over will reach 51.7 million people (General Statistics Office 2022). In the first quarter of 2023, the labour force nationwide increased to 52.2 million people. In which, the number of people who are employed was 51.1 million (General Statistics Office 2023). According to the survey of Manpower Group Solutions' Total Workforce Index (TWI), Vietnam has 38 per cent of workers in the formal sector as long-term workers and 62 per cent of seasonal workers (Lan Anh 2018). Thus, by the beginning of 2023, Vietnam has more than 19 million people working in the formal sector. Among them, 1,998,083 employees receiving salary from the government's budget (Luan Dung 2022) are workers or employees in the formal sector. By the end of September 2022, Vietnam had over 17.08 million people participating in social insurance (Anh Thu 2022). The above data shows that the number of workers participating in social insurance is mainly in the formal sector.

Because formal sector workers in Vietnam are predominantly civil servants, public employees, employees with labour contracts working in agencies of the Communist Party, Government, Fatherland Front, socio-political organizations, state-owned enterprises, public non-business units, they can always receive the attention of the Communist Party and the Government of Vietnam. The Third Conference of the Central Committee of the Communist Party (the VIII term) on *staffing strategies in the period of accelerating its national industrialization and modernization, promoting people's mastery, and continuing to build a clean and strong Socialist Republic of Vietnam* stated that:

"Staffing is the decisive factor for the success or failure of the revolution, associated with the destiny of the Party, the country and the regime, a key stage in building the Party." (Central Committee of the Communist Party 1997)

Therefore, a large number of formal sector workers have a firm ideological stance, are good at their expertise and profession, have good ethics, characteristics, and a deep patriotic spirit, are dedicated to serving the people, are steadfast in the goal of national independence and socialism, and meet requirements and tasks at their standards. A number of people working in the informal sector work passionately in science and research, make many positive contributions to their organizations and units, and fulfil their assigned responsibilities and duties.

3. Some Challenges for Formal Sector Workers in Vietnam Today

Firstly, the quality of work in the formal sector is not satisfactory and the labour structure is not appropriate.

According to the 2021 report of the Ministry of Education and Training, the percentage of trained workers nationwide reached 66 per cent, of which the rate of trained workers with degrees and certificates reached 26.1 per cent (Lai Cuong 2021). The survey on Total Workforce Index (TWI) of Manpower Group Solutions also shows that in Vietnam 5 per cent of workers are able to use English fluently and 10.4 per cent are highly skilled workers. (Lan Anh 2018). This shows that Vietnam's labour quality is low, there is a shortage of skilled and highly qualified workers.

According to research by Nguyen Thi Ngoc Lan, workers in the formal sector have higher levels of education than those in the private sector in both genders. Specifically, the proportion of male workers with a university

degree or higher in the formal sector is 24 times higher than in the private sector and eleven times for women. The majority of labourers in the formal sector have worked for ten years or more, while those in the private sector have worked from twelve months to less than five years (Nguyen Thi Ngoc Lan 2021). But this gap has now been narrowed. In particular, the proportion of male workers with a university degree or higher in the governmental sector is six times higher than that in the private sector and this number is four times for females (Nguyen Thi Ngoc Lan 2021). It is because after the COVID-19 pandemic, many skilled, qualified, and experienced workers in the formal sector (mostly in the health and education sector) have recently moved to the private sector, which leads to mutation as well as labour shortage in the formal sector.

Apart from the low quality of work in the Vietnamese formal sector labour, the labour structure is not appropriate. Facing that situation, on October 25, 2017, the 6th Conference of the Central Committee of the Communist Party (Term XII) issued the Resolution No. 18 on *Some issues on continuing to renovate, arrange the organizational apparatus for a lean, effective, and efficient political system* with the general goal of

"continuing to renovate and arrange the organizational apparatus for a lean, effective and efficient political system... Downsizing associated with restructuring, improving quality, effectively using the contingent of cadres, civil servants and governmental employees; reducing recurrent expenditure and contributing to salary reforms." (Central Committee of the Communist Party 2017)

Thus, the Party and Government of Vietnam have determined to streamline the payroll, rearrange the organizational apparatus of the political system to be leaner, effective, and efficient, especially labourers in the formal sector to reduce the number of workers with unsatisfactory performances as well as restructure the workforce in this sector.

Several documents are important in this regard:

- The Resolution No. 18-NQ/TW, the Ministry of Politics issued the Resolution No. 37-NQ/TW, dated December 24, 2018, on the arrangement of administrative units at district and commune levels;
- The Conclusion No. 17-KL/TW, dated September 11, 2018, on the situation of payroll implementation and reducing the staff numbers of organizations in the political system in 2015–2016; objectives, tasks and solutions for the 2017–2021 period;



Sorting salted sardines at a fish processing plant in Long Hai
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- The National Assembly promulgated the Resolution No. 56/2017/QH14 dated November 24, 2017, of the National Assembly on continuing to reform the organization of the State administrative apparatus to be lean, effective and efficient;
- The Resolution No. 32/NQ-CP, dated May 14, 2019, issued by the Government on the implementation plan to arrange administrative units at district and commune levels in the 2019–2021 period;
- The Decree No. 34/2019/ND-CP, dated April 24, 2018, on amending and supplementing a number of regulations on commune-level cadres and civil servants and part-time labourers at communes, villages, and residential groups.

After two years of the implementation of the Resolution No. 18-NQ/TW, as of December 31, 2019, there was a reduction of four units at the Central Government, 97 units at the provincial level; six general bureaus and equivalent; 19 bureaus, departments, 90 public non-business units at the central level; 3,768 offices, teams and equivalent; reduction of 4,963 public sectors at the local level (Communist Party of Vietnam 2021, volume 2, 182). About downsizing, the whole country reduced 539,926 people in the official payroll, (corresponding to a decrease of nearly 14.7 per cent compared to the actual payroll as of April 30, 2015). The payroll of the Communist Party, Fatherland Front and socio-political

organizations has decreased by 11.24 per cent. There has been a decrease of 41,089 part-time workers at the commune level (reduced by 21.7 per cent compared to April 30, 2015) and of 222,351 part-time labourers in villages and residential groups (decreased by 31.2 per cent compared to April 30, 2015) (Communist Party of Vietnam 2021, volume 2, 183). However, at present, the labour structure in the formal sector is still not appropriate. Therefore, the document of the XIII Congress stated:

"The downsizing of the new staff just focused on reducing the quantity, was not actually associated with improving the quality and restructuring the contingent of cadres and civil servants." (Communist Party of Vietnam, volume 2, 184)

In particular,

"The number of commune-level cadres and civil servants in public non-business units is still too large; their quality, competence and prestige are limited, they lack professionalism, and have not met the requirements and tasks in the new situation." (Communist Party of Vietnam 2021, volume 1, 134)

In fact, it is difficult for some organizations and units to reduce the number of employees with low or medium competence. However, workers with better qualifications, skills and experience who are in need in the public sectors leave and work for private sectors.



Made in Vietnam

Source: Stock-Fotografie-ID:1490123598

Consequently, governmental organizations need to recruit new people, so it takes time to train and mentor them again. Therefore, in the upcoming time, Vietnam will have to continue to renew its policies of using labour in the formal sector.

Secondly, the income of labourers in the formal sector is low and promotion opportunities are difficult.

According to aggregated data of 63 provinces, cities and central ministries and departments during the period from January 1, 2020, to June 30, 2022, the total number of civil servants and public employees who quit their jobs was 39,552 people equal to 1,94 per cent of the total payroll of civil servants and public employees nationwide (Ministry of Home Affairs 2022). Education is the industry with the highest number of people leaving jobs with 16,427 staff (accounting for 41.53 per cent). Of these 49 per cent or more have a university degree, 60 per cent are under 40 years old. Next is the health sector with 12,198 people quitting their jobs, accounting for 30.84 per cent, of which the number of people with university and postgraduate degrees is 56.27 per cent, the under 40-year-old group is 74.72 per cent. Out of a total of nearly 40,000 civil servants and public employees who have quit their jobs, there are 4,700 doctorates and masters (Hoang Vu 2022). Thus, it can be seen that those who quit their jobs are highly qualified, have been trained, have good health, and most of them are at their optimum health and can contribute a lot to society.

One of the main reasons leading to the labour movement from the formal sector to the informal sector is the disparity in income and promotion opportunities. From the 2019 labour and employment survey data, it is shown that the state sector has an average hourly wage that is higher than that of the private sector, about 1.3 times for men and 1.4 times for women (Nguyen Thi Ngoc Lan 2021). This is because the qualification of labourers in the formal sector is higher than that in the informal sector. But now, wages in the formal sector are low and still of averaging method, and therefore it does not motivate labourers in the formal sector. Currently, the regional minimum wage applied to the business sector ranges from 3.35 to 4.68 million Vietnamese dong/month while people with a university degree entering the public sector can receive a starting salary of just over 2.96 million Vietnamese dong /month. This amount of money is lower than the minimum wage that labourers working in the Region Four can get in the private sector (Chau Thanh 2022). This is the main reason leading to the current state of layoff in the formal sector. For example, a doctor who studies for 6 years and after 18 months of practicum can be awarded a practicing degree: If he or she is recruited into a public non-business unit, he will receive a salary of nearly 3.5 million Vietnamese dong. This salary only covers a part of the living expenses, so it is difficult to *retain* them to work in the formal sector. This situation is also common in other public sectors. Meanwhile, income in the informal sector and the foreign sector follows the market mechanism and is highly competitive, so there is a big difference in the two sectors in terms of salary and bonus.

Moreover, the working environment and promotion opportunities of workers in the formal sector are not really attractive. Currently, human resource management is carried out in accordance with the regulations of the Law on Cadres and Civil Servants, the Law on Public Employees, and the Government's Decree No. 115/2020/ND-CP dated September 25, 2020 on regulations on *recruitment, employment and management of public employees*. The Decree No. 138/2020/ND-CP dated November 27, 2020, of the Government on regulations on recruitment, employment and management of civil servants... have not clearly identified those who lead, manage and perform their professional work. Even in the work of recruiting, appointing, and employing personnel, seniority is more important than labourers' performance and efficiency. The evaluation of their performance and work outcomes is not really objective, transparent, and true to the effort that employees put in. The appointment of officials requires many steps (five steps) and degrees (seven types), but it is still formal, making it difficult to respect the talented.

4. Some Policy Implications

Firstly, issuing policies to improve the quality of labour in the formal sector, and readjusting labour in accordance with the economic structure. The document of the XIII Congress also affirmed:

"Transforming the labour structure in accordance with the economic structure, increasing the proportion of workers in the formal sector, and focusing on creating jobs for workers in the informal sector, especially agricultural workers changing occupations." (Communist Party of Vietnam 2021, volume 1, 150)

It is to

"develop human resources, especially highly qualified human resources, prioritize human resources for labour, management and key areas on the basis of improving, creating a fundamental, strong and comprehensive change in the quality of education and training." (Communist Party of Vietnam 2021, volume 1, 154)

Accordingly, it is necessary to synchronously develop institutions and policies to effectively implement the policy of education and training with science and technology as the top national policy, to improve the quality of labour in the formal sector.

Vietnam also needs a highly effective downsizing policy to rearrange and restructure labour. To solve this problem well, it is necessary to implement the government's Decree No.108/2014/ND-CP dated November 20, 2014, on downsizing policy and the Decree 143/2020/ND-CP on amending regulations on *downsizing*. At the same time,

- continuing to amend and supplement regulations that are not suitable or are no longer appropriate on the basis of continuing to review the functions and tasks of each ministry and sector in the public sector,
- each agency, organization or unit must develop a plan to streamline the payroll and restructure the contingent of cadres, civil servants and public employees and submit it to competent authorities for approval to organize and direct the implementation,
- building and structuring a contingent of cadres and civil servants according to job positions and training qualifications in an appropriate way,
- resolutely consolidating, rearranging, and reorganizing public non-business units in order to narrow down the focal points and reduce the payroll,
- strengthening inspection, examination, and supervision in the process of downsizing and restructuring the contingent of cadres, civil servants, public employees,
- there should be legal regulations to bind the commitment of leaders of the agency or organization to the responsibility for downsizing the payroll,
- regulations on strict discipline should be issued if leaders fail to properly perform the assigned roles and responsibilities such as reducing the payroll for wrong staff,
- accepting family members, not talented people, into their office, etc.

Secondly, amending salary policy, remuneration policy and employing talents in the formal sector according to the Communist Party's guidance view:

"Reforming the salary policy in the direction associated with the change in labour prices in the marketplace should be commensurate with the economic growth and labour productivity growth, etc. Focusing on improving social welfare, social security... Developing the labour market, aiming for sustainable work." (Communist Party of Vietnam 2021, volume 1, 149)

The current reality shows that recruiting highly qualified persons into the formal sector is difficult, but retaining them is even more difficult, especially in the context of competition for highly qualified staff from the private sector which is normally very dynamic and there are many opportunities like today. Therefore, the government needs to develop an appropriate salary policy to stimulate and encourage employees to work with productivity, quality, and efficiency. At the same time, there should be mechanisms and policies to promote talented people if they work in the formal labour sector. Labourers should be encouraged to be passionate about their work so that they dare to think, dare to do, dare to take responsibility, prioritizing the arrangement and use of employees with innovative thinking, breakthrough, creativity, and high efficiency. At the same time, the government also needs to have a mechanism to protect them and thinks of institutionalizing it into legal regulations.

5. Conclusion

Labour in the formal sector in Vietnam today accounts for a large proportion of the country's labour force. This labour force is the main human resource of the country, so it always receives the attention of the Communist Party and Government of Vietnam. Basically, workers in the formal sector have a firm ideological stance, have the required qualifications, labour contracts, get compulsory social insurance and receive full social welfare. However, in the current new context, formal sector workers are facing a number of challenges. They are named just a few like the quality of work is not met, the labour structure is not appropriate; salary is low and promotion opportunities are difficult. Therefore, the Vietnamese Government should supplement and adjust a number of policies on education and training; and also policies on restructuring the organization and apparatus accordingly. In particular, there should be reforms on salary and remuneration policy for talents and labourers working in the formal sector.

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Assoc. Prof. Dr. Le Thị Thanh Hà

Management for Social Development

Institute of Sociology and Development, Ho Chi Minh National Academy of Politics

Email: Havientriet@gmail.com

Informal Employment and gender dimensions in Vietnam

● Trinh Thu Nga

1. Introduction

As in many developing countries in the world, informal employment is common in Vietnam, including self-employment, unpaid family labour, employed workers for unregistered business units, and salaried workers in some enterprises in the formal sector. According to the General Statistics Office (2022), the labour market in Vietnam has about 33.57 million workers with informal employment (called informal labour), with over 82 per cent of these working in the informal sector. This is a group of persons which is vulnerable to risks (recession, economic crisis, natural disasters, epidemics, etc.) because it has no job security. In particular, informal workers have been seriously affected in the context of the COVID-19 pandemic over the past two years – millions of them have been forced to withdraw from the labour market, lost their jobs, and their incomes were reduced (ILO 2021; ILSSA 2022). It is noteworthy that the development of science and technology, especially digital technology has led to the emergence of business models and new forms of employment in recent years, especially in urban areas. The number of employees freely participate in the system of providing remote services on the internet, as well as transportation services such as taxis, delivery, food, etc. due to the applications of Grab, Gojek, Lalamove, Ahamove, Baemin, bringing a strong shift in the reshaping of employment structure, creating unprecedented opportunities for employees, businesses, and society. However, workers participating in these forms of technology-based employment are all self-employed (identified as partners of technology enterprises) with employment characteristics similar to those for traditional informal workers. In addition, this new form of employment is causing many problems, while the labour market management system has not kept up with it, leading to the confusion among state agencies in determining the nature and mode of operation, and management of the labour group.

Looking at the gender perspective, in particular, shows that men are much more engaged than women in informal employment in Vietnam – men make up 56 per cent of total informal employment in 2021 (GSO 2022). At present, there has been no in-depth analysis of gender issues in informal employment in Vietnam; however, an OECD/ILO study (2019) found that the risks and vulnerabilities brought about by the informal economy have disproportionate effects on women: they are more likely to participate in lower stages of the informal employment ladder or to be dominant in vulnerable forms of employment; less engaged in paid jobs and more engaged in unpaid work than men; have lower incomes than men; etc. These are the gendered aspects that need to be further clarified in informal employment in Vietnam in the coming time in order to provide scientific evidence to review the Resolution 15 and the amendments of the Law on Employment 2013, as well as gender impact assessment of the draft Amended Law on Employment of 2022 and 2023.

This article will focus on examining the current status of informal employment in Vietnam and related gender issues, as well as the need for informal workers to switch to formal employment. On that basis, a number of gender-responsive policy implications are proposed to support informal employed workers, including both male and female workers, to move towards formal employment and have greater access to decent work or self-employment in the formal sector for themselves and other employees, contributing to the formalization of informal employment in Vietnam by 2030.



Construction workers.
Source: ILO/Flickr



A local woman weaves a fishing net in Viet Nam.
Source: www.flickr.com



Street vendor in Hanoi
Source: www.flickr.com

2. Some Basic Concepts Related to Informal Employment

The informal sector and informal employment

The informal sector: The informal economic sector is best understood as a set of units that produce physical products and services with the primary purpose of generating jobs and incomes for employees. These units tend to operate in the form of small-scale organizations and the employment relationship is based mostly on casual labour, kinship, or personal relationships rather than on contractual relations with formal guarantees. The informal production units have the characteristics of individual business establishments or household enterprises. Fixed assets and other assets which do not belong to production units but to the owner of the investment. These entities cannot sign contracts with other businesses in accordance with the law, nor can they come out on their own as debt payments. Owners must balance their own expenditures, at their own risk. Manufacturing costs are not differentiated from household costs. Similarly, the use of valuable goods such as buildings and vehicles is indistinguishable whether they are for business or family consumption (GSO 2016).

Informal employment: According to the ILO, informal employment includes all employment arrangements which do not provide individual workers with legal or

social protection through their work, thereby exposing them to economic risks. This definition includes workers working in the informal sector and those outside the informal sector (ILO 2013a). Thus, with the ILO's method of determination, informal employment is defined as jobs without compulsory social insurance and do not include business owners who do not participate in compulsory social insurance (in the sense that employers who do not participate in compulsory social insurance are also considered to have official jobs because they are considered to have stable financial resources and generate a many jobs for other workers) (ILO 2021).

In this article, we use the ILO definition and use the variable "compulsory social insurance participation" (meaning guaranteed social security) to identify a worker informal employment. Accordingly, in this study, it is determined that "informal employment is a job without compulsory social insurance," including self-employed workers and owners of registered business establishment (formal sector) but do not participate in compulsory social insurance (*this is a different view in the ILO and GSO calculation*). Self-employed workers and business owners even though they have business registration (recognized and protected by law) but without compulsory social insurance means that they are not guaranteed social security when they are at risk. Because their businesses are usually microporous with outdated technology, their activities are often unstable,

with low revenue, high risks, and often have difficulties in ensuring jobs and incomes for themselves and their employees. In the Vietnamese context, therefore, we consider self-employed workers and business owners, even though they work in the formal sector (with business registration), if they do not participate in compulsory social insurance, they are still considered having informal employment.

Formal employment: Formal employment is defined as employment that is recognized and protected by law (with labour contracts for salaried employees; with business registration for self-employed workers and business owners) and guaranteed social security (compulsory social insurance participation). In this article, the criteria for the determination of formal employment are the coverage of compulsory social insurance schemes for employees.

Gender and gender equality

Gender refers to the characteristics, positions, roles of men and women in all social relationships (Article 5, Chapter I, Law on Gender Equality 2006)

Gender equality means that men and women have equal positions and roles, are given conditions and opportunities to develop their capacities for the development of the community and family and equally enjoy the achievements of the community (Article 5, Chapter I, Law on Gender Equality 2006).

Gender inequality means discrimination between women and men in terms of unfavourable status, conditions and opportunities for women and men to realize their human rights, and contributions to and benefits from the family and the country (National Assembly 2006).

3. Informal Employment Status through a Gender Lens in Vietnam

a. Size and distribution of informal employment

In the Vietnamese economy, informal employment is a major source of employment for workers, both men and women, in which the level of men's participation is higher than that of women. In 2021, the whole country has 35.48 million informal workers, accounting for 72.36 per cent of the total employed persons in the economy. Among them, female workers with informal employment were 15.61 million, accounting for 44 per cent of total informal employees and 68.45 per cent of the total female workers with employment in general. Meanwhile, male workers with informal employment were 19.87 million, accounting for 56 per cent of the total informal employees (12 percentage points higher than the corresponding share of female workers) and 75.77 per cent of total male workers with employment in general (7.32 percentage points higher than the corresponding share of female workers) — see Table 1.

Table 1: Scope and structure of employed workers in Vietnam, by gender and employment status (main job) of employees, 2019 and 2021

		Quantity (million people)			Structure (%)		
		Informal Employment	Formal Employment	Total	Informal Employment	Formal Employment	Total
2021	Male	19.87	6.36	26.23	75.77	24.23	100.00
	Female	15.61	7.2	22.81	68.45	31.55	100.00
	Total	35.48	13.55	49.04	72.36	27.64	100.00
2019	Male	18.61	6.46	25.07	74.24	25.76	100.00
	Female	14.36	7.18	21.54	66.65	33.35	100.00
	Total	32.97	13.64	46.61	70.73	29.27	100.00
The increase/decrease in 2021 compared to 2019 (%)	Male	6.77	-1.55	4.63			
	Female	8.70	0.28	5.90			
	Total	7.61	-0.66	5.21			

Source: Calculation from GSO's Labour and Employment Survey Database in 2019 and 2021

In the period of 2019–2021, due to the impact of the COVID-19 pandemic, the number of informal employees increased rapidly both in numbers and proportion, in which female workers increased faster than male ones – see Table 2. The scope of informal workers increased rapidly at an average rate of 7.63 per cent a year between 2019 and 2021 (higher than the growth rate of employed workers in general – 5.2 per cent a year); the growth rate of informal female workers was higher than that of informal male workers (8.73 versus 6.87 per cent) in the same period. Accordingly, the proportion of informal workers also increased by 1.63 percentage points (from 70.73 per cent in 2019 to 72.36 in 2022); this proportion of female workers grew faster than male workers (1.8 percentage points compared to 1.5 percentage points). This suggests that the pandemic has exacerbated informal employment and will leave some consequences on employment, income, and family issues for workers, particularly for female workers if there are no timely support measures.

It is also common for workers to have informal jobs in the formal sector. In 2021, there were 7.81 million informal workers in the formal sector, accounting for nearly 37 per cent of formal sector jobs and 22 per cent of total informal workers—see Table 2. Of these, more than 2 million informal workers are salaried employees in non-state enterprises, state-owned enterprises and FDI enterprises. The proportion of informal male workers among total male employed workers in the formal sector was 10 percentage points higher than the proportion of female workers (41.78 compared to 31.24 per cent). This showed that the level of compliance with

the labour laws of a part of employers in the formal economic sector in the signing of labour contract and paying compulsory social insurance for employees, especially for male workers was limited.

Urban-Rural Areas

Informal employment is concentrated mainly in rural areas, accounting for 70.78 per cent of total informal employment of the whole country in 2021. In the period of 2019–2021, informal employment increased in both urban and rural areas, but the growth in urban areas was lower than in rural ones (5.35 compared to 8.6 per cent)—see Table 3. As a result, the share of informal employment in urban areas fell slightly by 0.63 percentage points (29.22 per cent in 2021 compared to 29.85 per cent in 2019), by contrast, the extent of informal employment in rural areas increased accordingly – see Table 3. The proportion of employment in general and informal employment in rural areas is still very high, indicating the slow pace of urbanization in Vietnam and economic restructuring in rural areas, which remains largely confined to low productivity in agricultural and livestock production – a major challenge in formalizing informal employment for the coming time.

The three sectors of the economy

By 2021, informal employment was concentrated mostly in the agriculture, forestry, and fishing sector, with 14.09 million people, accounting for 39.72 per cent of total informal employment in the economy, followed by the services sector with over 12.54 million

Table 2: Number, structure, and percentage of informal employed workers of the whole country, by gender and economic sector, in 2021

	Male	Female	Total
1. Quantity (million people)	19.87	15.61	35.48
a. Formal Sector	4.54	3.26	7.81
b. Informal Sector	15.33	12.35	27.68
2. Structure (%)	100.00	100.00	100.00
a. Formal Sector	22.86	20.91	22.01
b. Informal Sector	77.14	79.09	77.99
3. Percentage of informal employed workers out of total employed workers (%)	75.75	68.45	72.36
a. Formal Sector	41.78	31.24	36.66
b. Informal Sector	99.78	99.84	99.81

Source: Calculation from GSO's Labour and Employment Survey 2021.

Table 3: Size and structure of informally employed workers nationwide, by gender and urban-rural areas, in 2019 and 2021

	2021			2019		
	Male	Female	Total	Male	Female	Total
Extent (1000 people)	19,874	15,610	35,483	18,612	14,356	32,969
Urban areas	5,623	4,746	10,369	5,357	4,485	9,842
Rural areas	14,251	10,864	25,115	13,256	9,871	23,127
Structure (%)	100.00	100.00	100.00	100.00	100.00	100.00
Urban areas	28.29	30.40	29.22	28.78	31.24	29.85
Rural areas	71.71	69.60	70.78	71.22	68.76	70.15

Source: Calculation from GSO's Labour and Employment Survey Database in 2019 and 2021

people, accounting for 35.35 per cent; the lowest is the industrial sector with 8.85 million people, accounting for 22.49 per cent. However, there are gender differences in the structure of informal employment by economic sector – female informal workers were concentrated in the service sector (41.68 per cent of all female informal employees) and in the agriculture, forestry, and fishing sector (41.47 per cent), and less in the industrial sector (16.85 per cent). Meanwhile, male informal workers were fairly evenly distributed across all three sectors, the largest in the agriculture, forestry, and fishing sector (38.35 per cent of all male informal workers), followed by the industrial sector (31.28 per cent) and services sector (30.37 per cent). The gender gap is quite large in the industrial and service sectors. The proportion of male informal workers in the industrial sector is 14.42 percentage points higher

than that of female workers, while the proportion of male informal workers in services sector is 11.3 percentage points lower than that of female ones. This again shows a gender bias in the selection of sectors and employment among informal employed workers, particularly women with a very limited participation in industry which is the most productive sector of the economy.

In another perspective, despite efforts to restructure the agricultural and rural sector in recent times, agriculture, forestry, and fishing is still the most backward sector of the economy and has not created much formal employment for both males and females, in other words most of the employment in the agriculture, forestry and fishing sector is informal. Informal employment accounts for 99.13

Table 4: Size and structure of informal labour by economic sector and gender (%)

	Agriculture, forestry, and fishing sector	Construction and industrial sector	Service sector	Total
Structure of informal employed labour by three sectors				
Male	38.35	31.28	30.37	100.00
Female	41.47	16.85	41.68	100.00
Total	39.72	24.93	35.35	100.00
Percentage of informal employed workers in all employment				
Male	98.92	65.07	67.28	75.77
Female	99.13	39.33	67.87	68.45
Total	99.02	54.47	67.58	72.36

Source: GSO 2022; Labour and Employment Survey 2021

per cent of the total employment of this sector; the corresponding proportion of female workers does not differ significantly from those of male (99.13 per cent compared to 98.92 per cent). In addition, the service sector also has a fairly high informal employment rate (67.87 per cent), the corresponding rate of female and male workers also has no major difference (67.87 versus 67.28 per cent). Notably, the industrial sector is considered the most modern sector of the economy, but more than half of employment still consists of informal jobs (54.57 per cent) and there is a quite significant difference between women and men – the proportion of informal employment among total female workers is much lower than that for men (39.33 compared to 65.07 per cent). In other words, although women are less likely to be engaged in industry than men, nearly two thirds have formal employment (60.67 per cent), compared to one-third formal employment of male workers (34.91 per cent). This is due to the strong development of export-oriented manufacturing industries such as textiles, garments, footwear, electronics, etc. which are labour intensive industries and employ large numbers of women workers, attracting a significant proportion of women to work in formal enterprises. Therefore, measures to formalize informal employment and manage informal labour in the coming time should pay attention to the development characteristics and labour issues of each economic sector. This calls for greater attention from the government to sectoral development policies, as well as to investment policies (which must be linked to decent job creation for workers), which are an integral part of strategies for formalizing informal employment.

b. Demographic characteristics of informal workers

By age, the group of workers with informal jobs is mostly middle aged and have an older age structure than those with formal jobs; male workers with informal employment have younger age structure than female workers with informal employment. In 2021, the proportion of workers aged between 15 and 34 in the informal group was higher than the proportion of workers with formal employment (28.71 per cent compared to 48.91 per cent). Meanwhile, the proportion of workers in the age group of 35 years and older workers with informal jobs was lower than the proportion of workers with formal jobs (71.29 per cent compared to 51.09 per cent). This proportion of informal female workers was higher than the proportion of informal male workers (69 per cent compared to 74 per cent) — see Table 4.

Notably, in 2021, there were 3.19 million young adults aged 15–24 employed in informal, accounting for 68.51 per cent of the total number of people in this age group. This shows that the majority of young people are working in the informal labour market, in jobs with limited economic security, limited training opportunities and poor working conditions. This is a major barrier for young people, especially young women in the age of childbearing and children raising in professional development and it also challenges the long-term career prospects of workers in the future.

In addition, in 2021, there were over 4.5 million workers aged 60 and more (called elderly workers) with informal employment, accounting for 97.73 per cent of the total

Table 5: Size and structure of the informal laborers by age and gender group, 2021

	Workers with informal employment			Workers with formal employment
	Male	Female	Total	Total
Size (million people)	19.87	15.61	35.48	13.55
15–24	1.93	1.26	3.19	1.47
24–34	4.19	2.80	7.00	5.16
35–59	11.40	9.40	20.80	6.82
60+	2.35	2.15	4.50	0.10
Structure (%)	100.00	100.00	100.00	100.00
15–24	9.73	8.04	8.99	10.81
24–34	21.10	17.96	19.72	38.10
35–59	57.36	60.19	58.61	50.31
60+	11.81	13.80	12.69	0.77

Source: Calculation from GSO's 2019 and 2021 Labour and Employment Surveys

elderly population. At the same time, in the context of rapid population aging in Vietnam, employment in general and informal employment of the elderly in particular have been continuing to increase rapidly (an increase of more than 1.4 million elderly people who had informal employment in the period 2019–2021). Elderly people suffer from double disadvantage of declining health and discrimination in the labour market in general, especially in the informal economic sector with limited working conditions, unstable work, and income. This is a matter of concern for appropriate policies and support to promote the elderly who need work to access decent jobs in the coming time.

In terms of labour quality, the education level of the informal workers, particularly female workers, is very limited, much lower than that of those with formal employment. In 2021, the proportion of trained workers with degree/certificate (elementary level or higher) of informal workers was only 14.05 per cent, much lower than that of the formal group of workers (57.65 per cent). Of this, the proportion of female informal workers was only 9.31 per cent, which was about 8.4 percentage points lower than that of male informal workers. This gap has increased by almost 2 percentage points compared to 2019 (6.73 per cent). This is detrimental to informal workers in approaching productivity and quality employment opportunities. Notably, 11.14 per cent of informal male workers, and 15.29 per cent in the total number of informal female workers have not completed primary education. This is a significant barrier for informal workers, particularly the young ones, to access higher levels of training in the future.

Informal female workers are subject to higher vulnerability, both in comparison with their male counterparts, and with females in formal employment, specifically: (i) By age group, informal female workers have an older age structure than informal male workers. The older the age, the greater the informal status and this situation is exacerbated among older female workers; (ii) The proportion of informal female workers in vulnerable marital status such as widows and divorce is high (12.09 per cent), which is 3.4 times higher than the proportion of men employed in informal employment and 2.3 times higher than that of women employed in formal employment; (iii) The majority of other workers in households of informal workers also have informal jobs (the average number employed in informal employment was 1.98 people per household, which is three times higher than the average employed in formal employment, 0.65 people per household), reflecting the vulnerability of households to poverty in face of economic, social, and environmental shocks (resulting in the situation that the main workers of the household lose their jobs, reduce their income, while there is no guarantee of social security); (iv) The prevalence of male and female migrant workers working in informal jobs. The country has more than 1.4 million migrant workers in informal employment in 2021, with almost 50 per cent being female and mainly moving from rural to urban areas. They are the most vulnerable due to difficulties in accessing basic social services in their destinations, while often working under unsecured environments and conditions, insecure jobs and living places, etc., and lack of other social protection.

Table 6: Employment structure by the highest levels of education of workers with informal and formal employment, 2021 (%)

	Labour with informal employment			Labour with formal employment
	Male	Female	Total	Total
I. Untrained/no degree/certificate	82.20	90.70	86.00	42.35
1. Never been to school	2.50	4.50	3.40	0.30
2. Did not graduate from primary school	8.70	10.80	9.60	1.26
3. Graduated from primary school	23.90	26.90	25.20	7.21
4. Graduated from secondary school	32.90	33.50	33.20	16.34
5. Graduated from high school	14.30	15.00	14.60	17.24
II. Trained with degree/certificate	17.80	9.30	14.00	57.65
6. Elementary	9.70	2.00	6.30	8.29
7. Intermate	3.30	2.50	3.00	7.20
8. College	1.90	1.90	1.90	7.83
9. Higher education	2.90	3.00	2.90	34.33
Total: (I) + (II)	100.00	100.00	100.00	100.00

Source: GSO 2022; Labour and Employment Survey 2021

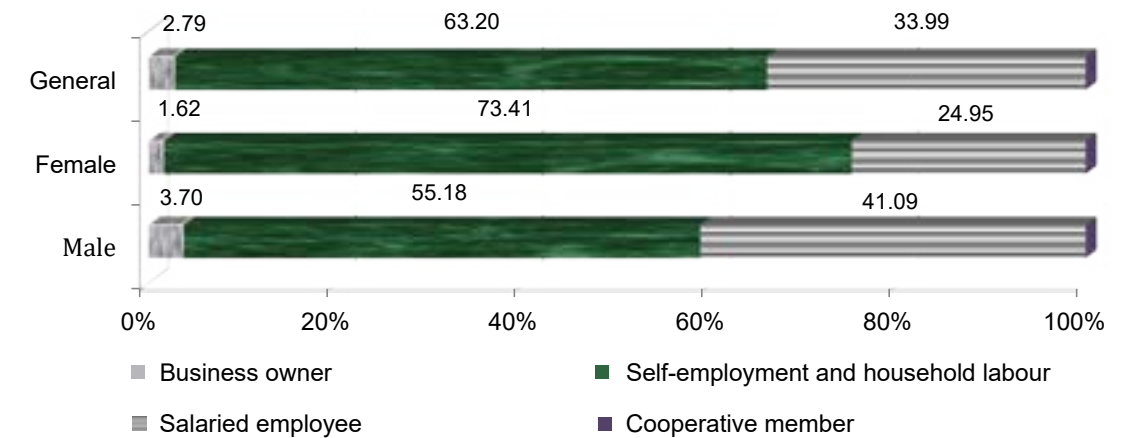
c. Quality of informal employment

Regarding employment status, informal employed workers remain concentrated mainly in the vulnerable forms of employment (including self-employment and household labour), with 22.42 million workers, accounting for 80.98 per cent of the total number of informal employed workers in 2021. At the same time, the salaried employment group accounted for only 33.99 per cent, the group of owners of production and business establishments accounts for a very small proportion of 2.79 per cent. By gender, the majority of informal female workers have vulnerable employment, accounting for 73.41 per cent of the total informal female workers, which is 18.23 percentage points higher than the corresponding proportion of informal male workers (55.18 per cent) — see Figure 1. This evidence again point to the disadvantage of informal employed workers, particularly informal women workers, due to their high level of presence in lower status/vulnerable jobs, while having low levels of representation in high-status jobs such as business owners and salaried employees.



Grab motor taxi drivers waiting for customers
Source: www.freepik.com

Figure 1: Structure of informal labour by employment status and gender, 2021 (%)



Source: GSO 2022, Labour and Employment Survey 2021

By occupational group, the number of employees doing jobs that require high levels of professional qualifications and skills (including leaders-managers, specialists in fields, technicians, and assistant specialists) is small in proportion (2.05 per cent) and there is not much difference between male and female employees (1.97 per cent compared to 2.14 per cent). In addition, 64.4 per cent of workers are engaged in lower and middle skilled employment (office assistants, service and sales staff, machine operators and assemblers) and the share of female workers is 6.87 percentage points lower than that of male workers (60.56 per cent vs. 67.42 per cent). Nearly a third of workers (33.53 per cent) are still doing low-skilled jobs (in other words, simple work). At the same time, female workers are much more likely to participate in low-skilled jobs than men – this proportion of female workers is 6.73 percentage points higher than that of male workers (37.30 per cent vs 30.56 per cent), as a result of lower qualifications and greater participation in vulnerable jobs (self-employment, household labour) that do not require high technical skills – see Figure 2.

Figure 2: Structure of informal labour by occupation group and gender, 2021 (%)

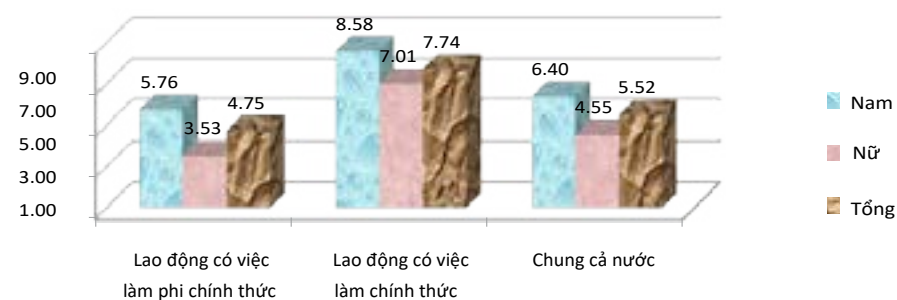


Source: GSO 2022; Labour and Employment Survey 2021

In terms of working hours, informal have lower working time than formal workers, in which working hours of females are lower than that of males. In general, informally employed persons work 4.58 hours less per week than formal workers and less than the standard working hours prescribed by the Labour Code, reflecting the underemployment of informal workers, which is most common in agriculture and in rural areas. Informal female workers work 2.87 hours/week less than male ones. The gender gap in the working time of the informal is higher than that of the formal labour group (2.87 hours a week and 1.92 hours a week).

The income of informal female workers has the dual characteristics of low income of informal workers and female employees. The gender gap in incomes is larger in the informal sector. The average monthly income of informal female workers is 3.53 million Vietnamese dong per month, equal to nearly two-thirds of the average income of informal male workers; roughly 3/4 of the average income of informal workers; and nearly half of the income of formal female workers. In addition, the proportion of informal workers with an income of over 10 million per month is only 9.3 per cent, much lower than the proportion of persons with formal employment (18.9 per cent) and the whole economy (11.9 per cent). Of this, the proportion among female workers is only 5.14 per cent, less than half of that of male workers (12.57 per cent). Notably, nearly 70 per cent of informal female workers earn less than 5 million Vietnamese dong per month. This is an extremely low income. The underlying reason is that women have a greater degree of representation in lower-level occupations (simple works) with low salaries in the occupational hierarchy and women have less time doing paid work than men.

Figure 3: Average monthly income of informal, formal, and national employed workers by gender in 2021. Unit: Million Vietnamese dong/person/month



Source: GSO 2021, Labour and Employment Survey 2021

In terms of welfare regime of enterprises there are very few for informal employees in the workplace, especially according to the provisions of the Labour Code such as leave, sick leave, and maternity leave. Most of the policy regimes, if any, are at a minimum. Only about 13.48 per cent of the total 282 respondents who are owners, wage workers, drivers/technology drivers, answered that there are specific policies for female workers in the workplace. If these are mostly gifts for women on the occasions of October 20th and March 8th.

Participation in worker's organizations

Most informal employees do not participate in trade unions or any industry associations, so they lack necessary protection when at risk, as well as face weakness in negotiation with employers or technology businesses and customers. According to the results of the ILSSA and ILO (2022) informal workers survey, no one joins the union and only a very small number of informal workers participate in socio-political organizations (about 2.22 per cent of female workers in the women's union and 2.78 per cent of youth workers in the youth union).

In terms of labour relations

A small proportion of informal employees have labour contract (accounting for nearly 22 per cent of the total workers surveyed), most of the rest have oral arrangements (not in accordance with laws) or do not sign labour contracts. There is not much difference in terms of gender. This means that most informal employed workers, both male and female, are outside the protection of labour laws and social security.

Table 6: Informal Labor Structure of driver and technology delivery groups by contract form and gender

	Male	Female	Total
Labour contract	0.00	0.00	0.00
Work contract	8.16	2.63	5.75
Partner contract	91.84	97.37	94.25

Source: Results of Informal Labor Survey, September 2022

Notably, most employees work on technology platforms only have contacts with technology enterprises on work contracts or business cooperation contracts, but no labour contracts. This also means that most of these workers are considered business partners for technology companies and not full-time employees. However, they are being managed and supervised as full-time employees of the companies (according to the provisions of the Labor Code of 2019), specifically:

- Gig employees can be entitled to choose working and rest time, but there are few options for customers, if they regularly cancel orders/transactions or violate the regulations of the enterprise they will be fined (account locked, temporarily, or permanently disconnected).
- Service price and rate of income that employees enjoy are decided by technology companies.
- Employees must comply with the regulations of the business on the work schedule (routes, transaction completion time, etc.) (ILSSA/HSF 2021).

It is a matter of concern in policy planning and state management to reshape the nature of these businesses (technology enterprises or a transport enterprises or domestic workers supplying companies), as well as reshape employment and labour relations between these enterprises and current partner employees. This type of employment is expected to thrive in the coming time, around the world and in Vietnam, and as a result it will need to be institutionalized and concerned while employment laws being amended, as well as being managed and clarified in periodical and annual national statistics in Vietnam.

The access of informal workers to the government's policies, programs on labour market and support for start-ups is still very limited. According to previous studies by ILSSA in 2017 and 2021, few informal workers including men and women benefit from labour market policies such as training, preferential loans, and job placement. The primary reason is that the majority of informal workers are not subject to the policy and that some informal workers do not know about these or are afraid of paying high fees (although there are policies to support, and workers do not have to pay fees). In addition, most employers in the informal sector or informal self-employed workers are not aware of the government's programs and policies to support start-ups, innovation, and creativity. These issues need attention to promote awareness-raising communication, as well as in finalizing employment legislation to expand the coverage of policies, the government's support program to informal workers.

In addition, the proportion of informal workers receiving unexpected social support when facing risks, especially during the recent COVID-19 pandemic is very low. In terms of the government's emergency assistance policies during the pandemic (according to Resolution 42 and Resolution 68 – supporting informal workers affected by COVID-19): According to statistics of the Ministry of Labor, Invalids and Social Affairs, around 40 per cent of informal workers are entitled to a one-time cash support policy for self-employed workers. GIZ (2021) found that these policies have provided timely support to informal workers affected by COVID-19, but the coverage was not high because localities had difficulty managing and identifying self-employed workers, leading to difficulties and delays in identifying support subjects. This issue poses a requirement of strengthening the state management of the informal workforce.

Ensuring social security remains a major challenge for informal employed workers, both men and women.

Firstly, the coverage of voluntary social insurance and other types of life insurance by informal workers is very limited. Female workers have a higher tendency to participate in different types of insurance schemes than men because women are more thoughtful, careful, and protective than men, but still at a very limited rate – only about 1.72 per cent of informal employees are participating in voluntary social insurance, of which the participation rate of women is 1.83 per cent, higher than that of men (1.64 per cent); participation in other life insurance schemes is negligible. This shows that a large part of people of working age are being *hidden in the social security net*, which means that they suffer many disadvantages due to not being adequately protected by labour laws – not being guaranteed hygiene at the workplace, cannot participate in compulsory social and health insurance. They cannot enjoy safety regimes while in working age such as sick, paid or maternity leave, child rearing and are not ensured with income security when in old age. It is worth noting that informal employees are supported to participate in voluntary social insurance, but the participation rate is very low because the voluntary social insurance regimes are not attractive, not yet gender responsive, such as the lack of short-term benefits like sick and maternity leave, etc. The employees themselves are not fully aware of the benefits of social insurance.

A majority of informal workers have savings/investments as reserves for health care or when facing risks (accounting for 64.81 per cent of informal workers surveyed), but the workers said that the savings/investments they have are not of high value.

Self-employed workers were based on a technology platforms and business owners have the largest in savings/investment ratio, salaried workers have the lowest savings/investment (48.46 per cent). There is not much difference between male and female workers in terms of level and value of savings. Having no savings or passive income from investments, or limited savings, is a difficulty and challenge for workers (both male and female) and their families when they are seriously ill, lose their jobs or face long-term unemployment.

4. Summary: Policy Implications

The Institute of Labor and Social Sciences is developing comprehensive recommendations to improve the situation of informal workers in Vietnam. These cannot all be reproduced here, but it is possible to contact the author on this matter. The most important points are:

- To strengthen advocacy, dissemination, and awareness of the importance of formalization of informal employment, of labour legislation and of the promotion of gender equality in employment and working.
- To enhance access to decent work for both men and women who have informal employment, in particular female ones.
- To ensure social protection for informal workers, particularly women. In order to overcome the weaknesses and reduce vulnerability to informal workers, the state shall have specific policies and support measures to expand the protection to this group of workers, thereby promoting them in socio-economic development.
- To promote the formalization of employment in a gender-responsive way.
- To improve information and networking opportunities for informal workers.
- To strengthen the state management of informal labour.

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Trinh Thu Nga, PhD.

Deputy Director General of Institute of Labour Sciences and Social Affairs (ILSSA)

Ministry of Labour, Invalids and Social Affairs (MOLISA)

Email: ngatt@molisa.gov.vn

Employment in Rural Areas and Labour Migration to the Cities

● Nguyen Thi Phuong Mai

1. Introduction

Human migration takes place when people relocate from one place to another with the purpose of their long term or short-term residency settlement. Long-term or permanent migration refers to migrants or groups of migrants who move their residence for a relatively long period of time and intend to stay longer or permanently in the destination.

Short-term migration refers to *temporary or seasonal migration*. *Temporary migration* is the movement of residence of a person/group of people for a short period of time before they decide whether to stay or settle there. Seasonal migration is a special form of temporary migration, it refers not only to the period of migration that coincides with the harvest time, but also to the period of migration for seasonal industry activities (e.g. in the season for construction, tourism, etc.), which means that migrants move seasonally for temporary employment, do not intend to stay in the immigration areas for a long time, and will return to their places of origin if there is a need for labour or family business.

Basically, there are two types of migration, internal migration (human movement inside their country) and external migration (people's relocation from one nation to another). Regarding migration destinations, there are four common types of movement such as

(1) Rural-rural (migration), (2) Rural-urban, (3) Urban-urban, and (4) Urban-rural. It refers to human movement from one rural or urban area to a different rural or urban area (IOM. International Organization for Migration 2011).

Also, migration is normally divided into voluntary and forced migration in the connection with push-pull factors. Pull factors are positive aspects attracting people to an area or nation. For example, the early pull factors have been in search of economic factors such as better job chances and higher standards of living. Other reasons over the past decades have been in relation to social and political factors such as better healthcare facilities, religious tolerance, and freedom from persecution. Push factors which are negative determinant factors causing migration around the globe also include economic factors such as employment shortage, low standards of living and famine. Social push factors influencing migration include lack of healthcare and lack of religious tolerance. Political factors also include aspects of war and terrorism, unfair legal systems, and lack of governmental tolerance.

Parkins (2010) indicates that the global migration has been growing in the last two decades by an estimated 35 per cent overall. Its continued increases are driven by the rising push and pull migration factors. This article is mainly focused on internal migration and urbanization taking place in Vietnam.



Farmer in front of a rice field
Source: www.flickr.com

2. Comparison of Rural and Urban Areas in Vietnam and the Situation of Migration in Vietnam

Educational disparity

Since the promulgation of the Education Law in 2005, the access to education is available to any child in Vietnam, especially to those from ethnic and marginalized groups. National budget for education and learning and teaching renovation was also invested by the state (Vietnam National Assembly 2005). The literacy rate for children aged 15 and over reached nearly 100 per cent in both rural and urban areas (General Statistics Office 2021). However, the percentage of male and urban children having access to education was higher than that of female and rural ones (Table 1).

Table 1: Literacy rates for the population aged 15 and older by sex and region (unit per cent)

Categories	Year				
	2015	2016	2017	2018	2019
Whole country	94.9	95.0	95.1	94.8	95.8
Urban	97.6	97.7	97.8	97.7	98.3
Rural	93.5	93.6	93.6	93.2	94.3
Male	96.6	96.6	96.7	96.5	97.0
Female	93.3	93.5	93.6	93.2	94.6

Source: General Statistics Office 2018 and Central Population and Housing Census 2019

In addition, although the percentage of rural children attending primary schools increased and was not much different from that among urban primary children, the number of children attending schools at higher levels in rural areas was lower than that in urban ones (Table 2). Moreover, the education difference in rural and urban areas was clearly shown in Table 3. Rural population who finished college, university or postgraduate was nearly four times lower than urban residents.

Table 2: Net enrolment rates of children at the right age for school enrolment (unit per cent)

Categories	Year			
	2010	2012	2014	2019
Whole country				
Primary	91.9	92.4	93.0	98.0
Lower Secondary	81.3	81.4	84.4	89.2
Upper Secondary	58.2	59.4	63.1	68.3
Urban				
Primary	92.8	92.6	93.6	98.3
Lower Secondary	86.0	85.0	88.9	91.6
Upper Secondary	69.6	70.2	73.2	76.4
Rural				
Primary	91.6	92.4	92.8	97.9
Lower Secondary	79.7	80.1	82.7	88.1
Upper Secondary	54.4	55.6	59.3	64.4

Source: VHLSS 2014 and Central Population and Housing Census 2019

In addition to educational achievements, it is researched that the inequality in education and the quality of education among urban and rural groups have been existing. It is clear to see its gap in higher educational levels.

Table 3: Proportion of the population aged 15 and older by the highest educational level and region (unit per cent)

Highest educational level	Total	Urban	Rural
Never go to school	5.3	2.4	6.6
No certificate	13.2	8.5	15.4
Primary	21.8	16.5	24.3
Lower secondary	27.9	22.5	30.4
Upper secondary	14.5	18.7	12.5
Primary vocational	3.0	4.6	2.3
Secondary apprentice	1.8	2.8	1.4
College vocational	0.4	0.6	0.3
Professional secondary	3.1	4.8	2.4
College, university	8.5	17.4	4.4
Postgraduate	0.4	1.2	0.1
Total	100	100	100

Source: VHLSS 2014

It is agreed that education plays an important role in equipping people with necessary knowledge and skills for national socio-economic development. Therefore, it is the education gap among rural and urban people that can lead to disparities in their income and employment.

Income and employment differences

Urban areas in Vietnam get lots of benefits from geographical, infrastructure features and industrial clustering and therefore have become developing centres attracting foreign investments. Conversely, rural areas are viewed as relatively inefficient and less growing. It is shown that though the population in Vietnamese urban areas was only 25 per cent, they accounted for 70 per cent of national economic development (World Bank 2004). In 2010, it rose to just more than 34 per cent (ibid.) whereas the majority of population live in rural areas (UN Vietnam 2010). This uneven growth creates a marked unbalance between urban and rural areas regarding income, job opportunities, education, healthcare and living standard improvements. According to UN Vietnam 2010, for example, the average income of people living in cities was almost twice higher than that of rural residents.

In the 2016–2019 period, the economy of Vietnam reached an average growth rate per year of 6.78 per cent. The income rose from 3.1 million Vietnamese

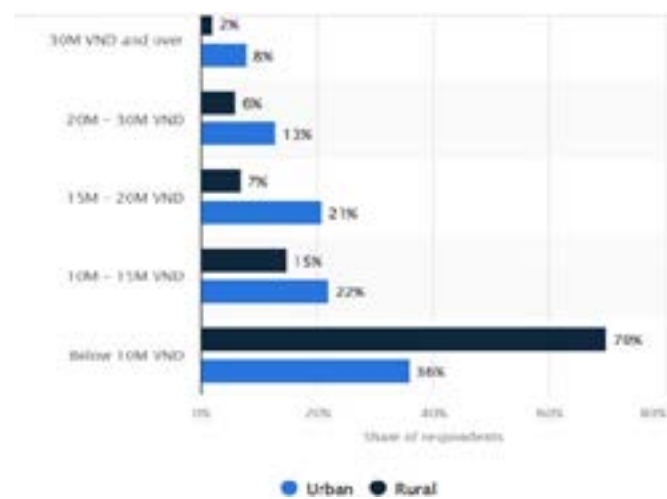
dong/month/person in 2016 to 4.2 million in 2020, but the income growth rate of the poorest group was always lower than that of the richest one.

Although income and living conditions of people living in rural areas have improved, and their average income increased significantly from 75.8 million to nearly 130 million Vietnamese dong in the 2012–2017 period (Dao The Anh/Nguyen Van Bo 2019), the income disparity between rural and urban areas still exists.

It is surveyed that nearly 8 per cent of urban respondents had a minimum income of 30 million Vietnamese dong or more whereas about 2 per cent of people living in rural areas could earn the same amount of income (Infocus Mekong 2020). In other words, in 2020 people living in cities could gain twice as much as those living in rural areas (Table 4).

It is estimated that people working in informal sectors account for 59 per cent in urban areas and 35 per cent in rural areas in 2016 (Dang Kim Khoi/Tran Cong Thang 2019). In contrast, the proportion of trained labourers in cities is three times higher than that in rural regions. Furthermore, employed labourers working in the fields of agriculture, forestry, and fishery sectors decreased, but increased in the industry and construction, and services sectors over the past 10 years from 2009 to 2019 (Census in 2019).

Table 4: Percentage distribution of personal income per month in rural and urban areas in Vietnam in 2020, by income range



Source: Infocus Mekong 2020

In the field of agriculture, it has been becoming less prominent as the number of people working in this sector decreased. In 2008, almost half of the Vietnamese population worked in the agricultural sector while ten years after more and more people left their hometowns and got employed in the service and industry sector (O'Neill 2023). Moreover, Vietnam is particularly vulnerable to the impacts of climate change. It has causes challenges for agricultural development due to soil degradation, wetland inundation, waterlogging, water pollution, etc. Those challenges can be push factors for local residents decided to move to urban areas (Chinvano 2003).

Situation of migration in Vietnam

Vietnam's economic growth has been developing rapidly since Doi Moi policy in the 1980s, and its policy reforms have permitted Vietnamese residents to move to big cities which could lead to urbanization. There are about 39.4 million people living in urban areas, which is equal to nearly 40.9 per cent of the nation's population (Population and Housing Census 2019).

According to the 2015 National Internal Migration Survey, the percentage of rural-urban migration was nearly half of the migrants (49.8 per cent). However, people moving from urban-rural areas accounted for only 2.9 per cent of the total internal migration flow (GSO/UNFPA 2016). The study also shows that pull factors of destinations are important reasons for rural-

urban migration in Vietnam. Nguyen, Dang, and Liu (2019) found that the decision for workers to migrate is for the improvement of their lives. Cities like Ho Chi Minh City, Ha Noi, Da Nang, and a few provinces in the South East serving as a manufacturing hub (Binh Duong, Dong Nai) have been pulling people from rural areas (Thanh/Sakata 2005; Nguyen-Hoang/McPeak 2010; Coxhead/Nguyen/Vu 2015).

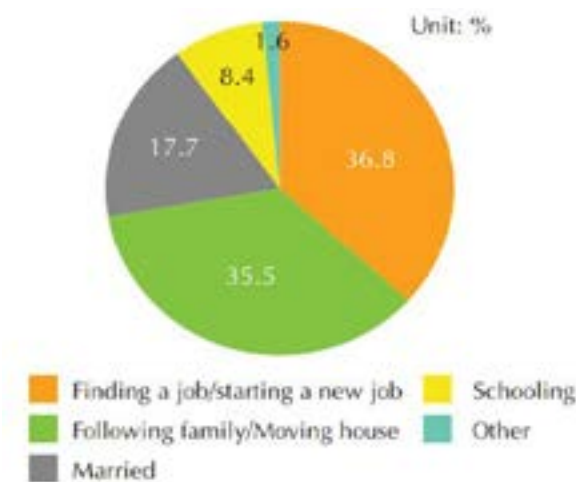
Specifically, according to the 2015 National Internal Migration Survey, it reveals that 13.6 per cent of the population in Vietnam are internal migrants. The majority of them come from rural areas (79.1 per cent) and those from bigger families with more working members have a tendency to move more often (General Statistics Office 2016). Therefore, the percentage of the urban dwellers (19.7 per cent) is higher than the rural ones at 13.4 per cent (GSO 2016). The GSO 2016 also shows that 36.2 per cent of migration was rural-urban, 31.6 per cent urban-urban, 19.6 per cent rural-rural, and 12.6 per cent urban-rural from the 2010–2015 period. Moreover, the Population and Housing Census 2019 shows that the major reasons for migration are job opportunities (36.8 per cent) and moving to a new house or family (35.5 per cent) (Figure 1). Most migrants live in the South East region (20.3 per cent) compared with other six socio-economic regions in Vietnam while the Northern midlands and mountainous areas have the lowest number of migration workforce (Figure 2).



Shopping Mall in Vietnamese City

Source: https://www.freepik.com/free-photo/market_1016787.

Figure 1: Reasons for migration

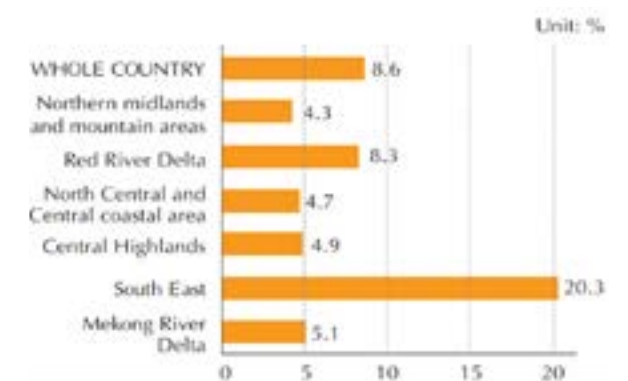


Source: Data compiled by author

Migrants' main characteristics

Most migrants are young, the migration age ranges from 15 to 39 which accounts for 85 per cent, with an average age of 29.2, although females tend to migrate at younger ages (ibid.). The most common ethnic group for migration is Kinh and Hoa (Chinese). The majority of ethnic minorities live in remote and mountainous areas which are much further from big cities and therefore they tend not to move often due to a shortage of information and high migration costs (World Bank Group 2015).

Figure 2: Rate of migrants in the labour force by socio-economic region



Source: Data compiled by author

In addition, the percentage of female migrants aged 15–59 has increased which accounts for 52.4 per cent of all migrants (GSO/UNFPA 2016). Due to the industrialization and urbanization in Vietnam since Doi Moi, manufacturing companies such as apparel, footwear, electronics industries, and seafood processing have a propensity to recruit more females than males. For instance, about 80 per cent of garment and electronics manufacturing labourers are female (ILO 2018; IPEN/CGFED 2017). Consequently, the elderly are left behind because most family members migrate for



Children in a village school in Ha Giang province
Source: Stock-Fotografie-ID:460569539

job opportunities. The UNFPA (2019) indicates that 72.5 per cent of old people live in rural and mountainous areas. Furthermore, according to the 2011 Vietnam Aging Survey, 4.8 per cent of grandparents in *skip-generation households* who are 60 or over are living with their grandchildren and 2.2 per cent living with kids aged below 10. It is also found that 74.1 per cent of them find childcare a bit physical burden; 25.9 per cent agree that taking care of children is not so difficult, and 13 per cent of them think that it is considerable physical burden (Knodel/Nguyen 2015).

Changes in migration flow after COVID-19 pandemic

Those information and statistics mentioned above were collected and found out before COVID-19. However, there are some changes for the migration flow after COVID-19 pandemic. A seven-month study was conducted from March to September 2022 in the partnership of the International Organization for Migration (IOM) and the Vietnam Chamber of Commerce and Industry (VCCI) to investigate the impacts of COVID-19 on the labour rights of domestic migrants working in the manufacturing sectors such as apparel, footwear and electronics industries.

“During the fourth wave of COVID-19 in Viet Nam, internal migrant workers were among the hardest hit groups, resulted in about 2.2 million returning to their hometowns,”

said Ms. Mihyung Park, Chief of Mission, IOM Vietnam. It is also foreseen that migrant labourers are more reluctant to get back to work, especially in those key

manufacturing industries because they were physically and mentally affected during severe lockdowns and travel bans. Therefore, it is crucial that businesses should work closely with governments and other stakeholders to protect Vietnamese labourers well for their benefits and sustainable well-being because they are a key factor and driving workforce of socio-economic development in Vietnam. To limit the negative economic impact of COVID-19 pandemic, the Vietnamese Government launched some programs, including a fiscal package to support businesses, a loans program with a zero-interest rate for enterprises to pay their employees, a social protection package for vulnerable groups and provided reductions on electricity price, interest rates, and a credit package for banks. It is believed that Vietnam continues to achieve positive economic development despite the ongoing pandemic. As urban areas have been contributing to over half of the national GDP, its recovery from the negative impacts of the COVID-19 pandemic is lifted soon (Minh-Ngoc Nguyen 2022).

Situation of migrants in the cities

There are many changes in working and living conditions for internal migrants when they move to urban areas. They can be seen as follows:

According to General Statistics Office 2016, 74.8 per cent of migrants with age range from 15–59 get employed. Those who are not hired relocated for their studies. Also, the majority of them think they have better job opportunities (54 per cent) or income (52 per cent) at new places. Nearly half of them believe that

their living standards and access to healthcare facilities at the destinations have been enhanced whereas 15 per cent of them are not very satisfied. It is found that more female labourers work in the garment industry or as domestic workers, and men work mainly in the construction industry or as taxi/motorbike drivers (ibid.). Most migrants without health insurance consider it unnecessary (50 per cent) or too costly (25 per cent) (General Statistics Office 2016).

More than 30 per cent of migrants send their remittances back home annually (2015 National Internal Migration Survey). According to the General Statistics Office 2016, the mean remittance amount was 1,200 US dollars, and the median amount is 530 US dollars per year. Remittances are spent on daily and necessary items/ services such as food, health care and tuition fees for their children’s education (ibid.). The South East, the Red River Delta and Ho Chi Minh City have the highest percentage of migrants who send remittances. These areas also have the highest proportion of migrants who are employed (ibid.).

Challenging after migration in cities

Nearly 30 per cent of migrants have found it difficult to live in new destinations. The difficulties are related to housing issues (42 per cent), getting no salary (38.9 per cent), unemployment (34.3 per cent), and being unadaptable to new places (22.7 per cent) (ibid.). Migrants to the Central Highlands also say that they have limited access to land grants (26.6 per cent), as well as information and water (23.9 per cent; 14.9 per cent). In addition, according to the Population and Housing Census 2019, housing is one of the main concerns of migrants in urban areas. Nearly half of them have to rent and/or purchase houses for their living. 30 per cent of them say that they live in worse housing conditions after their migration due to the fact that the rent, and water and electricity bills are higher than what non-migrants pay. More than 50 per cent reside in temporary or informal settlements or sites right at the workplaces which are not safe and hygienic and 18.4 per cent live in small places with no more than six square meters (ibid.).

3. Policies for Migration and Migrants

The following policies for migration, according to the Population and Census 2019, can be considered for better settlement of migrants as well as the out-migration and in-migration destinations.

Policies on social security, health care and education should be strongly considered and/or renewed and synchronised (for migrant families in both their hometowns and present settlement, not based on the household registration books) to facilitate labour migrants with easier access to social housing or interest-free loans for their house purchase, health services as well as access to education for their kids, especially at the upper secondary and higher education levels so that women, kids and the old members of the migrants workers are not left behind. Moreover, it is high time for the nation to eliminate the household registration books and to apply universal ID numbers so that every resident can access all governance and public services in an equal way in each city or province in Vietnam (PAPI Report 2020).

- Regarding the National Target Programs, local authorities should conduct appropriate activities to fully support migrants, integrate them into its socio-economic development and poverty reduction plans. The system monitoring migration flows should be established to control the numbers of in- and out-migration labourers.
- Enhancing access to vocational & job training opportunities and training on soft skills for (in) formal sectors. Those training contents should be based on enquiries of employers and meet the demand of migrant residents. Especially, prioritizing support programs for females in order to minimize the unemployment rate of female labourers and increase the proportion of female workers in skilled jobs.
- Providing many different counselling services, reproductive and sexual healthcare, and life skills for ample teenagers in the in-migration areas, especially for females at their reproductive age.
- Apart from investments in major cities to deal with problems caused by overurbanization, it is important to make suitable investment policies for smaller cities and rural and mountainous areas to create a balance and narrow the urbanization gap for rural-urban growth.

Considering programs and/or activities for recovery of post-COVID, it is recommended to reinforce the crisis resolution framework that can help marginalized people, especially migrants as well as conduct short-term and long-term socio-economic development programs on health care, job creation and placement (UN Analysis 2020). Furthermore, it is crucial to address emerging and different issues in terms of mental

health and psychosocial wellbeing of people, as well as to reintegrate and re-hire migrant labourers. Finally, increasing awareness for the vulnerable who are people with disabilities, those living in rural and mountainous areas, migrants, and their family members by keeping them engaged and informed of knowledge on COVID-19 for discrimination and risks prevention, health seeking behaviours as well as sharing the burden of care and resources for domestic violence support (UN Analysis 2020).

4. Conclusion

In conclusion, it is clear to see that unemployment in rural areas is one of the push determinants that cause the migration to urban regions. The fact that migrant labourers looking for better job opportunities and hoped to improve their income, education, etc. in big cities has brought advantages and disadvantages regarding urbanization. On the one hand, there was an increase in the number of jobs and investments after urbanization which brought a positive impact on

migrants' income in Vietnam. It is shown that before and after urbanization, household incomes increased, and the number of jobs created also grew. Consequently, this trend of urban development and the urbanization process has a positive effect from a micro perspective when studying households living and working in urban areas of Vietnam.

On the other hand, managing human mobility is one of the most significant difficulties for receiving areas, particularly in a developing country like Vietnam. The reasons for migration flow is not easy to understand and predict, which caused challenges for governments and authorities at the local and national level, especially in cramped cities like Hanoi and Ho Chi Minh City. A high number of labourers moving to these cities is associated with the growing pressure on the provision of necessary urban infrastructure and services to fulfil the demands and expectations of the population. Therefore, some recommended policies regarding migration and migrants mentioned above should be carefully considered for the development of rural and urban areas as a whole.

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Nguyen Thi Phuong Mai, MA.
External Relations Officer
An Giang University, VNU-HCM
Email: ntpmai@agu.edu.vn



Equal job and career opportunities
Source: Stock-Illustration-ID:1173963103

Women in the Vietnamese Labour Market

● Vu Thi Minh Thang and Nguyen Thi Thuy Hang

1. Vietnam's Labour Market from a Gender Perspective

With the outstanding feature of continuously increasing population size and the advantage of a golden population structure, Vietnam's labour market has achieved a young, abundant supply of human resources with a series of advantages in recent years such as programs and development projects as well as foreign investment with many job opportunities; the legal system has increasingly improved to reduce many inadequacies as well as better protect the rights of employees; the implementation of the national development plan for human resources has brought many positive results. However, the Vietnamese labour market still faces with significant problems and challenges such as the rules of globalization; increased uncertainty in the context of post-COVID-19 pandemic and multiple global crises; the problems lie in the philosophy and strategies of national development with the requirement of both adapting to new contexts and ensuring that long-term development of goal orientations is met. In addition, Vietnam always has competitors regarding advantages in the labour market while the opportunity of its golden population is considered to end after the mid-2030s.

Since Vietnam started the innovation process, Vietnamese workers, including women, have got many favourable conditions. Over the decades, especially since Vietnam was ratified to officially join CEDAW (1982), it has maintained a political discourse that values gender equality and has continuously improved its legal framework and policies on social welfare for women. Vietnam has many international commitments related to human rights, women's rights, and workers' rights, and has closely and effectively cooperated with international organizations to promote the development of the labour market in the direction of ensuring workers' rights, including female workers'.

However, with a closer look, it is easy to see that Vietnamese female laborers still suffer from many disadvantages. There is always a gap between the political discourse that promotes and promises to provide opportunities and protect the rights of female workers and their actual experiences. The development and implementation of many development programs and policies is not synchronized or consistent, leading to some areas of the labour market being unstable and vulnerable and women are the first to be negatively affected in most cases. Moreover, even if it shows a clear awareness of the fierce competition between the labour market as well as the inherent opportunity of the golden population which will eventually end, Vietnam's response and preparation seems not to be expected.

More specifically, Vietnamese female laborers, from self-employed workers to senior managers continue to face many tangible and intangible barriers, both inside and outside of their working environment. There are institutional barriers, but there are also social and cultural barriers. Their eradication is not an overnight thing, and in many cases even with legal and institutional interventions, some traditional values continue to hinder women's liberation and development opportunities.



Construction workers.
Source: ILO/Flickr

2. Women in the Labour Market: a Quick Glance at the Statistics

At first glance, statistics on Vietnam's labour market over the years show a positive picture of the female labour force, both in comparison with their male counterparts and in relation to their female counterparts in the globe and the region. However, a change in reading the statistics can bring new nuances in judgment and evaluation.

In 2019, 70.9 per cent of Vietnamese women at their working age entered the labour force while the global figure was only 47.2 per cent, and in the Asia-Pacific region it was even lower, at 43.9 per cent (Vietnam+ 2021).

Vietnamese female workers are similar to the female workforce in the world in that they work mainly in occupations or fields that are often considered unskilled and rare in management and leadership in both the private and public sector. The percentage of women participating in leadership and management in Vietnam in 2019 was only approximately 25 per cent according to the ILO report (ILO 2019).

The gap in the number of workers participating in the labour market by gender in Vietnam was stable at 9.5 per cent (2010–2019) (ILO 2021) and was considered positive when placed in relation to the Asia-Pacific region data (32 per cent over the same period).

However, it was also this decade of stability that was necessary to promote gender equality in employment.

Inequality still exists

More than just another reading of statistics suggests that an over-optimistic attitude should be avoided when assessing the participation of Vietnamese women in the labour market. Many observations and analyses outside the quantitative framework emphasize the need for a cautious attitude in consideration and judgment. In fact, inequality has always existed, not only between the female and male workforce, but also within the female one itself.

The disparity in the proportion of women participating in the labour force between regions has persisted for a long time. In 2003, the proportion of women in economic activity was recorded the highest in the Northern Midlands and Mountains and the Central Highlands, at 80 per cent and 78 per cent respectively, and the lowest in the Southeast with 60 per cent and the Mekong River Delta with 64 per cent (Nguyen Thi Nguyet 2006). This situation has not changed after nearly two decades. From 2017 to 2020, the Northern Midlands and Mountainous regions and the Central Highlands continued to hold the top position in terms of the percentage of women participating in the labour force. The percentage for each region over the years was 82.5, 83.6, 84.5, 81.6 and 80, 80.4, 80.3, 78.1 per cent, respectively. In the opposite direction, the Southeast

region continued to stay at the bottom of the ranking in the same period with 64.7, 62.5, 64.2 and 61.9 per cent, respectively, and it was at 68.2, 67.9, 66.1 and 62.8 per cent respectively in the Mekong Delta (GSO 2021).

Although Vietnam's labour structure has been shifting according to the proposed orientation and has advanced in the group of female workers, in general, there is still a gap between two genders. The series of statistics for three consecutive years from 2017–2019 on the labour structure in the Vietnamese economy shows an increase in the proportion of salaried women from 37.9 per cent in 2017 to 39.6 per cent in 2018 and reached 43 per cent in 2019. In 2021, this rate reached 43.4 per cent, an increase of 0.2 per cent compared to the corresponding figures in 2020. This upward development promises the feasibility of the proposed objectives in the 2021–2030 National Strategy on Gender Equality. It is to “increase the proportion of female salaried workers to 50% by 2025 and about 60% by 2030.” In 2019, the percentage of female workers in the agricultural sector was 35.9 per cent (compared to 33.2 per cent for men). In 2021, in the total number of employed female laborers, the proportion of people working in the field of agriculture, forestry and fishery decreased to 28.7 per cent. This number meets the criterion of the National Strategy on Gender Equality that is to “reduce the proportion of female laborers working in the agricultural sector in the total number of female employed workers to less than 30% by 2025 and less than 25% by 2030.” (Government 2021)

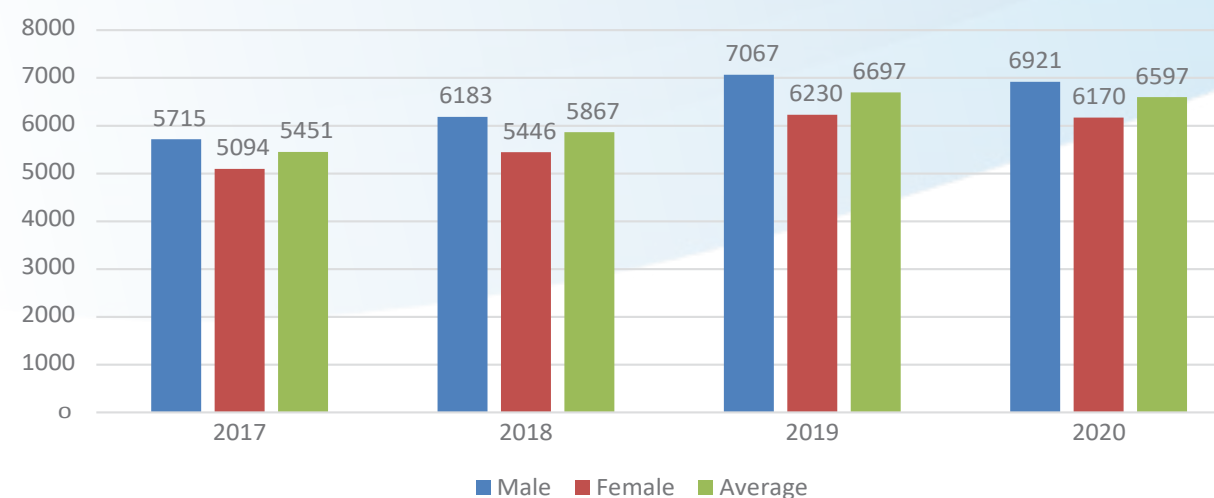
According to Valentina Barucci, a labour economist of the ILO in Vietnam, before the COVID-19 pandemic, women and men had relatively easy access to jobs, but on average the quality of those jobs for women was lower than that for men. Female workers accounted for the majority of precarious jobs, especially domestic chores. They earned less than men (13.7 per cent of monthly salary in 2019), although the working hours were nearly the same and the gender gap in education was nearly abolished. Women were also underrepresented in decision-making positions. They made up nearly half of the working population, but it accounted for less than a quarter in the managerial positions.

However, in each specific content, the disparity between the female and male workforce is still a matter of concern. In 2019, 43 per cent of employed women were salaried workers while this rate among men was 51.4 per cent. Among the two groups (family-based and self-employed labour) considered as vulnerable workers, women still occupy the leading role (65.4 per cent) which is higher than men (34.6 per cent). According to the same data of 2019, unpaid family labour among women was almost twice as high as that of men, 19.4 per cent compared to 9.2 per cent, respectively. In Vietnam, up to two-thirds of domestic workers are female, accounting for nearly a quarter of rural women's jobs. Corresponding to 5 million female domestic workers out of 17.6 per cent of rural female workers, only 2.7 million domestic workers are male, and they account for only 13 per cent of total male employment in rural areas (19.5 million) (GSO 2021).

Income inequality still exists in both genders. The average income from employment in 2018 of salaried workers was still low (5,867 million Vietnamese dong/month). In which, men's monthly income was 12 per cent higher than women's (6,183 million Vietnamese dong compared to 5,446 million). Statistics for the first six months of 2022 show that the average monthly income of salaried workers increased to 7.4 million Vietnamese dong. In which, male workers earned an average income of 7.8 million Vietnamese dong. It was 1.13 times higher than female workers who only had an average income of 6.9 million Vietnamese dong/month (GSO 2022).

According to 2019 statistics, more than 22.6 per cent of employed workers in Vietnam were trained and had degrees and certificates. If only rural areas were considered, this rate was much lower, reaching only 14.3 per cent.

Figure 1: The average monthly income of salaried workers (VND)



Source: GSO

From the experience of a part of Vietnamese female workers in the early stages of economic transformation: they worked long hours; in case themselves or their children got sick and needed medical care, they had to choose between continuing to work or leaving work; some businesses required their employees to sign a commitment not to become pregnant during the first 3–5 years of working.

There are still disparities in the quality of human resources and access to education and training in both genders as well as within the female workforce itself. The statistics of the second quarter of 2022 of the General Statistics Office show that the percentage of trained workers with degrees and certificates rose and reached 26.2 per cent (GSO 2022). However, this increase did not necessarily guarantee an advance in gender equality in access to training. In fact, there are many defects and disparities. In 2019, one out of every four male workers who had a job was trained while it was one out of every five females trained workers (GSO 2022). This rate was especially low for female workers in rural areas (in 2019 it was only 12.3 per cent compared to 36.3 per cent in urban areas). The disparity continued to be reflected in 2020 when the number of female workers with formal degrees and certificates in vocational education was

9.1 per cent compared to 16 per cent for men (United Nations Vietnam 2021). Particularly, the gap was also noted among disadvantaged groups such as minorities and people with disability. For example, only 4.4 per cent of women with disability could receive vocational training whereas 11.64 per cent of men with disabilities could be trained (United Nations Viet Nam 2021).

Compared with men, women's access to education and training has been somehow neglected. The gap is not also small even among women's groups by region. The percentage of trained female workers in the Red River Delta was 27.8 per cent whereas it was only 11.9 per cent in the Mekong Delta (GSO 2021).

The above disparities and inequalities, to some extent, consistently reflect the situation of gender inequality in the Vietnamese labour market. Many of those aspects have been identified since Vietnam began its Doi Moi policy.

Shock from Doi Moi Policy: Being active on its own is not a long-term solution

Vietnam's labour market since the beginning of Doi Moi (1986), especially since the second half of the 1990s, witnessed an extremely active participation of women (World Bank et al. 2006). Women were everywhere with their confirmed economic roles, from carrying food baskets on roads to construction sites, factories, and public offices. On the one hand, economic reform has brought more job opportunities for women; on the other hand, Vietnamese women themselves have actively and positively established their positions in a new national economic system.

In 1993, 23.5 per cent of women created their own jobs, until 1995 up to 40 per cent of female workers had left the government sector to do small businesses.

In 2003, 73.3 per cent of Vietnamese women aged 15–60 were engaged in economic activities (this rate was 80.5 per cent for men).

Entering the early years of the new millennium, women made up 70–80 per cent of the workforce in the informal economy.

Portraits of Vietnamese workers in general and Vietnamese female workers in the renovation period are dynamic, creative, and highly adaptable, instead of passively relying on the government (Tran Thi Van Anh/Le Ngoc Hung 2000). This is especially evident in the informal sector. Income from employment in this sector not only helps women contribute significantly to the family budget, but also makes them more independent, respected, and treated more equally in relation to their husbands (Le Thi/Do Thi Binh 1997; Tran Thi Van Anh/Le Ngoc Hung 2000). However, all of the above does not necessarily lead to a completely positive review. The large and active participation of women in the informal sector can also be attributed to the fact that they do not have many opportunities in the formal sector, either at the governmental or private one (Kabeer 2008). In addition, the feminization of the labour force can also be interpreted due to the fact that Vietnam's [new] economy operates mainly on the exploitation of this human resource (Gills/Piper 2002).

The 1990s marked a process when a series of government-owned enterprises was no longer supported and had to be equitized or dissolved while the government issued many economic policies to welcome and encourage foreign investors who wished to find a cheap and flexible human resource in Vietnam. In the production of the private sector, workers' rights are often neglected, and working conditions are not always secured, or even bad in some cases. The role of trade unions is weak (Tran Han Giang 2004; Le Thi 1995), and most Vietnamese female workers are unaware of the existence of legal frameworks that are supposed to protect them (Bui Thi Kim Quy 1995; Franklin 2000).

The shock from Doi Moi passed and a new mentality was formed in laborers. Since then, "a logic of capitalist accumulation and socialist government control" exists in Vietnam (Gills/Piper 2002). This unresolvable contradiction helps to partly explain the fact that lots of gender inequalities still exist in the Vietnamese labour market.

3. Challenges of the Early 21st Century

Compared to the generation of female workers who just stepped out of the subsidized economy in the late 1980s, women participating in the Vietnamese labour market today face severe difficulties and challenges in a new context with new dynamism and pressures.

The female workforce has always been vulnerable. In the current golden population structure in Vietnam, young female workers dominate. Youth is synonymous with good health, being active, committed, flexible and adaptable. However, apart from the group of young female workers, there are other groups. They are married and have entered the motherhood stage with a lot of pressures such as raising and taking care of their children and families; they are old or work in specific occupations which are susceptible to job cuts.

The extent of vulnerability for Vietnamese female workers is even more evident when the economy faces difficulties and crises caused by the COVID-19 pandemic and global economic fluctuations with the trend of job cuts and layoffs in many production sectors where the majority of workers are female (leather shoes, garment, fish and seafood processing). In addition, along with the development trend of industry groups associated with automation, digitization or high-class services, a large number of workers, including women, have been at risk of being fired from the jobs they have been worked with for a long time when they do not meet the new requirements for improving qualifications and competence.

The legal framework and support mechanisms for female workers are still inadequate and ineffective. Over time, especially when Vietnam is bound by its participation in international conventions and organizations (CEDAW, ILO, WTO, etc.), frameworks for protecting workers have been increasingly recognized in Vietnam. However, problems with working conditions still exist and especially have a negative impact on female workers. The most common recent record is related to workers' claims on wages and policies, which led to many strikes and go-slow strikes in some industrial areas and export processing zones.



Young Business Women in Vietnam
Source: Stock-Fotografie-ID:1393778741

Furthermore, in many industrial areas and export processing zones, female workers receive little or no social and welfare support. According to the general orientation, the development of concentrated export processing zones and industries associated with the infrastructure to serve and support workers (low-cost housing, kindergartens and schools, and medical facilities). However, in reality, female workers with young children in some places face many difficulties in finding kindergartens and (public) schools for their children. Large companies and corporations have many health care support programs for their employees whereas small and medium-size enterprises rarely organize them for their staff. In case they do, it is done periodically or just a whim.

The official political discourse that always upholds the slogan of gender equality can sometimes be a disadvantage for women. In particular, regarding the image of modern Vietnamese women as a gender construct, it is necessary to consider the duality of the slogan and formula. For example, promoting them as *three good women* (studying actively, working creatively, and building a happy family), *two good women* (performing well in the workplace, taking good care of the housework) and activities honouring active representatives of these movements can be interpreted as an expression of the Vietnamese Party and Government's interest in the women's force, the active and effective role of women's unions and authorities at all levels. However, it can turn out to be more of a burden for women performing different roles as workers, wives, and mothers in the family.

According to Valentina Barucci, a labour economist of the ILO in Vietnam, women had to “spend twice as many hours as men did on the housework.” While on average women spent 20.2 hours per week cleaning the house, doing the laundry, cooking, and shopping for the family, taking care of the family and children while men only contributed 10.7 hours, respectively. Also, nearly 1/5 men did not spend time on these activities.

Campaigns aimed at women can be seen as imposing a rather high standard on women as they are expected to work hard for themselves and their families while it is always required for them to put the first priority on their family's and country's interests. What is interesting here is that the traditional Confucian expectation of taking care of the family has taken on modern political rhetoric in a new and progressive society, in which women struggle to maintain balance in a series of duties and responsibilities: be a good citizen, earn a living, and take care of the housework. The fact that women have to be good workers and have to maintain a happy and harmonious family environment at the macro level turns out that they have to do a lot or do all the housework in their family. Also, it is even worse that they have to be responsible for things that are beyond their reach (economic achievement, good children) (Santillan et al. 2002; Schuler et al. 2006).

Many traditional values are actually prolonging pressures and barriers that are detrimental to or even restrain Vietnamese women from entering the labour market. Constrained by many traditional values and stereotypes, it is difficult for women to have the opportunity to be liberated and to achieve the same quality of life and opportunities as men. As a result, they are either limited or deprived from the very beginning of many chances or are too tired to have the motivation to strive to do well in their social labour role as well as for career advancement, which makes their position in the labour market remain modest compared to their male counterparts.

The first manifestation of this kind of pressure is the division of housework responsibilities between women and men, which has so far followed a common pattern. That is women take on the role of housewives and take care of most domestic chores. For salaried women in urban areas, housework pressure is significantly reduced as they benefit from the availability of a wide range of services, modern household appliances or even from domestic helpers. However, looking at many other groups of female workers, the reality is not that easy. A multi-year study of female rural-urban migrants to Hanoi found that many roving street vendors explained that they were not excited about returning home to visit their family because when returning home, they are surrounded by chores and do not have time to rest and re-energize in a modest way compared to when they are in Hanoi (Jensen et al. 2013).

Housework burdens can deeply affect both women's employment strategies and decisions. In 2018, nearly half of women made an excuse of not having participated in the economy because of their “personal or family-related reasons” while the rate among men was only 18.9 per cent (Vietnam+ 2021). Thus, despite achieving a high labour force participation rate overall, Vietnamese women still face inequality in opportunities to participate in economic activities compared to men (Tien Long 2022).

There are still many cases in the informal economy where female workers' income is reduced because they have to perform traditional obligations in their families, clan and sometimes in the whole community. It negatively impacts not only their family budgets but also indirectly and profoundly limits their status. For

Although, at the policy level, the Labour Code 2019 has opened up opportunities to close the gender gap, such as closing the gap in retirement age or removing restrictions on women's participation in certain occupations, Vietnam still has an even more difficult task to complete. It is about changing the mindset of men and women in Vietnam to change their behaviour in the labour market.

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example, many rural-urban female migrants working in the informal economy in Hanoi said that they had to interrupt their work as they had to return to their hometown for *death anniversary*, which means they had to suffer from income reduction. In many cases, it was mainly that they had to participate in ritual activities (anniversaries of the family and clan, funeral attendance, wedding parties, celebration of new houses, and birth celebration) (Jensen et al. 2013). Here, all economic rationality must give way to the invisible weight of reciprocal relationships as well as traditional values from villages.

4. Conclusion – Towards a More Equal Labour Market

There is much to be said about the Vietnamese labour market in the near future as well as the long-term planning and development orientation of the government's power. Today's Vietnamese economy and its labour market cannot be excluded from the logic and dynamism of the global economy with opportunities and challenges as well as many unpredictable uncertainties. Any subjective will from the official political power no matter how it goes for progress and justice, mid-term and long-term policy and even ad hoc measures to deal with crisis situations and measure their effectiveness cannot be solely focused on the economic aspect but needs to be approached holistically. The achievements Vietnam has made in terms of improving the quality of the labour market so far can be said to be substantial, but it does not mean to be completed. Modern Vietnamese society has quickly grasped new trends and values, but at the same time, smouldered in its heart old values and standards that are sometimes no longer appropriate.

In that general picture, Vietnamese workers in general as well as female workers find themselves in a complex system of factors. They have access to many opportunities but at the same time have to face many difficulties, challenges, and uncertainties of the process of economic integration and development. They enjoy a lot of support from legal frameworks and policies but at the same time are not necessarily freed from many constraints and barriers that come from traditional culture. Figures and facts from the Vietnamese labour market can provide a sense of accomplishment and optimism, but care must be taken for not getting stuck in these achievements which are sometimes hiding many inadequacies in the Vietnamese female workforce.

Towards a more equal labour market in Vietnam from a gender perspective, policies and measures aimed specifically at women are inadequate, but it is important to take care of and to develop human resources of both genders on the basic principle of equality. In addition to the requirement of continuing to improve the legal and policy framework and increase the strength of focal agencies to support employees, the requirement for the uniformity and long-term consistency of development programs cannot be ignored. Finally, more attention should be paid to the content of political discourse that can lead to negative impact to laborers, and the smouldering power of traditional values should not be forgotten.

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Vu Thi Minh Thang, PhD.

Departement of Political Science

VNU University of Social Sciences Humanities, Hanoi

Email: thangvtm@gmail.com



Nguyen Thi Thuy Hang, PhD.

School of Journalism and Communication

VNU University of Social Sciences Humanities, Hanoi

Email: hangkhct@vnu.edu.vn



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The Role of Enterprises in Vocational Education

● Phung Le Khanh

The *Law on Vocational Education (VE)* has created a legal framework for promoting enterprises to actively participate in the VE system as both investors and partners for these trained workers.

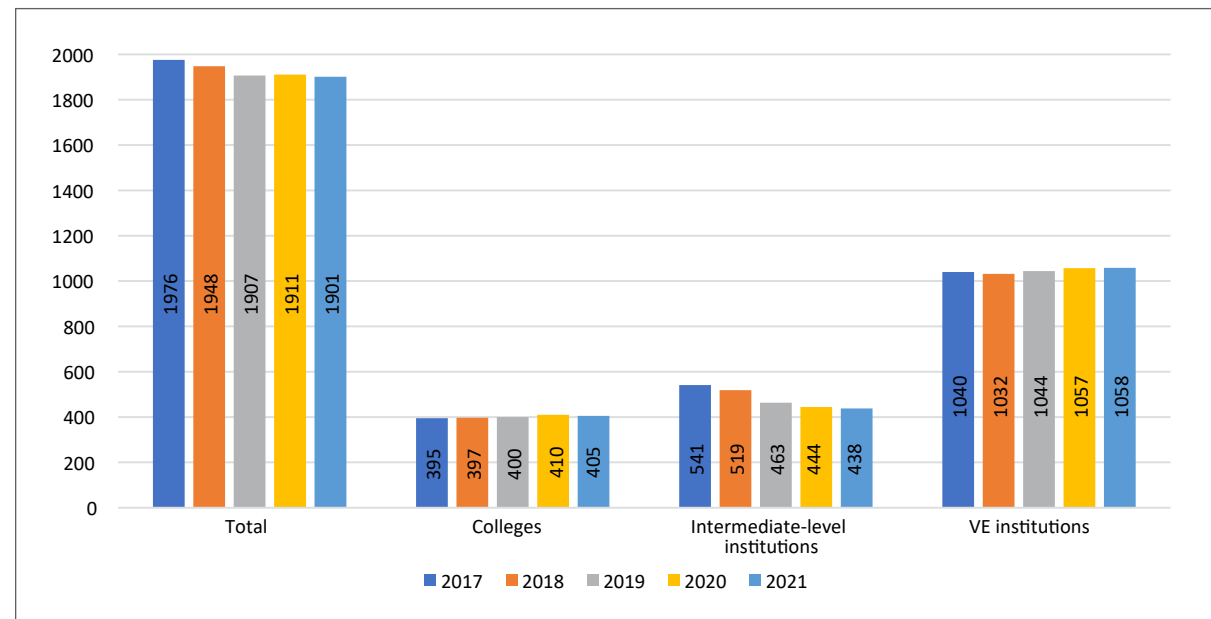
The rights and obligations of enterprises in vocational education (VE) activities are specified in Articles 51 and 52 of the Law on Vocational Education. Accordingly, enterprises have the main responsibility to train human resources for their enterprises; coordinate with VE institutions to jointly train and place orders for vocational training; at the same time, directly participate in training activities such as formulating training curriculum and materials and assessing learning outcomes of trainees in vocational training institutions. Enterprises are responsible for providing information about the demand for employment for VE institutions and at the same time, regularly providing feedback to VE institutions on the level of satisfaction with trained workers so that these institutions could adjust the training process to meet enterprises' requirements. Enterprises may coordinate with other VE institutions to provide elementary-level, intermediate-level, colleges, and continuing training programs. Expenditures on vocational training operation of the enterprise shall be subtracted from taxable income in accordance with regulations of law on taxation.

1. An Overview over Vocational Training in Vietnam

Promoting socialization along with the increasingly active participation of many stakeholders in vocational training is one of the factors that make up the effectiveness of VE in our country. In fact, over the years, the Vietnamese VE system has achieved a wealth of successes, contributing to the development of technical human resources, and gradually meeting the requirements of the domestic and foreign labour markets in terms of vocational training quantity, structure, and quality.

As of December 2021, the country had 1,901 VE institutions, a decrease of 3.8 per cent compared to 2017 (Figure 1).

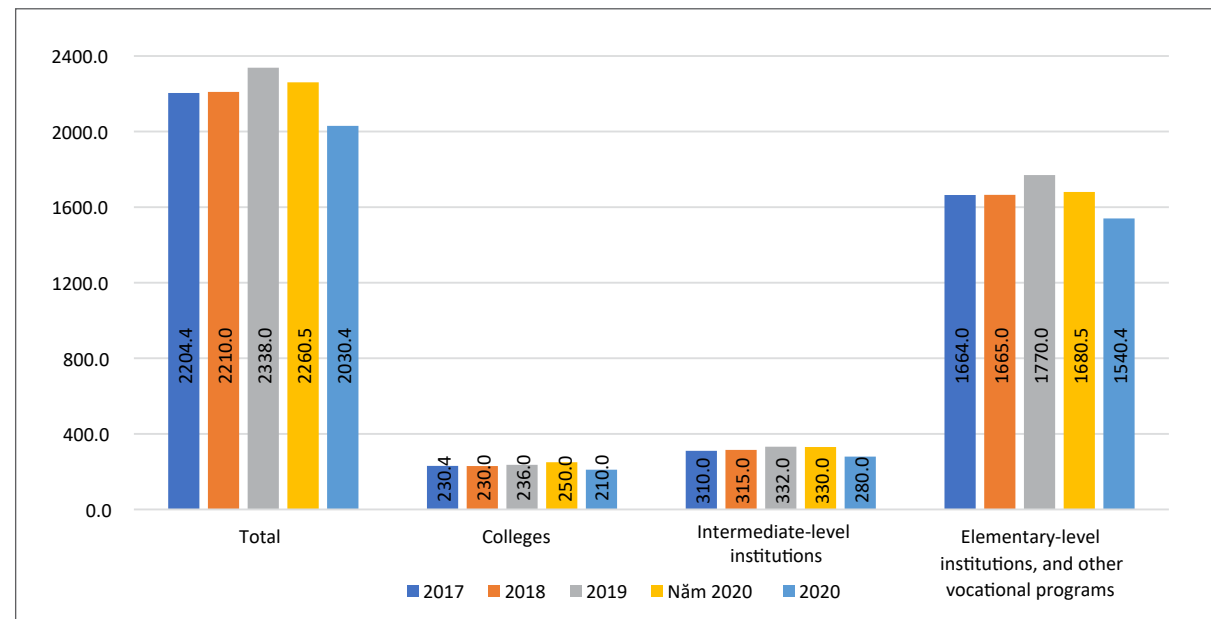
Figure 1: Number of VE institutions by institutional types (unit: number of institutions)



Source: Directorate of Vocational Education and Training

As of December 31st, 2021, there were about 2,030,400 persons enrolled in vocational training institutions nationwide, of which about 210,000 on college-level, about 280,000 on intermediate-level, and about 1,540,400 on elementary-level and other vocational programs (Figure 2).

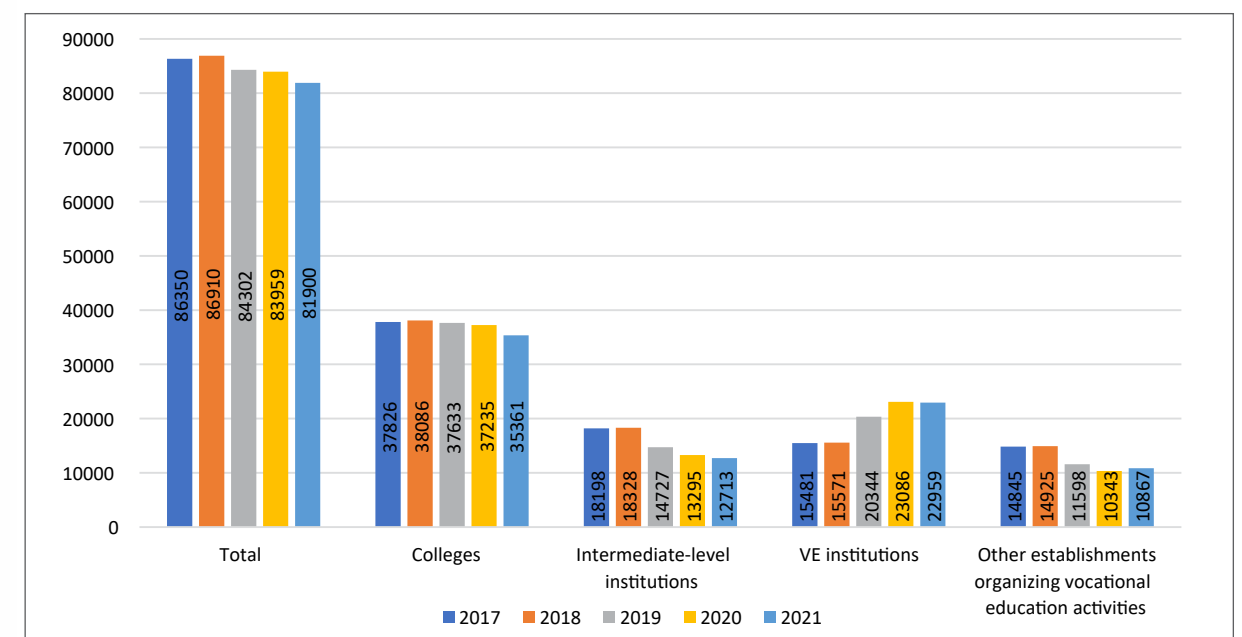
Figure 2: Admission results (unit: thousand persons)



Source: Directorate of Vocational Education and Training

As of December 31st, 2021, the total number of teachers working in VE institutions was 81,900, a decrease of 4,450 people, which was equivalent to 5.2 per cent compared to 2017. Particularly, the number of teachers working at colleges was 35,361 people, at intermediate-level institutions 12,713 people, and at VE institutions 22,959, and at other establishments organizing vocational education activities was 10,867 people (Figure 3).

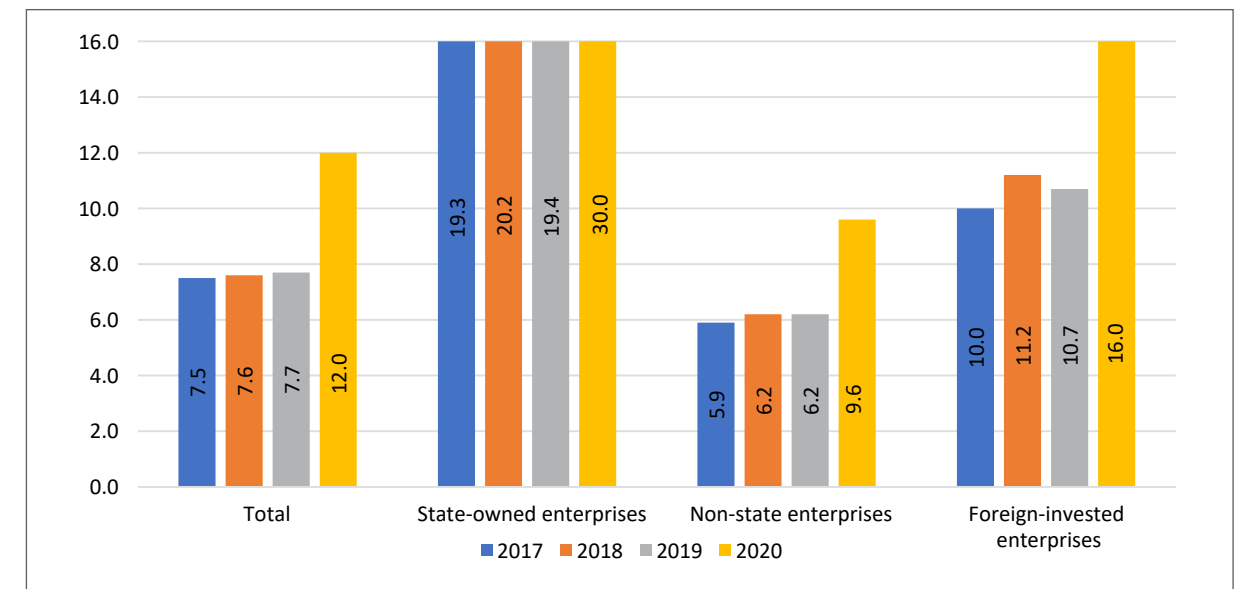
Figure 3: Number of teachers working in VE institutions (unit: number of persons)



Source: Directorate of Vocational Education and Training

As of June 2020, there were about 744,000 enterprises across the country, and the percentage of enterprises cooperating with VE institutions was 12 per cent (an increase of 4.5 per cent compared to 2017). While the percentage of state-owned enterprises cooperating with VE institutions remained the highest, the rate of all types of enterprises cooperating with VE institutions increased significantly compared to the previous years (Figure 4).

Figure 4: Percentage of enterprises cooperating with VE institutions

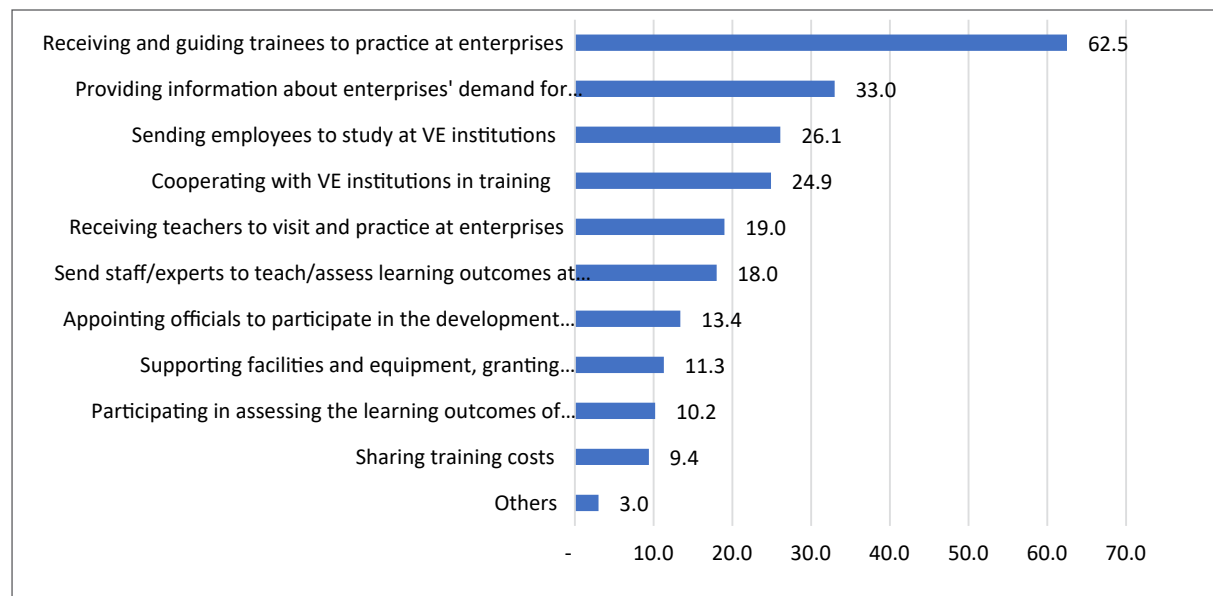


Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

The close association between VE institutions and enterprises, between classroom and practice teaching, and between practice teaching and manufacturing activities will all contribute to improving training quality. Once established, the relationship between VE institutions and enterprises will draw the attention and participation of enterprise experts in the development of training programs, especially in building and renovating training goals and contents in the direction of closely following the practical needs of enterprises' production and business activities.

The main form of cooperation between enterprises and VE institutions is to receive and guide trainees to practice at enterprises (62.5 per cent) and to provide information about enterprises' demand for training and recruitment (33 per cent). There was a lack of various forms of cooperation such as sharing training costs, participating in assessing the learning outcomes of trainees at VE institutions, supporting facilities and equipment, granting scholarships, and appointing officials to participate in the development of training programs/expected learning outcomes (Figure 5).

Figure 5: Form of cooperation between enterprises and VE institutions in 2020 (unit: per cent)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

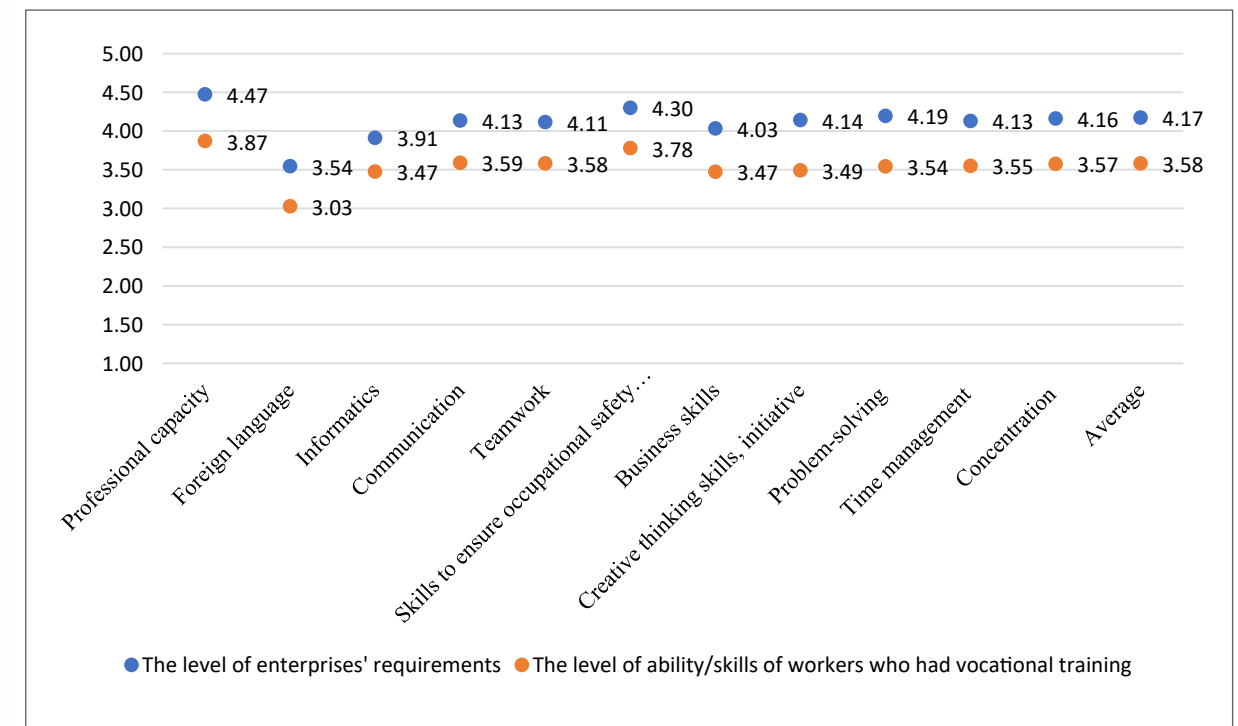
The alignment between VET and the needs of enterprises is reflected in the match between the quantity, structure and quality of VET and the needs of enterprises.

The alignment between vocational training quantity, structure, and requirements of enterprises is reflected in the fact that the number of trained workers must be suitable and meet enterprises' labour needs. Besides, the demand for vocational training according to the training profession and level of training must also meet enterprises' labour needs. It is necessary to avoid the situation of training a large number of workers for low-demand occupations while training fewer workers for high-demand occupations. Therefore, the orientation and planning of vocational training according to the training profession and level of training need more attention in order to provide VE in accordance with the requirements of enterprises.

The alignment between vocational training quality and enterprises' requirements is measured by how well trainees who graduated from EV institutions meet the requirements of enterprises. Their competencies could be reflected in both professional and technical levels, knowledge, skills, and attitudes. Therefore, vocational education provides not only professional training, and occupational knowledge but also instruction on skills and attitudes.

On a 5-point scale, where 5 indicates *Very satisfied* and 1 means *Not at all satisfied*, trained workers can meet 86 per cent of enterprises' requirements in all competency/skill categories. To meet these, employees still need to keep improving themselves in categories including creative thinking skills, initiative and problem-solving skills (Figure 6).

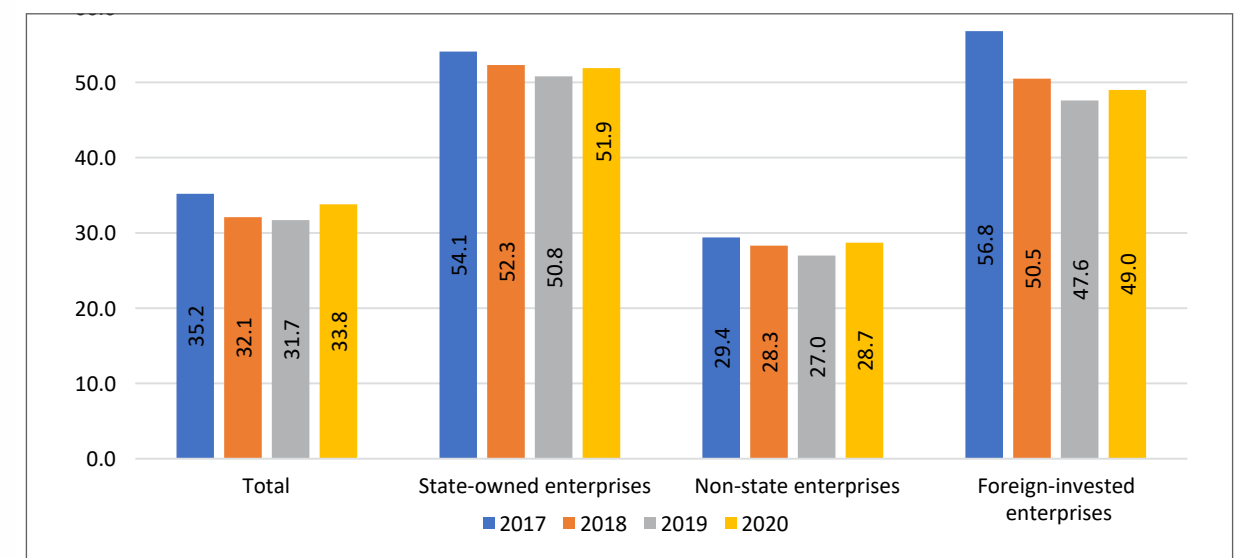
Figure 6: Assessment of the level of ability/skills of workers who had vocational training compared to the enterprises' requirements (Unit: Average score)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

In 2020, there were 251,800 enterprises (33.8 per cent) providing training for employees. In particular, the rates for state-owned enterprises and foreign-invested enterprises were quite high (51.9 per cent and 49 per cent respectively) while non-state enterprises only accounted for 28.7 per cent (Figure 7)

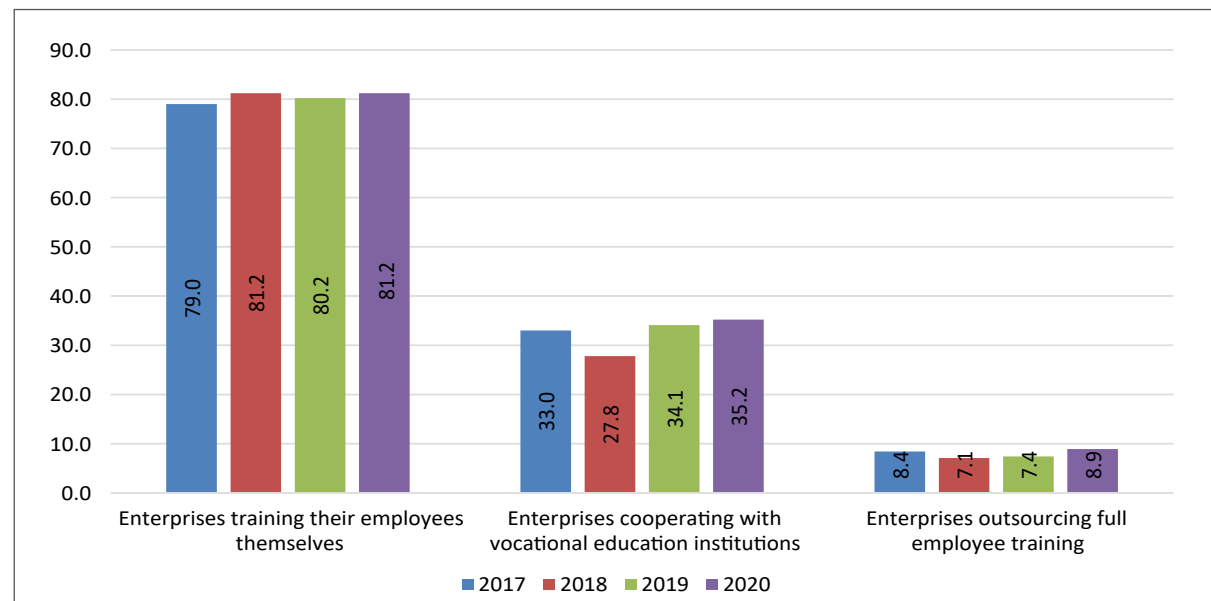
Figure 7: Percentage of enterprises providing employee training activities (unit: per cent)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

In recent years, training for employees has been mainly conducted by enterprises. In 2020, 81.2 per cent of training sessions for employees were conducted by enterprises, and 35.2 per cent of training sessions cooperating with vocational education institutions, and others outsourced full employee training. The percentages of state-owned enterprises training their employees themselves and enterprises cooperating with vocational education institutions in employee training were relatively high. As for other types of enterprises, most of them conducted the training for employees themselves (Figure 8).

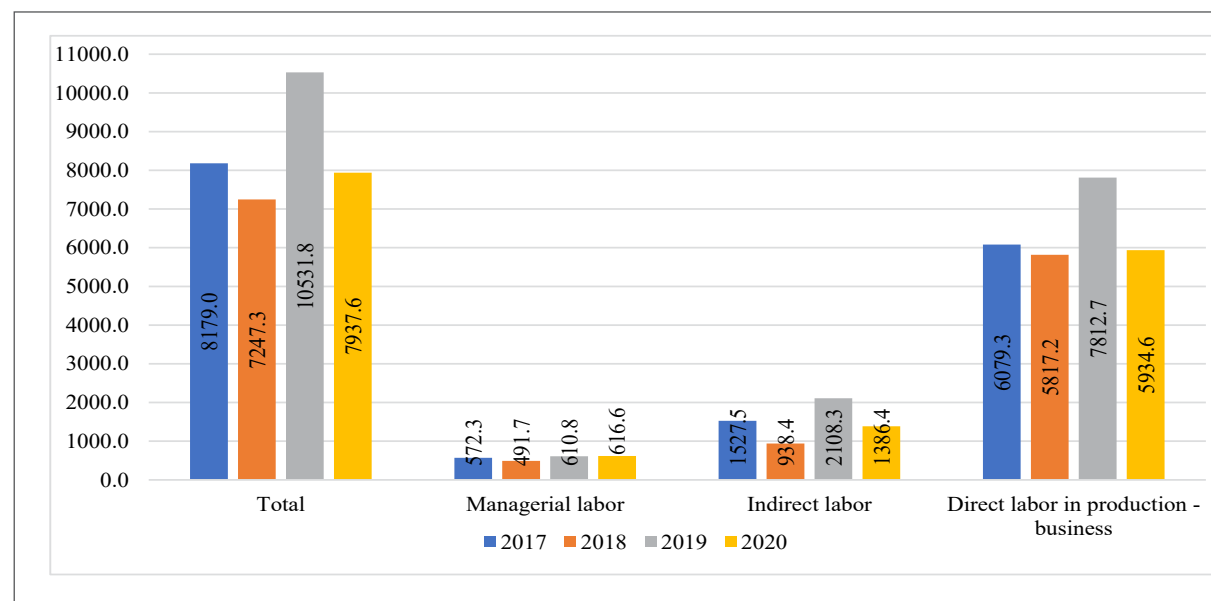
Figure 8: Percentage of enterprises providing training for employees by types of training (unit: per cent)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

In the first nine months of 2020, there were about 7.9 million employees trained. Specifically, 5.9 million of these employees were instruction-bound workers in production-business, the rest were more likely executives and other types of work (Figure 9)

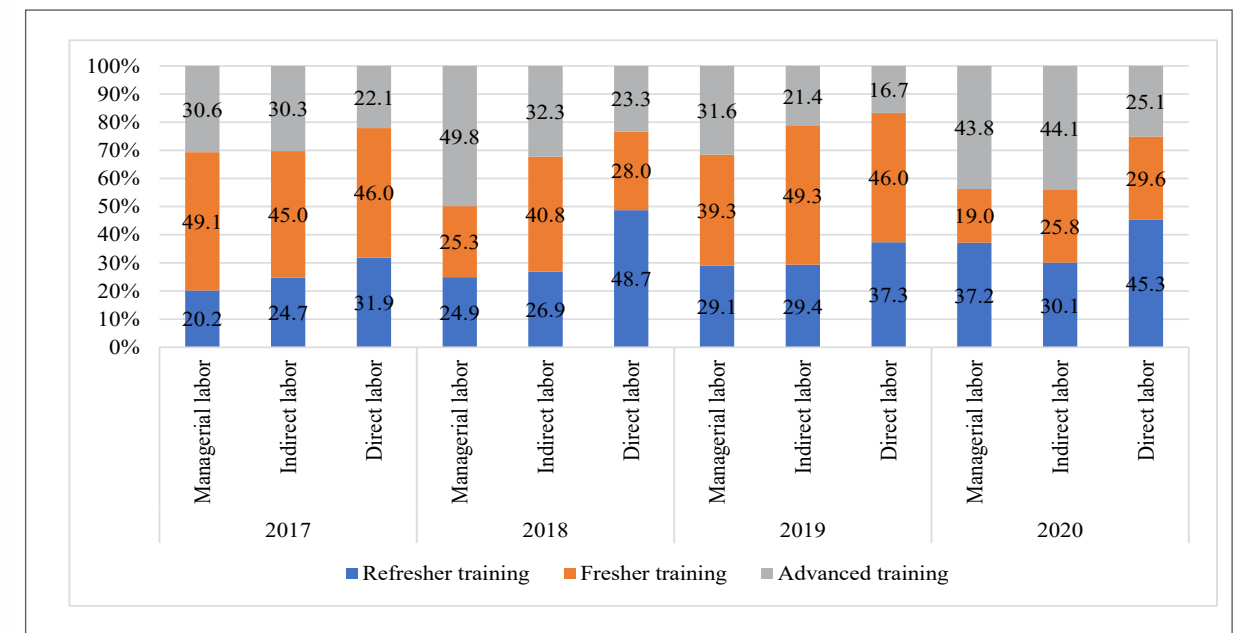
Figure 9: Number of employees trained by types of labour (unit: thousand employees)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

In 2020, managerial and indirect labour involved mainly in advanced training (over 40 per cent) while direct labour in production-business mainly participated in refresher courses (45.3 per cent) (Figure 10).

Figure 10: Forms of training by types of labour (unit: per cent)



Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

Enterprises provide training for both current employees and newly recruited ones. The reasons for current employee training include improving professional capacity, altering/updating technologies and changing job positions.

The major reasons for training for newly recruited employees and current employees working at firms, are to improve professional capacity and to change/update technologies.

As mentioned above despite the fact that enterprises had very high standards for professional capacity/expertise, workers were able to achieve only 86 per cent of these requirements. As a result, when conducting employee training, enterprises prioritized building professional capacity/expertise. The priority order for training for current employees and newly recruited staff differed as well (Table 1).

Table 1: Reasons for employee training (unit: per cent)

Highest educational level	Reasons	
	Total	Urban
Current employees		Newly recruited employees
Improving professional capacity/expertise	69.31	68.14
Change/update technologies	35.82	35.28
Enhancing automation in production-business	29.29	29.37
Changing the strategy/sector of production-business	20.82	31.00
Changing job positions	29.76	29.84
Workers' lack of soft skills	19.04	36.60

Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

Persons already employed for longer typically receive training for period of less than a month while newly recruited employees usually are trained from one to three months (Table 2).



Trainee in a Vietnamese construction company
Source: Stock-Fotografie-ID:1406639192

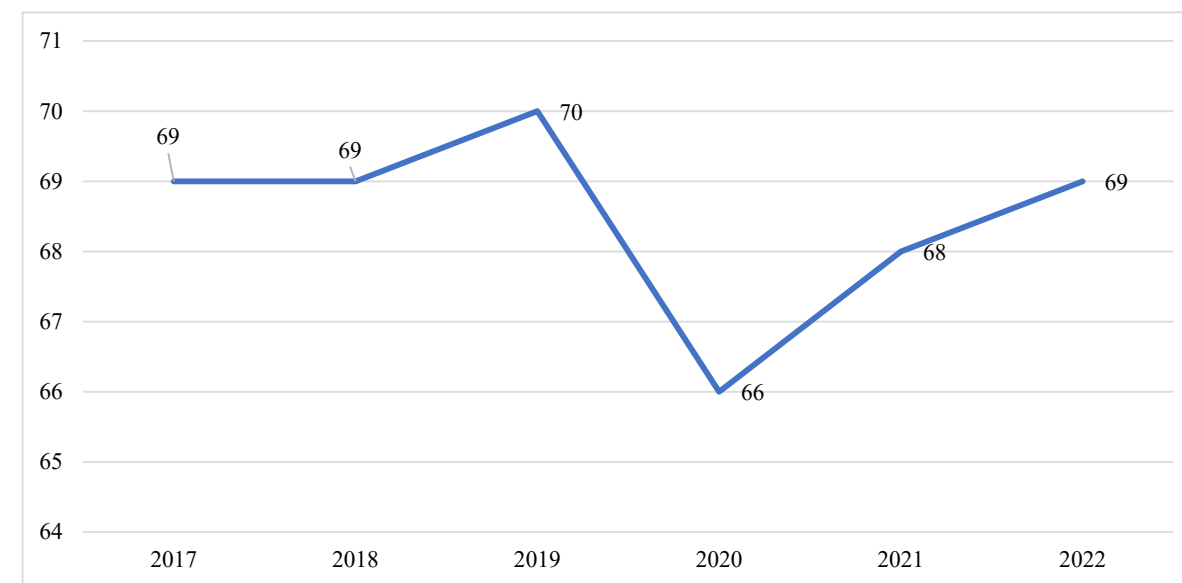
Table 2: Employee training periods (unit: per cent)

Training period	Current employees	Newly recruited employees
1. Less than one month	65.89	34.50
2. From one to three months	19.89	38.46
3. From three to six months	10.41	9.09
4. From six to twelve months	2.56	8.47
5. More than twelve months	3.73	3.03

Source: Department of Employment, Ministry of Labour – Invalids and Social Affairs. Surveys in 2017, 2018, 2019, and 2020

According to the Global Innovation Index (GII) 2022 Report published by World Intellectual Property Organization (WIPO), Vietnam ranked 48th out of 132 countries in the global innovation rankings, the second in the group of 36 low-income economies, and the tenth among the 17 economies in Southeast Asia, East Asia, and Oceania. Regarding the 5.1.2 criterion of *Enterprises providing formal training*, Vietnam scored 22.2 points, ranked 69th (Figure 11).

Figure 11: Vietnam’s position in Global Innovation Index rankings (unit: per cent)



World Intellectual Property Organization (WIPO) (2022)

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Phung Le Khanh, MA.

Vocational Education and Training

National Institute for Vocational Education and Training

Email: plkhanh@gmail.com



*Graduation ceremony of female students in Hanoi
Source: Stock-Fotografie-ID:612498908*

Dilemmas in Vietnam's Higher Education

● Lai Quoc Khanh

1. Introduction

Vietnam, as a developing nation, has made significant and historic strides in various aspects of social development over the past four decades of Doi Moi. The General Secretary of the Communist Party of Vietnam, Nguyen Phu Trong affirmed:

“With such great achievements we have obtained, we can be assured to affirm our country has never enjoyed such fortune, potential, status and prestige as we have today.”

One notable accomplishment is in the economic sector. Despite the global economic challenges and concerns surrounding inflation and recession, Vietnam achieved an impressive economic growth rate of 8.02 per cent in 2022. This achievement is particularly remarkable that many countries with greater potential would have aspired to such success.

Despite its achievements, Vietnam still faces significant challenges, particularly in the area of sustainable development. One pressing challenge is the need for high-quality human resources. The Ten-year socio-economic development strategy (2021–2030) of the Communist Party of Vietnam clearly states:

“The quality of human resources, especially high-quality human resources, has not been able to meet the requirements.” (<https://tulieuvankien.dangcongsan.vn>)

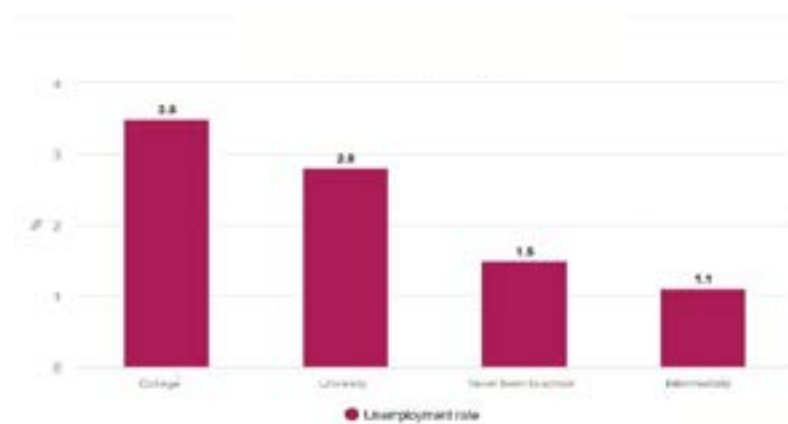
This creates a paradox, as the demand for skilled workers is increasing while the supply remains stagnant. A key issue is the low and declining enrolment rate in universities and colleges. According to the Vietnam Economic Report by the World Bank in August 2022, the enrolment rate for Vietnamese students in higher education institutions in 2019 was 28.6 per cent, one of the lowest among East Asian countries and only half the average rate of 55.1 per cent for upper-middle-income countries. Additionally, the Ministry of Education and Training reported a decrease of 0.95 per cent in the number of newly enrolled students in 2020 compared to 2015, with a total of 447,483 students.

The questions here are what is happening with higher education in Vietnam and what solutions are available to the problems faced by Vietnam's higher education institutions. This article will contribute to answering these questions.

2. Challenges for Vietnam's Higher Education

The Party and State of Vietnam place great emphasis on education and training. They have adopted the viewpoint that *Education and training is the leading national policy* since 1993, when they issued Resolution No. 04-NQ/TW on continuing the cause of education and training, and the viewpoint has been reaffirmed ever since. Thanks to the efforts of the country's leaders and the whole society, education and training, especially higher education, have made remarkable progress. For instance, according to the statistics released by the Ministry of Education and Training in 2021, the total number of universities increased from 223 in the academic year 2015–2016 to 237 in the academic year 2019–2020. The international rankings of some Vietnamese higher education institutions have also improved significantly in recent years. According to the QS World University Rankings (Quacquarelli Symonds), in 2019, a Vietnamese representative entered the list for the first time. In 2023, Vietnam National University-Ho Chi Minh City, Vietnam National University-Hanoi and Duy Tan University were all ranked 801–1000, while Ton Duc Thang University was ranked 1001–1200 and Hanoi University of Science and Technology 1201–1400. Most recently, on June 1, 2023, Times Higher Education announced THE Impact Ranking 2023, according to which Vietnam had nine universities in the rankings, with two more universities than in 2022; Vietnam National University-Hanoi and Duy Tan University rose by 200 ranks and were placed at 401–600. However, according to experts, higher education in Vietnam is still lagging behind compared to other Southeast Asian countries and is confronting many challenges.

Figure 1: Unemployment by education level



Source: GSO 2019

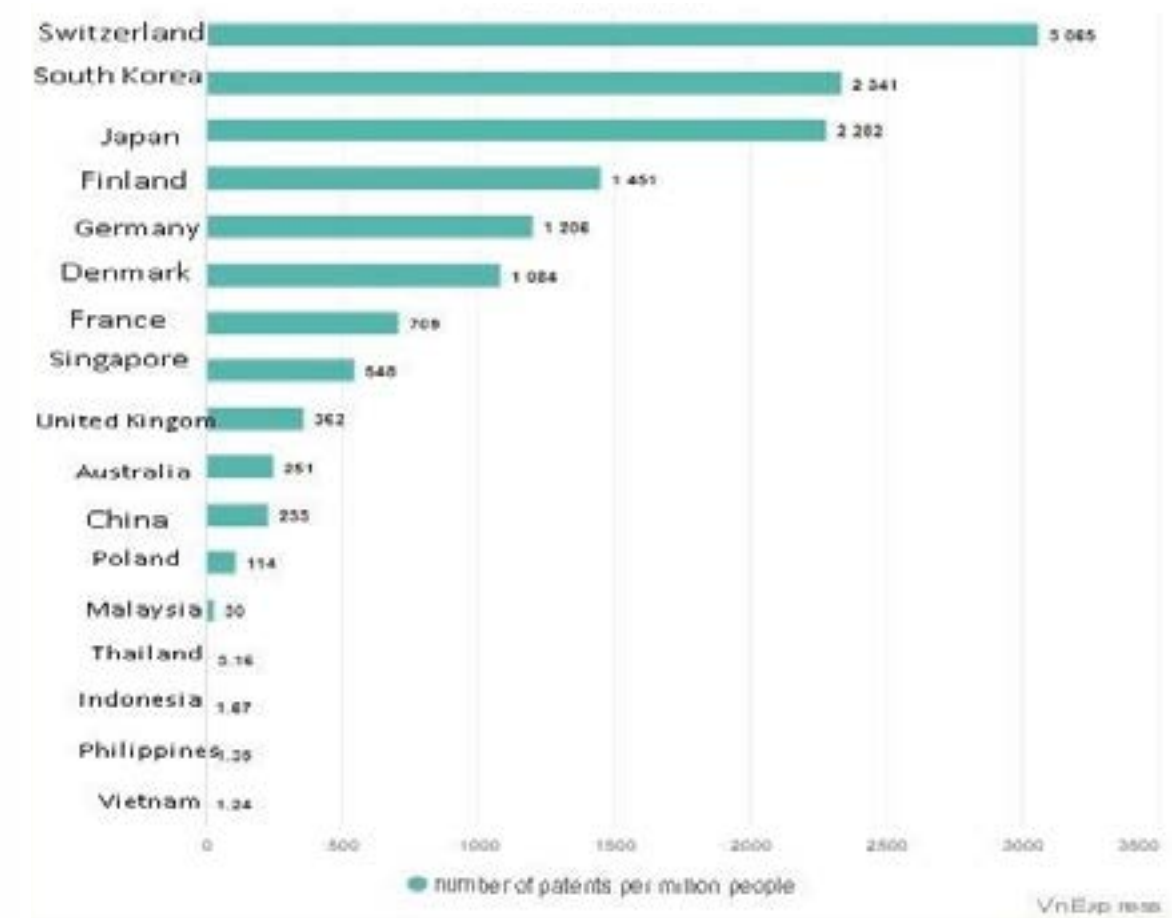
The quality of education and training is still inadequate compared to what is demanded of the human resources for national socio-economic development, and there is a lack of alignment with the labour market.

The number of higher education institutions is currently increasing, but their training quality is generally not assured; there are still many cases of pursuing formalistic and prestige motives without any realistic results, thus creating a wrong perception among learners. Some higher education institutions have deteriorated in terms of infrastructure and lack practical facilities; they lack premises and space for studying, researching, and teaching and have to rent or borrow them from different locations and sites. Some universities in the planned areas have to relocate away from the city, but the process is slow and causes psychological confusion and anxiety among lecturers and students. Some universities were constructed on a large scale and licensed to train and enrol students, but due to the lack of strategic thinking, market assessment, examination of learners' needs, and lack of adequate apparatus and organizational structure, they could not enrol students and were abandoned, causing great waste. Moreover, the excessive establishment of higher education institutions, the upgrading and conversion of colleges to universities, the changing of university names, the expansion of professions, and the pursuit of number of enrolments without paying attention to improving training quality cause many institutions to lose reputation and damage their image, and thus fail to create trust and understanding among the public.

The fact that training affairs are not linked to the practical needs and requirements of the public has led to a waste of human and financial resources, slowing down the general development of society, and all together giving rise to more social problems as many graduates are unemployed or have jobs but have to undergo re-training. In 2020, Vietnam had 225,000 bachelors, engineers, and masters who had not yet found a job or had to accept working in the wrong occupation. According to Vietnam's General Statistics Office, out of the 1.2 million unemployed citizens, the number with college or university degrees or higher accounted for 30.8 per cent, which was 369,600 people (<https://www.gso.gov.vn>).

The survey results from 60 industrial service enterprises in Ho Chi Minh City on the *Assessment of the satisfaction of enterprises with the quality of students trained in the first year after graduation* (based on the criteria of theoretical knowledge, practical skills, foreign language proficiency, work etiquette and professional skills) showed that only 5 per cent of the surveyed students were rated as good, 15 per cent as acceptable, 30 per cent as mediocre and 40 per cent as inadequate (Tran Thi Minh Tuyet 2022). This indicates a low quality of higher education in Vietnam, which leads to unemployment among graduates and discourages high school students from pursuing university degrees. Instead, many of them choose vocational training, overseas education, exported employment or freelancing. The number of students studying abroad increased significantly from 2011 to 2016. According to the Ministry of Education and Training, there were 130,000 Vietnamese citizens studying abroad in 2016, which reflects the disappointment with domestic higher education. Many universities have failed to attract enough students due to the lack of admission standards and financial autonomy. They have lowered their cut-off scores, used various admission methods, and even solicited learners directly, but still could not fill their quota. The quantitative mindset, the lowering of cut-off scores and the insecurity of lecturers have contributed to the decline of training quality over time.

Figure 2: Number of patents per million inhabitants in selected countries



Source: World Bank 2020

Despite some recent improvements, the quality and quantity of university lecturers are still inadequate; the working environment and conditions at many universities have not fostered the potential of teaching staff, making it hard to retain competent lecturers.

As of 2020, there were 76,600 lecturers in Vietnamese universities (according to the Statistical Yearbook as of September 2021), among whom 21,977 had doctoral degrees (accounting for 28.7 per cent), and 4,865 had the title of professor or associate professor (accounting for 6.3 per cent). These rates were still low compared to the global standards of higher education. Specifically, the

“student/lecturer ratio was about 26/1; whereas in countries with advanced higher education in the world, this ratio was around 15–20/1. In particular, Harvard University had a student/lecturer ratio of 23/2.” (Doan Nam Chung 2016, 85)

This situation calls for further enhancement of the qualifications of teaching staff, especially the core and leading lecturers and managers at some pedagogy institutions. Moreover, given the trend of international integration, the quantity and quality of international scientific publications have become an important indicator of the quality of higher education in countries. However, the reality also reveals that the numbers of international publications at universities in Vietnam are still inferior to many countries in the region. In addition, the impact factors of Vietnamese researchers’ scientific works are lower than those of some countries in the region, such as Thailand, Malaysia, and Singapore. The number of patents per million people, some of which are derived from higher education institutions, is also a measure of the quality of university lecturers; and that number in Vietnam is quite low (<https://vnexpress.net>).

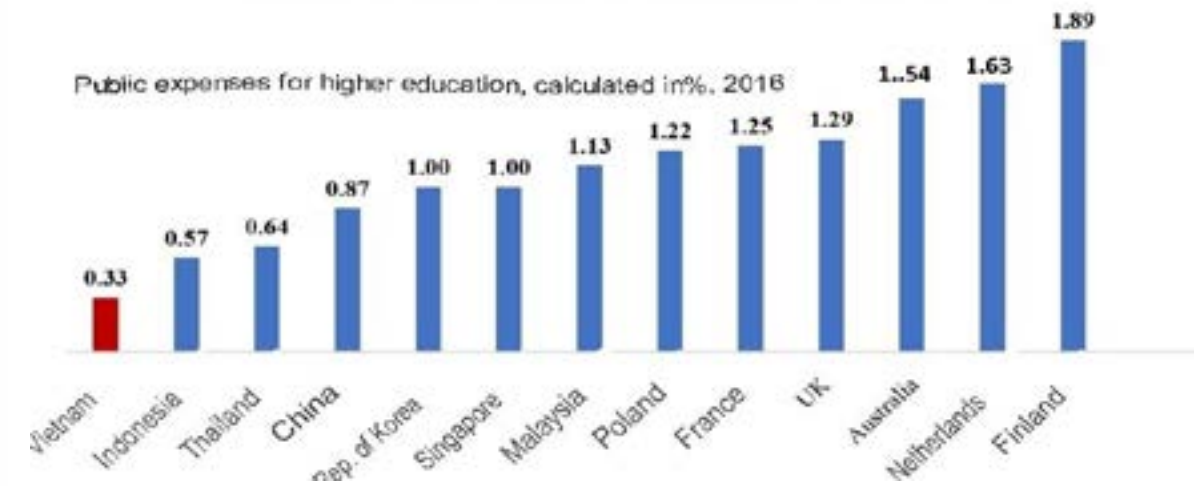
The uncertain working environment and conditions are one of the biggest obstacles facing higher education today. For lecturers who want to utilize their abilities and dedication to research and teaching activities, many systems and regulations are still excessively restrictive, bureaucratic, and complex. For talented, aspiring young academics who have the potential to become knowledgeable future teaching and research staff, salaries, allowances, and favourable policies are now unjustified and limited. Many flaws exist in the policies designed to draw in, accommodate, and set up acceptable workplaces for young, capable, and qualified professors who have received their training overseas. This causes emotional distress, job loss, and migration from public to private universities or to other professions, which results in brain drain and confusion. One out of every 100 instructors departed their jobs in 2022, according to cited data, which stated that “the entire country had 16,000 teachers leaving the job.” (Vo Hai 2022)

“It is not simple to recruit a doctorate as a lecturer at the university, especially for the health majors, the rector of Tay Nguyen University noted. There have been instances where a lecturer took leave and got better employment at a central city university with a salary of 100 million dong/month even after the former institution helped him or her study for a doctorate abroad. A university’s admittance rate determines its additional revenue. A university’s lecturer salary will be reduced if there are few students enrolled there. The lower the income, the more difficult it is to recruit professors and doctorates. The issue is still unresolved.” (<https://thanhnien.vn>)

There are significant limitations in the financial resources allocated for the development of higher education, which fall short of what is required.

Regarding the budget, despite education and training being regarded as top national priorities, investment in education, particularly in higher education, has been very low. In a workshop organized by the Committee for Culture, Education, Youth, Adolescents, and Children in collaboration with the Ministry of Education and Training and several higher education institutions on November 27, 2020, representatives from the World Bank highlighted that Vietnam allocated over 5 per cent of its GDP to public resources for education. However, the investment in higher education was extremely low, accounting for just 0.33 per cent of the 6.1 per cent of government investment in education and training. In contrast, other countries allocated significantly higher proportions of their budgets to higher education (<https://vietnamnet.vn>).

Figure 3: Public expenses for higher education in per cent 2016



Source: vietnamnet

Recently, in a national conference organized by the Association of Vietnam’s Universities and Colleges in collaboration with Can Tho University on May 12, the Ministry of Finance’s data were cited. Accordingly, the total state budget for education was generally 5–6 per cent of Vietnam’s GDP, but the state budget for higher education accounted for only 0.27 per cent of GDP (<http://www.hdu.edu.vn>). With such limited financial resources, higher education institutions in Vietnam face considerable challenges in making substantial improvements in the quality of education and research.

In terms of university autonomy, it is a significant policy agenda of the Party and State of Vietnam. This policy has been established through comprehensive regulations and guidelines. Stakeholders’ perception of university autonomy has undergone positive changes. The progress made by several pioneering higher education institutions in achieving autonomy has motivated and instilled confidence in the broader implementation of this strategy. If in 2014, when the Vietnamese Government issued Decree No. 77/NQ-CP, dated October 24, 2014, *Pilot renovation of the operation mechanism of public higher education institutions 2014–2017*, only four universities applied this decree, namely National Economics University, Ho Chi Minh City University of Economics, Foreign Trade University and Hanoi University; by the end of 2022, 154 out of 170 public higher education institutions had established and operated university councils, reaching a rate of 90.6 per cent. In particular, all 36 public higher education institutions under the Ministry

of Education and Training had established their school councils. Universities under other ministries, sectors, and localities had also established university councils at a rate of 91.18 per cent. Additionally, 142 out of 232 universities were eligible for autonomy under the provisions of Law 34/2018/QH14. Around 32.7 per cent of universities had self-regulated their recurrent and future expenditures, and 13.7 per cent had self-guaranteed recurrent expenditure. The total revenue of autonomous higher education institutions has increased markedly. The average income increased by 20.8 per cent for lecturers and 18.7 per cent for administrative staff (<https://tuyen Giao.vn>).

However, several issues have arisen, such as limited awareness among the public and higher education agencies regarding university autonomy, as well as an unclear division of roles and responsibilities among the party committee, university council, and administrative staff within higher education institutions. These problems have resulted in overlapping functions and tasks, and in some cases, conflicts. Consequently, progress has been impeded, and the effectiveness of university autonomy has been limited, thereby hindering the mobilization of social resources for higher education development.

Regarding the relationship between higher education institutions and enterprises: this is a very important relationship that concerns the ability of higher education institutions to get ample resources for development, including financial resources. However,



Special guests at the Investment Promotion Event of Vietnam National University, Hanoi, December 10, 2022.

Source: VNU, Hanoi.

in Vietnam, despite some initial positive changes, this relationship remains relatively weak. According to a report issued at the First meeting of the Committee on Education and Human resources Development under the National Council on Sustainable Development and Competitiveness on August 18, 2022, the relationship between higher education institutions and enterprises was reported by the Ministry of Education and Training. A survey conducted in June 2021, which covered 50 per cent of higher education institutions nationwide, revealed that an impressive 93.3 per cent of universities had established partnerships with enterprises. Additionally, 6,126 enterprises collaborated with 135 higher education institutions, resulting in an average ratio of 60 enterprises per training institution. On the surface, these numbers appear promising! However, the Ministry of Education and Training also pointed out that the areas of cooperation between the training institutions and enterprises mainly focused on sending students to enterprises for internships/fieldwork; providing student scholarships, organizing job fairs, recruiting fresh graduates, offering input on training programs, and sending business members to participate in teaching sessions (<http://www.hdu.edu>).

vn). As a result, the quality and effectiveness of the partnerships between higher education institutions and enterprises have been limited. These institutions have struggled to attract substantial resources, including financial support, from enterprises. Similarly, enterprises have not fully recognized higher education institutions as a reliable source of high-quality human resources for their own development.

The Vietnamese higher education system faces challenges in establishing both domestic and international linkages, leading to a relatively closed environment.

At the domestic level, despite being under the general management of the Ministry of Education and Training, higher education institutions still struggle to effectively connect their programs. The recognition of credits and student exchange among domestic institutions is limited, resulting in difficulties for students who wish to study at multiple institutions. Additionally, institutions face challenges in establishing connections and utilizing shared resources, including high-quality lecturers. Furthermore, linking areas of knowledge between domestic and foreign higher education institutions is particularly challenging due to differences in training objectives, substance, methods (except for international collaborative training programs), and other factors. Consequently, many countries around the world do not recognize higher education diplomas awarded by Vietnamese institutions. This compels domestic students to start anew when applying for advanced foreign programs. As a result, the appeal of domestic higher education institutions diminishes, and the potential for improving training quality through international cooperation among Vietnam's higher education institutions is constrained.

3. Some Solutions

In order for Vietnam's higher education to overcome the aforementioned challenges, several solutions can be proposed:

Firstly, higher education institutions need to prioritize and make efforts to improve their training quality. This includes investing in human resources, particularly in the training of leading experts and high-quality lecturers. Attention should be given to creating a favorable working environment, providing opportunities for professional development, and implementing appropriate income policies.

Additionally, policies should be formulated to attract highly qualified lecturers from external and foreign universities to serve as official and visiting lecturers or as experts. The development of robust research groups and key research centers should also be pursued.

In addition, there is a need for resolute curriculum and teaching method reforms that embrace modernity and international integration. This entails organizing, developing, and implementing program contents and textbooks in an open manner. This approach should involve multidisciplinary and interdisciplinary approaches, allowing for regular updates of domestic and foreign knowledge, and flexible utilization of high-quality textbooks and teaching materials from reputable domestic and foreign higher education institutions. The teaching content should be learner-oriented, focusing on the development of learners' qualities and abilities, and aligned with their needs. Theoretical modules should be streamlined while practical and applied components should be expanded. Methodologically, there should be an increased emphasis on applying modern teaching methods. Moreover, innovation should be integrated into internships, and initiatives to *incubate* young scientists through pilot projects should be established.

In addition, universities should prioritize quality assurance measures, promote the accreditation of training programs, embrace information technology for digital transformation, strengthen brand management, and enhance student support and career guidance services for graduates. These efforts will help attract a growing number of students who are willing to pay high fees in high-quality educational training to secure better job opportunities upon graduation. It is also essential to establish policies that ensure equal opportunities for underprivileged students.

Secondly, improving the mobilization of investments for the development of higher education institutions is crucial. This involves enhancing mechanisms and frameworks for state management of higher education institutions, while simultaneously providing strong incentives to promote university autonomy. Additionally, an organizational model suitable for different types of institutions, including public, private, and foreign-invested institutions, needs to be developed. It is also important to study models of higher education institutions affiliated with religious organizations to attract capable students who are followers of those religions.

Budget for higher education investment needs to be increased, which has been successfully done by many countries. Education and training play an extremely important role for every country. Therefore, it is not possible to assign all the responsibility of investing in higher education to the civil forces. The state should prioritize resource allocation to expand the budget for higher education and ensure proper investment distribution. It is essential to increase focus on investing in shared training platforms among higher education institutions, as well as in fundamental majors and disciplines that may have low student enrollment but hold great importance. Additionally, investments should be directed towards majors where there is a demand for high-quality human resources within the state and the entire political system. Budget needs to be increased and investments should be allocated with a clear focus instead of being scattering; this will be a big push for Vietnamese higher education institutions so the country can overcome the low-middle-income trap and fulfill the expected development steps.

In addition, it necessary to continue to promote communications, develop mechanisms and policies, and create the most favorable conditions for the connection between training institutions and enterprises. This approach should be regarded as a fundamental and long-term solution, as it enables social forces to engage in flexible self-regulation, leading to the optimal utilization of social resources for the development of higher education.

Thirdly, the government should prioritize and implement institutional solutions to overcome obstacles in enhancing collaborations among domestic higher education institutions. In a developing country like Vietnam, where resources are still limited, inter-institutional linkages can serve as a valuable solution to optimize the effectiveness of national higher education resources, including personnel, facilities, and equipment. Additionally, the government has the responsibility to address international legal barriers, such as by becoming a member of the 1983 Convention on the Recognition of Higher Education Diplomas and Academics in the Asia-Pacific Region (commonly known as the Tokyo Convention 2011), as well as domestic legal barriers. Creating a supportive mechanism for international engagement with Vietnam's higher education institutions is crucial. While the demand and capacity for both domestic and international collaborations in Vietnamese higher education institutions are sufficient, there are still significant barriers that need to be addressed. Therefore, the role and responsibilities of the Vietnamese government in this context are highly important.

Renowned educational leader Frank H. T. Rhodes, in his influential book *The Creation of the Future: The Role of the American University* eloquently expressed:

“In a world where knowledge has become a valuable economic asset, universities – the traditional custodians of knowledge – are faced with immense challenges that we need to adapt to, as well as significant opportunities that we need to pursue.” (Rhodes 2009, 19)

The challenges and opportunities in higher education in Vietnam are abundant. What is crucial at this moment is to have clear direction, strong determination, and unwavering political commitment towards the development of education in general and higher education in particular. This will contribute significantly to realizing the vision of

“a prosperous and happy Vietnam, which will move forward and stand shoulder to shoulder with the great powers of the five continents, successfully realizing the aspiration of the great President Ho Chi Minh and that of our entire nation.” (<https://tulieuvankien.dangcongsan.vn>)

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Assoc. Prof. Dr. Lai Quoc Khanh

Vice Rector of VNU University of Social Sciences and Humanities, Hanoi

Email: khanhmq.ussh@gmail.com



Portrait of the café owners standing behind the counter
Source: Stock-Fotografie-ID:1358133280

Vietnamese Overseas Workers

● Nguyen Tuan Anh

1.Introduction

Vietnamese overseas workers bring not only economic benefits to themselves and their families, but also have positive impacts on the economic and social development of the country. First, overseas workers tend to have high and stable earnings. Thanks to stable and high incomes, workers can improve living conditions, cover family costs, send remittances back to their home countries and invest in various resources. Overseas workers also contribute to Vietnam's economic development. Workers working abroad help reduce unemployment pressure and increase job opportunities for people. At the same time, the income from overseas employment of workers also contributes to increasing foreign currency capital flows to the country. In addition, overseas workers when returning home often bring with them their knowledge, expertise, and management skills. They can share knowledge and skills with other workers and contribute to improving labour quality and domestic production. Vietnamese overseas workers have also helped to expand economic cooperation and partnerships with other countries. Through the process of working and living in a multinational environment, Vietnamese employees have the opportunity to build a network of relationships and connect with investors, businesses, and international experts. This not only creates new opportunities for trade and investment, but also promotes bilateral cooperation in the fields of education, science, culture, and technology.

Up to now, many studies and reports related to Vietnamese employment outside the country, labour export or secondment of workers have been conducted by scientists, agencies, and organizations at home and abroad (ILO 2015; Pham Anh Thang 2023; Song Van Bang 2020; Vu Thi Cuc 2022). They have helped broaden the understanding of laws and policies regarding Vietnamese overseas workers at various stages. At the same time, the studies on this topic also reflect the circumstances of Vietnamese workers working abroad and issues related to Vietnamese workers travel to work abroad. However, further studies and reports are essential, in order to expand the updated understanding of one of the most important areas of Vietnam's socio-economic development process now and in the future.



Due to the shortage of skilled workers in the German construction industry, young Vietnamese are being trained to work in Germany. Source: <https://bau-bildung.de/international-projects/vietnam/placement-of-vietnamese-specialists-in-construction-training>

2. Overview of Policies and Laws on Vietnamese Workers Going to Work Abroad

Sending Vietnamese laborers to work abroad is a major policy of the Party and the State of Vietnam. As early as 1980, the government issued Decision No. 46-CP on sending workers and cadres to improve qualification and work for a definite time in socialist countries. The decision states:

“The Council of Government advocates sending a part of workers and officials working in state enterprises and agencies to socialist countries for the purpose of fostering and improving their skills, improving their technical, professional and managerial skills, and at the same time work for a limited time in the economic establishments of those countries, in order to better meet the labour training needs of our country, as well as help the brother countries overcome part of labour difficulties, in the spirit of socialist cooperation among members of the Council for Mutual Economic Assistance.” (Government Council 1980b)

Also in 1980, the government further issued Government Council Resolution No. 362-CP on cooperation in the use of labour with socialist countries. The resolution emphasized:

“Our country expands the employment cooperation with the Soviet Union and other fraternal socialist countries on the principle of mutual benefit, in various forms and for the following purposes: 1/Tackling employment for a part of our youth; 2/ Through cooperation in the use of labour, the fraternal socialist countries help us train skilled workers to meet the requirements of the development of our economy in the future.” (Government Council 1980a)

Thus, as early as 1980, there was interest in sending Vietnamese workers to work abroad.

In 1998, the Council of Ministers issued *Directive on the Expansion of Labor and Expert Cooperation with Foreign Countries*. The directive stated:

“Expanding labour and expert cooperation with foreign countries is an important economic task of long-term strategic significance. Our policy is to cooperate widely with countries that require cooperation with us, on an increasingly large scale in accordance with the foreign policy of the Party and State, firstly with the Soviet Union and socialist countries; pay attention to develop cooperation relations with Middle East and African countries.” (Council of Ministers 1988)

Thus, if in 1980 the Resolution of the Government had only emphasized the sending of workforce to socialist countries, in 1988 the Directive of the Council of Ministers affirmed extensive cooperation with other countries. Another important point is that this directive directs the establishment of economic organizations providing employment services abroad:

“It is necessary to organize labour and expert cooperation services provided by appropriate companies or economic organizations of sectors with legal status, operating in accordance with the principles of business accounting and self-responsibility for finance; these organizations sign contracts with workers, being responsible for sending workers to work and helping and creating conditions for them to find jobs when they return home.” (Council of Ministers 1988)

This was an important milestone for sending Vietnamese citizens to work abroad.

Given the importance of labour export to the country, the Politburo issued Directive No. 41-CT/TW on labour and expert export on 22 September 1998. The directive states:

“Exporting labour and experts is a socio-economic activity that contributes to human resource development, jobs creation, income generation and skills upgrading for laborers, increasing foreign currency revenues for the country and strengthening international cooperation between our country and others.” (Politburo 1998)

The directive also sets out important guidelines:

“a) Along with creating domestic jobs, exporting labour and experts is an important and long-term strategy, contributing to building the workforce for national construction during the period of industrialization and modernization and construction. In the period of industrialization and modernization, is a part of international cooperation, contributing to strengthening the friendship and long-term cooperation with other countries; b) The export of labour and experts must be expanded and diversified in terms of forms and labour export markets, suitable to the market mechanism under the management of the State, responding to foreign demands in terms of numbers, qualifications, and professions. The export of labour and experts must, on the one hand, ensure competitiveness on the basis of strengthening technical and expert workforce training to gradually increasing the proportion of high-quality exported laborers in the total number of exported workers and improve the

management level of labour export units; on the other hand, take care and protect the legitimate interests of workers going abroad to work in accordance with the laws of our country and the countries where the workers live and work.” (Politburo 1998)

In 2012, on the basis of the review of the implementation of Directive No. 41-CT-TW, the Secretariat issued Directive No. 16-CT/TW *On strengthening the leadership of the Party towards the sending of Vietnamese workers and professionals to work abroad*. The directive identified:

“To bring Vietnamese workers and professionals to work abroad in order to settle employment, generate income, redistribute labour, improve the quality of human resources, increase foreign exchange revenue and contribute to the country’s socio-economic development, carrying out industrialization, modernization and international integration.” (Cited from Pham Anh Thang 2023)

On the basis of ten years of implementation of Directive No. 16-CT/TW, on 12 December 2022, the Secretariat issued Directive No. 20-CT/TW *On strengthening the leadership of the Party in sending Vietnamese people to work abroad in new situations*. The Directive identifies the work of sending workers is to contribute to socio-economic development, to settle employment and increase income for workers, especially rural ones, especially in difficult areas; promote the culture and good image of the country and Vietnamese people to the world. At the same time, it is an opportunity to learn and improve professional qualifications, technology, advanced technology and professional work for Vietnamese workers, contributing to high quality human resources after returning home (Central Committee 2022). Thus, important documents of the Party have directed, encouraged and created conditions for Vietnamese citizens to work abroad and stressed the care and protection of their legitimate interests.

As for the system of legal documents, this system has been gradually improved to create favourable conditions for employees and enterprises to participate in labour export activities and integrate into regional and international labour markets. Notably, the *Law on Vietnamese Guest Workers* was promulgated by the National Assembly in 2006 (National Assembly 2006). This is an important document regulating the rights and obligations of employees working abroad under contracts; the rights and obligations of enterprises and professional organizations sending people to work abroad under contracts and concerned organizations and individuals.



Exploitation in the Nail Studio. German documentary.

Source: Screenshot documentary Funk (public German channel) on Exploitation in the Nail Studio

In the new context, by 2020, the *Law on Vietnamese Guest Workers* was promulgated by the National Assembly and came into effect on January 1st, 2022. This law replaces the Law on Vietnamese Guest Workers from 2006 (National Assembly 2020). Article 4 of the 2020 Law on Vietnamese Guest Workers stipulates:

“To encourage the improvement of professional and technical qualifications of Vietnamese workers going to work abroad under contracts; to promote and make effective use of labour resources after returning from working abroad; Protecting the legitimate rights and interests of Vietnamese workers, enterprises, organizations and individuals in the field of Vietnamese guest workers; To expand international cooperation in the development of new, safe labour markets, high-income jobs, specific industries and jobs to improve the level and skills of Vietnamese workers who go to work abroad under contracts; To ensure gender equality, employment opportunities, non-discrimination in the selection, training of skills, foreign languages, and orientation education for Vietnamese workers working abroad under contract; To take measures to support the protection of Vietnamese workers abroad in accordance with gender characteristics; To support for social inclusion and labour market participation after returning home.” (National Assembly 2020)

In addition to the Law on Vietnamese Guest Workers issued in 2006 and 2020, the government promulgated Decree No. 38/2020/ND-CP detailing the implementation of some articles of the *Law on Vietnamese Guest Workers* (Government of 2020a). The government has also published Decree No. 28/2020/ND-CP on handling administrative violations in the labour and social insurance sectors and sending Vietnamese employees to work abroad under contracts (Government 2020b). These and many other legal documents provide a strong legal basis for Vietnamese expats and the related labour export.

3. The Situation of Vietnamese Overseas Workers

Vietnamese citizens workers have different ways to work abroad. A study by the International Labor Organization (ILO) shows that the patterns of international employment are increasingly diverse and complex. The number of Vietnamese working abroad and the number of markets receiving their labour is increasing (ILO 2015). It is noteworthy that the number of Vietnamese going abroad for work by “their own” or “in informal ways” is increasing (ILO 2015). In fact, a large proportion of them migrate through secondment programs, some of which include:

- Programs to send workers to work in Korea (EPS Program).
- Programs to send trainees to technical internships in Japan (IM Japan Program).
- Programs to send Vietnamese workers to study and work in the nursing industry in the Federal Republic of Germany.
- Programs to send nurses to practice in Japan under the agreement with OSAKA Medical Care Association.
- The Direct Recruitment Program for Workers to Work in Taiwan (Foreign Labor Center 2022).

Regarding the respective organizations and enterprises, their scale has increased rapidly over the years. As of 2022, Vietnam has 451 of these institutions (Van Math 2022). Up to now, more than 40 different national labour markets have received Vietnamese. Many of these countries are characterized by high incomes and good working conditions, for example Germany, Poland, and the Czech Republic. Many countries have employed large numbers of Vietnamese in the past years such as Korea and Japan (Pham Anh Thang 2023). In 2022, the total number of Vietnamese overseas workers was 142,779, including 48,835 women. Among Vietnamese expats in 2022, there were 67,295 workers (29,741 female) in Japan; 58,598 workers (17,689 female) in Taiwan; 9,968 workers (454 female) in Korea; and 1,822 workers (only two female) in Singapore (Department of Foreign Labor Management 2022).

In 2020, some other countries received Vietnamese workforce in less numbers:

- China: 910 male workers.
- Hungary: 775 workers (325 female).

- Rumania: 721 workers (155 female).
- Poland: 494 workers (86 female).
- Russian Federation: 466 workers (20 female).
- and Malaysia: 399 workers (298 female) (Foreign Employment Administration 2022).

Between 2013 and 2021, Vietnam sent nearly one 1 million labourers abroad (Thanh Duc 2023). The number of Vietnamese going overseas has exceeded 100,000 people per year since 2014 (Thanh Duc 2023). In 2023, it is expected that about 110,000 workers will Vietnam (Nhat Duong 2023). In the first quarter of 2023, their number counted for 37,923 (Pham Anh Thang 2023).

Vietnamese expats are employed abroad in many different fields. The main areas include manufacturing such as mechanics, textile, leather shoes, electronic assembly, etc.; construction, agriculture, fisheries, and services especially care for the elderly, the sick, and domestic work (Pham Anh Thang 2023). The areas of employment differ from country to country. In South Korea, for example, 38,544 Vietnamese were employed by the end of March 2022. Of these, 27,081 work under the *Program of sending workers to work in South Korea*; more than 8,000 work as a crew on ear-shore and offshore fishing vessels; 3,535 are employed under the *High-tech Program* and about 200 under the Seasonal Labor Program (Embassy of Vietnam in South Korea 2022).

Overseas workers have contributed significantly to the socio-economic development of the Vietnam. First, overseas workers contribute significantly to the country's foreign currency reserves. In 2021, the amount of remittance attracted to home country reached 12.5 billion US dollars, an increase of about 10 per cent compared to 2020. An important part of this flows came from Vietnamese overseas workers (PV 2022). On average, each labourer sent home 200 million Vietnamese dong per year (Pham Anh Thang 2023). The wages of Vietnamese employees and the other subsidies they are entitled to while working abroad are significantly higher than the average local wage. The income of overseas workers is at least two or three times higher than those working domestically. For those being employed in South Korea or Japan, their income can be many times higher than that of workers in Vietnam (Nhat Duong 2023). For example, the average income of Vietnamese employee in South Korea is about 1,700 US dollar per person per month

(Embassy of Vietnam in Korea 2022). At this level of income, besides making important contributions to the country's socio-economic development, overseas workers may also improve the situation of their families.

It is also important to stress that Vietnamese workers, along with their financial contributions, returning after staying abroad for a period of time are also an important human resource for Vietnam's national development. Homecoming workers have gained knowledge, skills, experience and working styles in various fields. This workforce can contribute to increasing labour productivity in industries and services in Vietnam.

4. Some Issues Related to Vietnamese Overseas Workers

So far, many issues have been raised regarding Vietnamese overseas workers. Some of the issues that are of particular concern are as follows.

The *first* is the increase in the number of Vietnamese employees who unilaterally stop their contracts to work for other employers or do not return home but stay illegally after their contracts expire. For example in South Korea, the proportion of these illegal migrants is very high (VTV.vn 2023). It is also noteworthy that the number of Vietnamese students who come to South Korea to study Korean language but stop studying and work illegally is increasing. By the end of March 2022, 28,047 out of 65,536 Vietnamese students now reside illegally there (Vietnamese Embassy in South Korea 2022). This situation has negative consequences in many ways. In particular, illegal workers are exposed to various risks, including diseases, occupational accidents, lack of civil rights protection, loss of jobs, and persecution, mistreatment, and being owed wages by the employer. In addition, these workers also have to live in insecurity and when discovered, they will be at risk of being arrested, deported and loss of opportunity to return to work (TL 2023). At the macro level, the increase in the number of Vietnamese employees who unilaterally stop their contracts to work for other employers or do not return to home but stay illegally after their contracts expire affects the image of Vietnamese workers and has negative impact on labour export promotion. In addition, people in localities with many illegal migrants will also lose access to high-income labour markets (TL 2023).

Secondly, a certain part of Vietnamese workers migrates abroad to work freely, without signing contracts through labour service providers. Regarding this issue,

"The survey on situation analysis and assessment of women's needs of safe labor migration in Nghe An, Lao Cai and Thanh Hoa." (Vu Thi Cuc 2022) indicated that female overseas workers who are employed under contracts will be supported with paperwork and work in the receiving country, and they are trained in some skills, basic foreign language and other knowledge on the law and culture of the receiving country. However, the group of freelance overseas workers who do not sign labour contracts through service providers face many difficulties and challenges both in life and in work (Vu Thi Cuc 2022). This affects their ability to earn money and remit it to their families. In addition, these workers, when faced with risk, do not dare to report to the local authorities. This situation creates a vicious cycle, restricting women to escape life difficulties when choosing to work abroad (Vu Thi Cuc 2022). In short, the situation of a certain proportion of Vietnamese expats without signing official contracts through a company providing labour services is a matter of concern.

Thirdly, there are shortcomings in vocational and foreign language training and orientation education for overseas workers. This is the reason why the number of skilled Vietnamese workforce is still low. This situation also reduces the competitiveness and influences the position of Vietnamese overseas workers (Pham Anh Thang 2023). Regarding this issue, a business leader with more than ten years of experience in sending workers to work in Japan assessed:

"In fact, up to 90 percent of people who work abroad are still mainly low-skilled groups, with limited professional skills and foreign languages. The rate of high-level technical workers and experts does not exceed 10 percent. For many years, labour export has focused on creating jobs for poor laborers without paying attention to groups capable of learning, receiving skills, technology, and management thinking from foreign countries such as students, academics, and vocational school staff." (Excerpt from: Hong Chieu 2022)

Therefore, the issues that needs attention for the activities of sending Vietnamese abroad are vocational and foreign language training and orientation education. In addition to the objectives of employment and income generation, the activities of sending workers abroad need to focus on the ability of learning, receiving skills, technology and management capabilities of the workers.

5. Conclusion

With the increasing importance of sending Vietnamese people to work abroad in the country development process, from the 1980s until now, many guidelines, policies, and legal documents have been issued. Those guidelines, policies and legal documents have created a solid legal basis for Vietnamese who want to work abroad or are already employed in foreign countries.

In fact, the number of Vietnamese expat workers is increasing as is the number of countries. Every year, Vietnamese overseas workers earn significant economic benefits to themselves and their families and make an important contribution to the country's economic development. In addition, the process of working abroad also helps Vietnamese employees to achieve knowledge, experiences, and skills in many fields, which helps Vietnam expand economic partnerships and cooperation with other countries. Upon their return this contingent of workers adds to the workforce of quality in Vietnam.

The process of Vietnamese workers going to work abroad has also raised many issues. Some issues of particular concern are as follows:

- The first is the increase in the number of Vietnamese employees who unilaterally leave their contracts to do another job or do not return to Vietnam and stay illegally after their contracts expire. This situation is affecting the workers themselves, the image of Vietnamese workers, and Vietnam's labour export promotion activities.
- Secondly, a certain part of Vietnamese overseas workers going abroad by themselves, without signing labour contracts through a labour services company. This may cause difficulties and challenges for employees and management.
- In addition, vocational training, foreign language training and orientation education for overseas workers have shortcomings.

These shortcomings need to be overcome to improve the competitiveness, image, position, and work efficiency of Vietnamese overseas workers.

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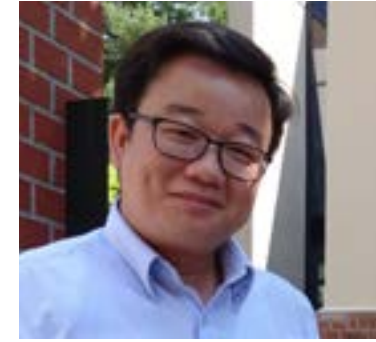
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Prof. Dr. Nguyen Tuan Anh

Faculty of Sociology

VNU University of Social Sciences and Humanities, Hanoi

Email: xhhanh@gmail.com



Foreign workforce is welcome in Vietnam
Source: www.flickr.com

Foreign Workforce in Vietnam

● Detlef Briesen

The article provides an overview of the function of foreign labour for the Vietnamese labour market. According to previous research results, this group of people consists mainly of members of very well-educated elite and expert groups. In a first step, an attempt is made to approach foreigners in Vietnam empirically from an overarching perspective. This is followed by a brief determination of the function that elite and expert migration generally has for the development of individual states and regions. In a third part, the living and working situation of foreign workforces in Vietnam is discussed. This part in particular is based on the author's own observations.

1. Foreigners in Vietnam

Particularly in Vietnam's major urban centres, especially Hanoi and Ho Chi Minh City, it is becoming increasingly obvious that Vietnam is once again attracting a larger number of foreigners after the end of the COVID-19 pandemic. The vast majority of these, however, are tourists, with a new record of around 18 million arrivals having been set in 2019, of which over 14 million came from other countries in Asia, mainly China and Korea (Vietnam National Administration of Tourism 2019, 12). Since the beginning of 2023, these numbers are now rising again significantly; in the months of January to March alone, the Vietnamese authorities recorded around 1.9 million entries, although 810,000 of these, or almost half, were now from the Republic of Korea (Vietnam National Administration of Tourism 2023, 3). Statistically, it is not precisely recorded how many of these visitors come to Vietnam for reasons other than tourism.

Besides the mass of tourists, there are more or less visible groups of foreigners living in Vietnam for a longer period of time, especially in Hanoi and Ho Chi Minh City: Businesspeople, diplomats, employees of international organizations and their interns, students and returned Vietnamese with foreign passports. In most cases, these are individuals from the industrialized countries of Europe, North America, and East Asia. In addition, as everywhere in the world, there must be grey areas or illegal migration in Vietnam, but this has hardly been addressed so far (ILO. International Labour Organization. Labour migration in Viet Nam)

At least it can be said that, in contrast to the number of Vietnamese who leave the country primarily to take up work abroad, immigration to Vietnam remains within narrow limits. Based on ILO data, every year about 80,000 persons still leave Vietnam mainly for this reason. Also according to ILO, there were 2.7 million people of Vietnamese origin in ASEAN countries alone in 2019 (Measuring labour migration in ASEAN 2022, 24). In contrast, the total number of people with foreign citizenship in Vietnam accounted for less than 0.1 per cent of the resident population there (76,000 people) in 2019, according to the same ILO statistics (Measuring labour migration in ASEAN 2022, 24)

This makes Vietnam, together with the People's Republic of China and Indonesia, one of the countries that officially have the lowest proportion of migrants in their resident or working population worldwide (United Nations 2022).

And yet labour immigration is a highly relevant topic for Vietnam:

- First, it is expected that international integration will continue to intensify, especially in economic terms, due to globalization in general and, in particular, increasingly at the regional level, through institutions such as ASEAN (Association of Southeast Asian Nations) or RCEP (Regional Comprehensive Economic Partnership). It can be assumed that more foreign workers will come to Vietnam in the future.
- Second, Vietnam is currently undergoing a major aging of its population. If the enormous economic growth continues, there will probably be a shortage of suitable workers in the country in just a few decades. Perhaps Vietnam will then change from an emigration to an immigration country.
- And third, certain groups of immigrants are already playing a significant role in development on a global scale: highly skilled people who have more than one place to live and work in different parts of the world or who move from country to country. It is on these international elites or experts that my article focuses.

The contribution of this group in particular to the world of work and to development in Vietnam has not yet been adequately researched, and it is therefore very difficult to obtain a more precise overview. Above all, contrary to some romantic notions that are widespread in Germany, for example, not all migrants are the same. Rather, they differ in terms of the motives for and the manner of their migration and also with regard to their concrete life situations. It is therefore important to make theory-based differentiations in the following section.

2. Elite and Expert Migration in the Context of Vietnam

Researchers originally understood migration to mean a permanent spatial change in the centre of one's life. This is no longer the case today, as many people can now have several focal points for their life and work in different countries. In fact, however, migration has never been such a one-way street. If we look at the enormous waves of emigration from Europe to the USA in the 19th century, for example, up to one third of German emigrants returned to their home country.

Such behaviour is also referred to as *transmigration*; it is part of international migration that takes place across national borders, whether for a job, retirement, or marriage. Today, migration is considered a multifaceted social fact without a generally accepted definition or a clear assessment in each case as only good or only detrimental for the receiving country. However, a distinction is made, for example, between the involuntary emigration of war refugees and the voluntary movement of people who go abroad, for example, to take up a job or to receive (better) education. Even this is only a useful distinction to a limited extent because migration is sometimes prompted already by fears that life in the home country could become more difficult or even dangerous in the future, which puts the category *voluntary* into perspective.

More decisive for contemporary immigration to Vietnam is therefore a further differentiation made a few years ago by the German sociologist Christoph Butterwegge. He sees international migration as characterized by an increasing polarization:

- First, as a process of dualization between transnational or even transcontinental migration between expert or elite migration on the one hand and poverty and forced migration on the other.
- And second, as a differentiation of state migration policy into positive incentives for the former and negative sanctions for the latter (Butterwegge 2003).

This could also be summarized as follows: *misery* migration from the Global South, such as that of Africans to Europe, is to be prevented wherever possible, while the immigration of experts or members of various elites is in some cases massively encouraged. In the economic literature, at least, there is almost unanimous agreement that the immigration of highly skilled personnel is preferable to that of lower-skilled workers. The debate about such elite immigration has a thoroughly stale aftertaste, because a distinction is made between *good and desirable* highly skilled migrants and *bad and undesirable* non-skilled or barely skilled migrants, which has significant implications for the overarching migration and asylum policies of many nations.

Statistically, the so-called misery migrants in Vietnam are not necessarily non-existent but insufficiently recorded. The available information from the ASEAN ILSMS database, 2021 covers only 14.3 per cent of the requested information with respect to Vietnam (ILO 2022, 11). Therefore, the situation in Vietnam is discussed here mainly with a focus on elite and



Tourists from Europe in Vietnam
Source: Stock-Fotografie-ID:907594312

expert migration, but even if this should be put into perspective. This is because the comparatively low cost of living in the country makes a stay in Vietnam attractive for those people who often receive a good education in their country of origin from the Global North but have difficulty finding employment there that is appropriate for them.

Anyway, the majority of expert or elite migrants in Vietnam are not permanent immigrants, but so-called transmigrants. They are mainly found in the urban centres, in Hanoi, Danang and Ho Ch Minh City. Many of them have had their places of work and residence in different countries or cultures several times already. Elites/experts, as the term indicate usually have high formal qualifications. Their pronounced spatial mobility by no means leads them to completely abandon their social ties to their society of origin. In fact, their foreign background and continued connections to their home country are a very important source of income, resources, and their status as privileged expats in Vietnam. Nonetheless, these *expatriates* sometimes no longer define themselves in terms of a national identity at all. Decisive for self-definition and lifestyle of these (more or less) successful transmigrants is rather their

professional status. Their biographies, life projects and attitudes neither correspond to a preparation for a final return nor to the demand of a complete assimilation into the society of Vietnam. Thus, within this new perspective, we are sometimes dealing with people who operate bi-nationally or regionally, in cross-border social spaces, labour markets and organizations, or in the global society or who would at least like to do so (Sievers/Griese 2010).

In the ideal type, as Christoph Butterwegge points out, such expats are scientific-technical, economic, and political executives. They live here today and there tomorrow, whether because their places of employment rotate, career advancement is facilitated by a global presence, or tax advantages invite them to modern nomadism. Such individuals usually have a university degree, particular specific expertise, or considerable international experience, e.g. in management. Examples of such courted individuals are, for example, IT specialists or top scientists. Their migration takes place both within the industrialized countries and from the developing to the industrialized countries, to a more limited extent also in the opposite direction (Butterwegge 2003).



Backpackers in HCMC
Source: www.flickr.com

However, residents of expat neighbourhoods in Hanoi and Ho Chi Minh City are recruited from such individuals only to a certain extent. This is because there are broadly two types of jobs that foreigners from the Global North do in Vietnam, one of which is language teaching. Only few of these persons are indeed trained in this profession or have official work permits as instructors. Many long-term tourists (travellers) use (mainly English) language teaching primarily to support their living or travel expenses, usually as private tutoring or at smaller, also private, teaching institutions. As a result of the COVID-19 pandemic, the proportion of this group has declined significantly.

The second group, now again predominant, includes employees of embassies, GOs and NGOs, scientific and educational experts, representatives or managers of foreign companies, and workers with high qualifications

such as technicians or consultants. These come to the country with a work permit or by invitation from a Vietnamese institution, and often on very good terms. The COVID-19 pandemic has also resulted in fewer people coming to Vietnam again to work as assistants or office workers. The requirements for the profile of those to be sent to Vietnam has become stricter: Decisive proof must again be provided that the relevant position cannot be filled by suitable Vietnamese workers despite an intensive search.

The COVID-19 pandemic and a change in Vietnamese government policy have thus led to a return of foreigners in Vietnam to more elite and expert migration. Such individuals are of great importance to Vietnam, to its multilateral development cooperation and to the multinational companies based here, because they contribute significantly to the transfer of knowledge from the global to the national level due to their qualifications, experience, and networking. The existing economic literature emphasizes that such migration has an overwhelmingly positive impact on the overall development or competitiveness of regions and countries. Highly skilled migrants are an important resource, such as through:

- Strengthening national R&D systems,
- Integration into international business, scientific and other networks,
- Increasing entrepreneurial and research activities,
- Integration of the host country into the international division of labour or the corresponding exchange in business, research, culture, education, and bilateral and multilateral governmental cooperation,
- Overcoming bottlenecks in the regional labour supply or its qualification,
- Promotion of the level of technologies, management, research, training, etc.

On the other hand, the following is considered disadvantageous:

- Potential pressure on wages and higher unemployment among domestic highly skilled workforce,
- A likewise potentially lower incentive for education and training of the national population, and
- An increase in the cost of living for locals, at least in foreigner neighbourhoods (Huber 2010, i).

3. Living and Working Environment of Foreign Experts and Executives in Vietnam

The realities of life and work of the groups in focus here are thus correspondingly diverse. To begin with: Among international experts, working in Vietnam is highly regarded: in 2019, before the COVID-19 pandemic, Vietnam ranked among the top 10 most attractive destinations (out of 163 countries) for foreign experts, just behind developed economies such as Switzerland, Canada, or Germany, according to the HSBC Expat report (Linh Ha Bui 2021, 119). There are many reasons for this: Vietnam has developed rapidly in recent years and therefore offers interesting employment opportunities, especially for international experts. The cost of living is low, and salaries transferred from abroad allow considerable savings despite a high standard of living. The security in the country, the quality of life and the great friendliness of the Vietnamese are perceived as particularly advantageous (Vietnam News 2022).

Such a positive overall assessment, however, does not mean that the findings presented in the previous section could be applied one-to-one to the lives and work of foreign-born highly skilled workers in Vietnam.

The living environment

First, about everyday life: Many of foreigners in Vietnam live in a bubble, meaning that they are not necessarily integrated into Vietnam's social reality. This is especially true for those who worked as language teachers in a semi-legal way especially before the outbreak of the COVID-19 pandemic (for whom labels like elite, or expert did not apply anyway): younger backpackers. Their bubble overlaps with that of short-term tourists of the same age, structured by apartments shared by several people, roof-top parties, shisha bars and vegan restaurants.

Also, not all of the people working in the country who can actually be called experts are truly transnationally oriented: Employees of Japanese or Korean companies, for example, often live in the appropriately native parallel world of that company that has sent them to Vietnam for some time. They are concentrated in Hanoi in their own foreigners' district, in Cau Giay. Quite similar parallel worlds exist for many Europeans and anyway for diplomats and staff of GOs and NGOs.

Professionals sent to Vietnam with English as their mother tongue form a bubble of their own, as they in fact often speak only one language, English, quite an obstacle in developing intercultural competence not only in dealing with Vietnamese but also with the other foreigners in Vietnam. Therefore, in Hanoi, along the streets of Xuan Dieu, Dang Thai Mai and To Ngoc Van, a residential area strongly dominated by people from the Anglo-Saxon world has formed, where other aliens are confronted with corresponding behaviours: for example, the obligatory after-work party on Friday night or the habit on the street, in the supermarket or restaurant to keep adamantly to the left. Something similar can be observed in Ho Chi Minh City around Bui Vien and Phu My Hung streets.

Nevertheless, there, around the Xuan Dieu or in Cau Giay, more becomes recognizable than just a residential district for foreigners, who have a significantly higher income than the vast majority of Vietnamese. Transnational social spaces have formed in parts, diverse relationships, and networks across traditional cultural and national borders. Sometimes this is not due to the expats themselves, but to younger Vietnamese. They prefer to work for foreign companies and organizations: The pay is usually better, careers advance more quickly, and opportunities open up to accelerate Vietnam's development with the support of international experts, a motivation that should not be underestimated.

The working environment

How does this affect the world of work? Foreign workers in Vietnam are a small but important minority in a working world almost exclusively dominated by Vietnamese. The neighbourhoods in Hanoi and Ho Chi Minh City already mentioned may be full of representative offices and offices of foreign states, foreign companies, and various NGOs: But on 18 March 2020, at the start of the COVID-19 pandemic, there were only 94,000 foreigners with work permits in the whole of Vietnam, which was also only a doubling in the entire previous decade. Many of the foreigners also belonged to what are called invisible minorities, with more than half coming from China and Korea. Most of them worked in public-private partnership programmes or in large projects of corporations like Samsung, LG, or Lotte (Linh Ha Bui 2021, 119).



On the morning of 8 May 2023 in Hanoi, the Vietnam International Arbitration Centre (VIAC), in collaboration with the Korean Commercial Arbitration Board (KCAB), organized a Seminar on “Trade & Investment between Korea & Vietnam.”

Source: <https://www.viac.vn/en/news-events/seminar-on-trade-investment-between-korea-vietnam-finding-opportunities-in-adversities-n1444.html>

As already indicated by buzzwords such as elite or expert migration, foreigners in Vietnam mostly work as managers or as consultants for Vietnamese management levels. All the studies available so far emphasise that it is only in the actual day-to-day work that the clear cultural differences that distinguish foreign managers and advisors from their Vietnamese partners or subordinates really become visible. These are not trivialities of everyday working life, but rather cultural orientations that are sometimes very fundamentally different. The work of the Dutch social psychologist Geert Hofstede, who is rightly regarded as the founding father of international comparative research on corporate cultures, is fundamental to the study of these differences. According to his theory, employees from Vietnam or foreigners are characterised by at least six different cultural dimensions, for which Hofstede formulated meaningful keywords or indices. The table below provides an overview.

It is an interesting endeavour to illustrate such rather abstract categories with examples from the interaction between Vietnamese and foreigners in the work environment of the country. Probably most who have experience of foreigners and Vietnamese working together will answer like this:

In Vietnam, power is more accepted, people are more oriented towards their group, they are better able to deal with current uncertainties because in a longer perspective many things straighten out, and leisure time and control over one’s own life are not so important in Vietnam.

One can also relate this to the view and behaviour of the Vietnamese themselves. They are probably, with all the exceptions, rather characterised by

- The importance of networks at all levels of working life,

Table 1: The six cultural dimensions, their measurement and function according to Hofstede

Cultural Dimension	Index	Function
Power Distance	PDI	Power Distance is about whether and to what extent less powerful individuals accept or perhaps even expect an unequal distribution of power.
Individualism versus Collectivism	IDV	In individualistic societies, self-determination, ego experience and individual responsibility are important. In a collectivist culture with a low IDV index, on the other hand, integration in any kind of network dominates. The we is more important than the me.
Masculinity versus Femininity	MAS	This dimension denotes the expression of the predominant values that are established in both genders. Hofstede lists caring, cooperation and modesty as feminine values. Masculine values, on the other hand, are competitiveness and self-confidence. Caution is needed here when applying Hofstede’s categories.
Uncertainty Avoidance	UAI	Hofstede distinguishes between cultures with a high UAI, in which uncertainties are to be excluded as far as possible by many fixed laws, guidelines and safety measures, and cultures that accept uncertainty. They are more tolerant when it comes to solving problems and have fewer rules, which are also easier to change in case of doubt.
Long-Term Orientation	LTO	This index indicates how long-term a society plans. Hofstede introduced this cultural dimension later, after collaboration with Chinese researchers and managers. This dimension is also known as Confucian Dynamism and refers to long-term oriented values of members of an organization: thrift and perseverance, as opposed to short-term values such as flexibility and egoism.
Indulgence versus Restraint	IVR	This dimension describes the extent to which happiness can be achieved through the perception of control over one’s own life and the importance of free time and leisure.

Source: Hofstede 2010

- The great relevance of group consensus and cohesion,
- The indirect communication about even serious problems, combined with principles such as saving face and smiling even in serious situations,
- The fact that Vietnamese usually do not have only one job and that hobbies and holidays are common only to a limited extent,
- The large role of the family as an emotional reference point and economic anchor of stability, as well as the extensive obligations for wealth management for the extended family, which is very relevant even in the respective work relationships (Sehring 2021, 108–109).

If one assumes such a value orientation, working with Europeans, for example, often presents the Vietnamese with considerable challenges or puzzles. It is not always clear what a Dutch manager or French consultant actually wants. Many Vietnamese therefore observe their partners over a period of time, only to find out what they suspected anyway:

The Westerner is pragmatic, loves high effectiveness and efficiency at work, approaches people directly and tries to work in an open-ended and creative way. Germans, for example, are also considered to be very direct: cooperation is open to discussions, complaints and arguments, and people often ask questions. And about that, a Westerner is not particularly open about his personal circumstances, his family, and certainly not his income (Linh Ha Bui 2021, 124–125).

4. Summary

Whether these are all just stereotypes remains to be seen. However, the analysis of the contrasts is made more difficult by numerous differentiations. There is no such thing as the German or the Vietnamese. In Germany for example, the people from Cologne and Berlin are very different, as are North, Central and South Vietnamese. This is made even more complex by the fact that the experts working in Vietnam come from very different cultural backgrounds: mainly East Asia, from the Anglo-Saxon world and from Europe. However, it is expected that the international presence will increase again after the end of the COVID-19 pandemic. This offers numerous opportunities for transcultural communication (including misunderstandings) and also for the long-needed better research on the topic. This should include both the division into misery and elite migration outlined by Butterwegge. Perhaps a more differentiated picture can be offered in the same place at a later date.

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PD Dr. Dr. Detlef Briesen

Contemporary History

Department of History and Cultural Studies

Justus-Liebig Universität, Gießen

DAAD Counselor Vietnam

Email: detlef.briesen@geschichte-uni.giessen.de



ILO Viet Nam staff kick off the ILO Centenary Year in Hanoi on 22 January 2019.

Source: www.flickr.com

Labour Law, Policies and Research in Vietnam - An Overview

● Nguyen Thi Thuy Trang and Luu Thi Thuy Huong

1. Overview of the Labour Market and Employment in Vietnam

Since the beginning of Doi Moi in 1986, Vietnam has gained remarkable achievements in socio-economic development in general and labour and employment in particular. However, the economy as a whole and the situation of labour and employment are also significantly affected by fluctuations in global and regional contexts such as economic and financial crises, and political-economic tensions between big countries or serious epidemics. Currently, Vietnam is witnessing deep changes in population and social structure with some notable issues such as a rapidly aging population or multidimensional poverty rates and inequality that decreased markedly but unevenly across regions and population groups. An open economy with a high import-export to GDP ratio continues to create jobs, but the pace is slowing (International Labor Organization 2022).

According to a Report of the International Labor Organization (2022), the size of the labour force in the past 10 years has continued to increase, in which, the higher growth rate in urban areas and the elderly group reflects the process of rapid urbanization and population aging. The participation rate in the labour market is at a high level; in 2022 this rate was 68.5 per cent, an increase of 0.8 percentage points compared to the previous year (GSO 2023).

Significant progress has been made in the education level of the workforce in Vietnam, but the proportion of workers with technical and professional qualifications remains low and slowly improved. The workforce with training from elementary level and above in 2022 was 13.5 million people, accounting for 26.2 per cent, increasing by 0.1 percentage points over the previous year (GSO 2023).

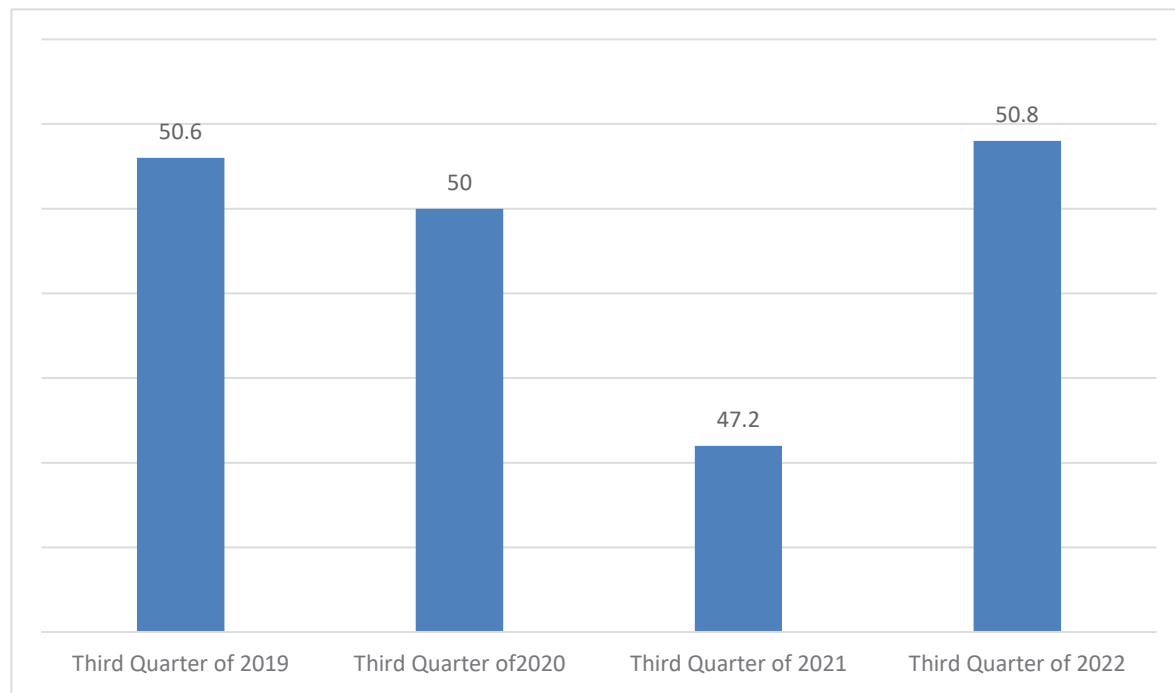
In Vietnam, the process of economic restructuring has taken place strongly in the direction of increasing the proportion of labour in the industrial, construction and service sectors. For the year 2022, the labour force in the industry and construction sector was 17.0 million people (accounting for 33.6 per cent), an increase of 72.6 thousand people compared to the previous year; the service sector recorded a strong increase and reached 19.7 million people (accounting for 38.9 per cent), an increase of 1.1 million people compared to the previous year. Labour in agriculture, forestry and fishery reached 13.9 million people (accounting for 27.5 per cent), a decrease of 352.7 thousand people compared to the previous year (GSO 2023). The income of salaried workers in all three economic sectors tends to increase, but the income level in the agriculture, forestry and fishery sectors is much lower than in the industry-construction and service sectors.

In the period 2011–2019, Vietnam's unemployment rate was always low and tended to decrease. The unemployment rate of people with high qualifications is higher than the unemployment rate of people with lower qualifications (International Labor Organization 2022). In general, Vietnamese workers do not face difficulties in accessing jobs, mainly due to the large size of the informal sector in Vietnam. Unemployment and underemployment are not big problems, but job quality and low labour productivity are big challenges in the context of competition and international integration.

The COVID-19 pandemic has already had an impact on the labour market, especially in 2021. The most affected industries are labour-intensive industries such as tourism and accommodation, aviation, retail, and manufacturing industries such as textiles, footwear, food processing, etc. Due to the impact of the epidemic, the unemployment rate of workers without professional and technical qualifications tends to increase higher than those with. This situation shows that, in difficult circumstances when the economy is in shock, unskilled workers face more difficulties in job opportunities than workers with professional and technical qualifications (ILO 2022).

The recovery of the labour market occurred in all regions, which can be seen in the return of employed workers of working age in some regions, especially in the two regions that face many difficulties – the Northern Midlands and Mountains and the Central Highlands. In the third quarter of 2022, employed labourers of working age in these two regions were 5.4 million people and 3.2 million people respectively, an increase of 461.0 thousand people and 149.2 thousand people over the same period of the year before and higher than before the COVID-19 pandemic (in 2019) with 276.5 thousand people and 232.7 thousand people (GSO 2022).

Figure 1: Number of people aged 15 and over having jobs in the third quarter, period 2019–2022 (unit: million people)



Source: GSO 2022

Although the share of vulnerable employment (self-employed and family workers) has decreased by 12.6 percentage points over the past 10 years, still more than half of Vietnamese workers are employed in vulnerable jobs (ILO 2022).

Within ten years from 2011–2019, the average monthly income of salaried employees increased by 8.3 per cent/year on average. However, there is still a wage gap between men and women. The income of female workers is lower than that of men and this gap tends to widen, raising alarm about gender wage inequality.

The skill mismatch of current workers still exists. The fact that there are many workers doing jobs above their qualifications reflects the shortage of skilled workers in Vietnam (accounting for 24.8 per cent of the total number of employees in 2019) (ILO 2022).

2. Policies and Laws on Labour and Employment

The Communist Party and State of Vietnam have always paid attention to and attached importance to labour issues. After the establishment of the Democratic Republic of Vietnam, as early as 1947, President Ho Chi Minh signed Decree 29/SL stipulating the nationwide labour regime for salaried workers (in essence, it was a relatively comprehensive Labour Act), Ordinance 76/SL promulgating the regulation of civil servants and Ordinance 77/SL regulating the labour regime in state-owned enterprises in 1950. These documents are very important, laying the foundation for the country's Labour Code. But due to the prolonged war and the centralized subsidy mechanism, there were no conditions for the implementation of these documents.

Since 1954, especially in the 1960s, the Vietnamese State has issued thousands of documents on labour in service of economic-production and labour management in the North. The vast majority of these documents are under the law with the content follows the centralized administrative mechanism and subsidies. After the day of national reunification, in 1976, the Ministry of Labour took the initiative to draft the Labour Code and in March 1981, and the Government established the first Drafting Committee of the Labour Code. In July 1990, the Chairman of the Council of Ministers decided to establish the second Labour Code Drafting Committee, and at the same time directed the promulgation of new documents on labour legislation by issuing single-issue documents in the form of ordinances or documents of the Government, gradually testing, summarizing experiences, and urgently codifying them into the Labour Code (Government 1993).

The first Labour Code of the Socialist Republic of Vietnam was passed by the 9th National Assembly on June 23, 1994, took effect from January 1, 1995, and was amended and supplemented in accordance with the Law on Amending and Supplementing a Number of Articles of the Labour Code, passed by the 10th National Assembly at its 11th session on April 2, 2002.

The provisions of the Labour Code mainly regulated the typical labour relations of the market economy, the labour relations between salaried employees and employers arising on the basis of labour contracts and activities and social relations directly related to labour relations. Some provisions of the Labour Code are also applied to the labour relations of state officials and employees.

The main content of the Labour Code included regulations on:

employment, vocational training, labour contracts, collective labour agreements, wages, working conditions, working regimes, and labour discipline, material responsibility, social insurance, occupational safety, occupational hygiene, specific regulations for female employees, minor workers, elderly workers, disabled people, labourers has high professional and technical qualifications, labour dispute resolution, state management of labour, etc.

After more than ten years of implementation, the 1994 Labour Code basically came into practice, creating a legal corridor for subjects to establish labour relations, contributing to protecting the legitimate rights and interests of employees and employers, reasonable adjustment of labour relations and other social relations closely related to labour relations. However, over time, the socio-economic situation of the country in general, of the labour market, and of labour relations in particular underwent changes that required the Labour Code to be amended and supplemented.

The Labour Code 2012 was approved by the 13th National Assembly at its third session on June 18, 2012, and took effect from May 1, 2013, including 17 chapters and 242 articles.

After more than five years of application, the 2012 Labour Code revealed many inadequacies that made it difficult to apply and affect the legitimate rights and interests of employees. Therefore, on 20th November 2019, the National Assembly passed the Labour Code 2019 with a number of new regulations on retirement age, employee representative organization at the grassroots level, labour contracts, and ceiling on working hours, etc. The Labour Code 2019 was born to supplement the shortcomings of the 2012 Labour Code as well as to promptly update the country's exciting development situation.

Other laws and regulations related to labour-employment:

- The Law on Vietnamese Guest Workers 2020.
- Law on Occupational Safety and Hygiene 2015.
- Law on Vocational Education 2014.
- Law on Social Insurance 2014.
- Employment Law 2013.
- Trade Union Law 2012.

- Decree 12/2022/ND-CP on sanctioning of administrative violations in the field of labour, social insurance Vietnamese Guest Workers.
- Decree 112/2021/ND-CP guiding the Law on Vietnamese Guest Workers.
- Decree 108/2021/ND-CP on adjustment of pension, social insurance allowance and monthly allowance.
- Decree 87/2021/ND-CP on extending the implementation period and amending Decree 20/2020/ND-CP to pilot the management of labour, wages, and bonuses for a number of economic groups and state corporation.
- Decree 152/2020/ND-CP on foreign workers working in Vietnam and recruiting and managing Vietnamese employees working for foreign organizations and individuals in Vietnam.
- Decree 27/2020/ND-CP amending Decree 40/2014/ND-CP regulating the use and exploitation of individuals in science and technology activities and Decree 87/2014/ND-CP regulating on attracting individuals in science and technology activities who are overseas Vietnamese and foreign experts to participate in science and technology activities in Vietnam.
- Decree 20/2020/ND-CP on pilot implementation of labour, salary, and bonus management for a number of economic groups and state-owned corporations.
- Decree 76/2019/ND-CP on policies for cadres, civil servants, public employees, employees, and wage earners in the armed forces working in areas with special socio-economic conditions hard.
- Decree 161/2018/ND-CP amending regulations on recruitment of civil servants and public employees, promotion of civil servant ranks, promotion of public employees and implementation of contract regimes for some types of work in state administrative agencies country, public non-business units.
- Decree 153/2018/ND-CP on pension adjustment policy for female employees starting to receive pension in the period from 2018 to 2021 with a period of social insurance payment from full 20 years to 29 years year 6 months.
- Decree 24/2018/ND-CP stipulating the settlement of complaints and denunciations in the field of labour, vocational education, Vietnamese workers working abroad under contracts, employment, security safety, occupational hygiene.

3. Labour and Employment Issues in Vietnam's Socio-Economic Development Strategies over Time

Vietnam has gone through three periods of the *Ten-Year Socio-Economic Development Strategy* (1991–2000, 2001–2010, 2010–2020) and is implementing the *Socio-Economic Development Strategy* for the period 2021–2030. The strategies have common goals, but also many tasks that reflect the specific characteristics and goals of the specific context of each period. In these strategies, labour and employment are always an urgent issue and one of the top priorities.

Identifying employment as an urgent issue and creating jobs for workers as one of the top priorities in socio-economic policies, the Vietnam Socio-Economic Development Strategy in the period 2001–2010 stated:

“Deployment is a decisive factor to promote the human factor, stabilize and develop the economy, make the society healthy, and meet the legitimate aspirations and pressing requirements of people.”

To realize the objective of the above strategy on job creation, the Ministry of Labour, War Invalids and Social Affairs has developed the Employment Strategy for the 2001–2010 period with the aim of

“Transforming the labour structure in accordance with the basic structure of the labour force in accordance with the requirements of the labour force, economic structure; ensure jobs for the majority of labourers who need to work; improve labour productivity, increase income, and improve people’s quality of life. Specifically, strive to create jobs for about 15 million workers in the period 2001–2010, an average of 1.5–1.6 million people per year; the labour structure in agriculture, industry-construction and services is 50 per cent, 23 per cent and 27 per cent, respectively; reduce the urban unemployment rate to below 6 per cent by 2005 and below 5 per cent by 2010; increase the rate of time use in rural areas to 80 per cent by 2005 and 85 per cent by 2010; the rate of trained workers will reach 30 per cent in 2005 (in which vocational training is 22 per cent) and 40 per cent in 2010 (of which vocational training is 30 per cent); the growth rate of social labour productivity is about 4–5 per cent per year.” (Le Quang Trung 2011)

In order to concretize the guidelines and orientations of the Socio-Economic Development Strategy for the period 2011–2020 in the field of employment, and at the same time, towards the implementation of the goals of decent work as well as the standards of employment according to the recommendations of the International Labor Organization (ILO), the Ministry of Labour, Invalids and Social Affairs, coordinating with other ministries, sectors and research agencies, and with technical support from the Office of the International Labor Organization in Vietnam, organized the implementation of the Vietnam Employment Strategy for the period 2011–2020. After ten years of implementation, the strategy brought a number of results: The scale of human resources were expanded, the labour force increased from 50.4 million people in 2010 to about 54.6 million people in 2020 with a more reasonable structure. The quality of human resources significantly improved and was more in line with market needs. The rate of trained workers increased from 40 per cent in 2010 to 64.5 per cent in 2020. In which, the percentage of trained workers with degrees and certificates increased from 14.6 per cent in 2010 to 24.5 per cent in 2020. High-quality human resources will increase in both quantity and quality, of which a number of industries and fields will reach regional and international levels such as information technology, healthcare, construction industry, and mechanical engineering, etc. (Central Party 2020).

Along with the Employment Strategy, on May 29th, 2012, the Prime Minister signed a *Decision Approving the Vocational Training Development Strategy* for the period 2011–2020 with the overall objectives of:

By 2020, vocational training will meet the needs of the labour market in terms of quantity, quality, occupational structure and training level; the training quality of a number of occupations reach the level of developed countries in the ASEAN region and in the world, forming a skilled workforce, contributing to improving the national competitiveness and universalizing jobs for workers, contributing to the transformation of labour structure, raising incomes, reducing poverty firmly, and ensuring social security (Prime Minister 2012).

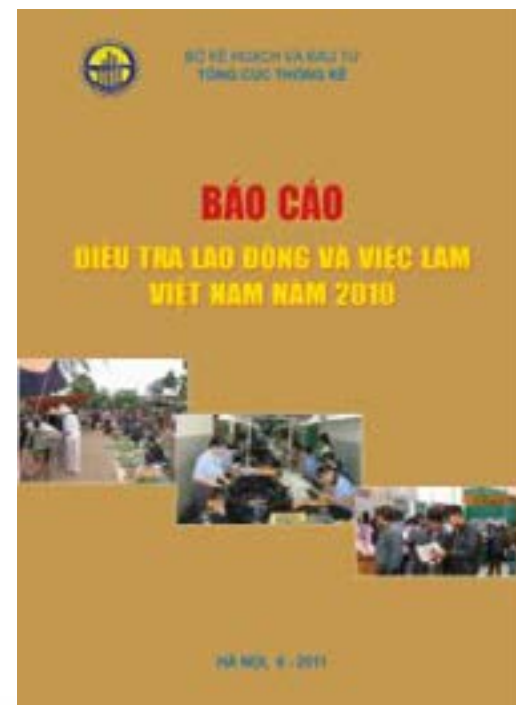
The Socio-Economic Development Strategy for the period 2021–2030 has the theme of arousing the aspiration for national development, strongly promoting Vietnamese cultural and human values and the strength of the times, mobilizing all resources to develop rapidly and sustainably on the basis of science, technology, innovation and digital transformation, striving to be a developing country with modern industry, high middle income by 2030, and by 2045 to become a developed, high-income country. The strategy sets a target that by 2030 (ten years from then), the proportion of trained workers will be 75 per cent of the total labour force, of which 40 per cent have degrees and certificates. If they do not meet the high skill requirements, Vietnamese workers will face the risk of job loss and instability in social security.

4. Research and Publications on Labour and Employment

Being associated with the country’s economic and social development goals, the labour and employment situation is regularly surveyed, researched, and evaluated by agencies under the Ministry of Labour, Invalids and Social Affairs, research and training institutions, and national and international organizations. Publications and research analyse the developments of the labour market, employment as well as the relationship between labour, employment and the change and development of other economic and social fields such as urbanization, migration, development gap between regions, gender gap, development of science and technology, etc.

Since 2007, the General Statistics Office has conducted annual labour force survey. The purpose of the surveys is to collect information on the labour market participation status of people aged 15 years and older who are currently living in Vietnam over the years as a basis for synthesizing and compiling indicators and national statistics on labour, employment, unemployment, and income of workers.

Reports on Labour Force Survey Vietnam



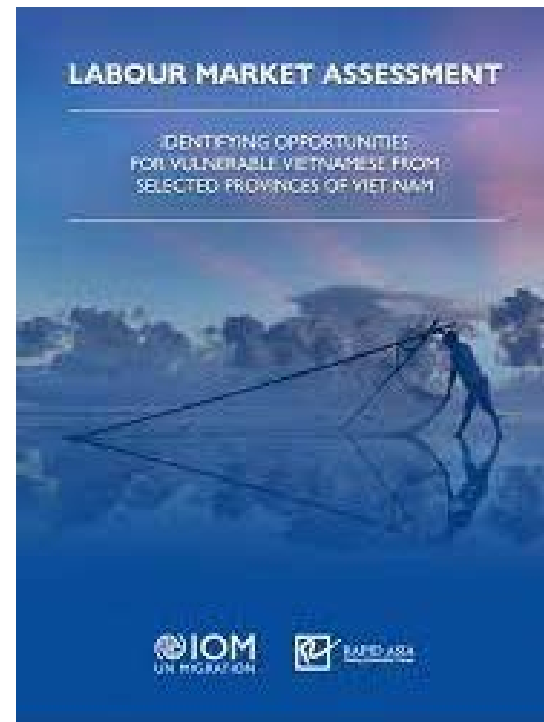
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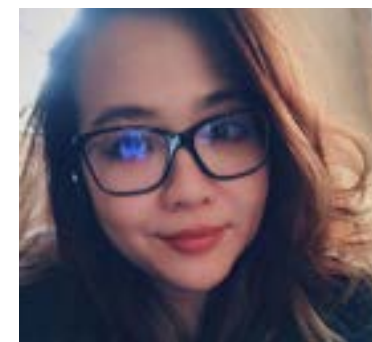
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Nguyen Thi Thuy Trang, PhD.

International Relations, International Development Studies
Faculty of International Studies
VNU University of Social Sciences and Humanities, Hanoi
Email: trangqt@vnu.edu.vn/ trangntt84@yahoo.com



Luu Thi Thuy Huong, MA.

Educational Linguistics, Public Policy on Education, Teacher Development, Social Policy
Faculty of English for Specific Purposes
Foreign Trade University
Email: luuthuyhuong@ftu.edu.vn



UN Women Orange the World 2018 - Viet Nam - Speak Up for Gender Equality Event
Source: UN Women/Duc Nguyen

The Labour Market in Vietnam Concepts and Terminology

● Luong Thi Han

1. Explanatory Note

Research on labour market consist of several specific terms and concepts that might cause confusion and misinterpretation for readers who are not familiar with this field. Therefore, the aim of this article is to clarify the concepts and terminology used in this report. These terms and concepts are commonly used internationally and relevant for the statistics and indicators of labour market statistics in Vietnam as well. On the basis of justification provided by the International Labour Organisation (ILO), the following is a glossary of terms and concepts regarding labour market in Vietnam.

A.

Active labour market policy: all publicly financed interventions that aim to improve the functioning of the labour market by introducing changes in labour demand, labour supply and their matching process. In particular, these policies often focus on stimulating employment and job creation through, for example, public works schemes, hiring subsidies, vocational training and retraining, and the promotion of small and medium enterprises and self-employment.

B.

Base pay (Base wage): The initial salary is paid to an employee. It can be understood as a fixed amount paid to an employee in exchange for implementing a certain job. Base pay is only one component of an employee's total compensation and does not include any benefits, bonuses, overtime pay, or insurance. An employee's base pay rate can be stated as an hourly, weekly, monthly, or annual rate.

C.

Child labour: Work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and or interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.

Whether or not particular forms of work can be called child labour depends on the child's age, the type and hours of work performed, the conditions under which it is performed, and the objectives pursued by individual countries. The answer varies from country to country, as well as among sectors within countries.

Collective bargaining: All negotiations which take place between an employer, a group of employers or one or more employers' organisations and one or more employee organisations with the aim of:

- determining working conditions and terms of employment; and/or
- regulating relations between employers and workers; and/or
- regulating relations between employers or their organisations and a workers' organisation or workers' organisations.

Bargaining can take place in a unit within an enterprise, at the enterprise level, across a sector, regionally, or nationally.

D.

Gross Domestic Product (GDP): GDP is the standard measure of a country's national economic output. It is the total value of all final goods and services produced in a particular economy.

GDP per capita: A measure of the total output of a country that takes the gross domestic product (GDP) and divides it by the number of people in the country.

E.

Employed person: All persons of working age who, during the specified reference period, performed some work for at least one hour for pay or profit, including contributing family workers. A person is also considered employed if he/ she has a job but was temporarily not at work during the reference period because of holidays, working time arrangements, sick leave, maternity or paternity leave, job-related training, or other reasons where the expected duration of the absence is 3 months or less.

Employee: means a person who works for an employer as agreed upon between the two parties, is paid wage, and is managed, directed, and supervised by the employer.

Employer: a self-employed person with employees.

(National) Employment policy: a vision and a practical plan for achieving a country's employment goal. The plan must be consulted widely to gain common agreement between interested parties in the economy, including employers' and workers' organisations.

Employment: a measure of the total number of employed persons.

Employment-to-population ratio: (employment rate) the number of employed persons as a percentage of the working-age population. This is a basic yardstick for understanding the overall demand for labour in an economy. It provides information on the ability of an economy to create jobs.

F.

Formal economy: As contrasted with the informal economy, a portion of a nation's economy of which the government is fully aware and that is regulated by government authorities, particularly in the areas of contract and company law, taxation, and labour law.

Formal employment: Formal employment is created through contractual arrangements between an incorporated company and an individual employee.

Forced labour: the use of force or threat to use force or other tricks to force an employee to work against his/her will.

I.

Informal economy: All economic activities by workers and economic units that are, in law or practice, not covered or not sufficiently covered by formal arrangements, such as labour law protection, formal wages and benefits, and paying taxes. These economic activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that – although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs.

Informal employment: all remunerative work-both self-employment and paid employment-that lacks social and legal protections and employment benefits. It also can include non-remunerative work undertaken in an income-producing enterprise.

Informal sector: The informal sector encompasses unregistered, small, and unincorporated private enterprises that are at least partly engaged in producing goods and services for the market. These engaged activities are mainly for generating employment and income for the persons concerned with the aim of earning a living. Labour relations, where they exist, are based on casual employment, kinship, or personal and social relations rather than formal or contractual arrangements. When people produce goods or services just for their own household consumption, such as food or childcare, this is not counted as an informal sector activity.

L.

Labour arbitration: it refers to a procedure that takes place in the context of collective bargaining contracts or negotiations. Accordingly, a third-party (whether an individual arbitrator, a board of arbitrators or an arbitration court), not acting as a court of law, is empowered to take a decision that disposes of the dispute.

Labour cost or total labour cost is the total expenditure borne by employers for employing staff.

Labour force: It or economically active population or current active population includes all the persons in a country who are employed (employees and self-employed) and who are unemployed and seeking work. The labour force (employment + unemployment) + the inactive population = total working-age population of a country.

Labour force participation rate is the percentage of the labour force that is either employed or unemployed but is actively seeking work.

Labour institutions: The rules, practices, and policies – whether formal or informal, written or unwritten – all of which affect how the labour market works. They are as explicit and long-standing as certain labour laws that we have come to consider as universal rights, but also span the scope of informal practices that reflect the views of society, as well as short-term policies that fade and resurge depending on the policy mood.

Labour market: it refers to a place where workers compete for jobs by selling their labour, negotiating and may reach an agreement with employers who compete with each other to buy it. Labour markets generate the structure through which workers and employers interact about jobs, working conditions and pay. Analysts use labour market information, including statistics such as the employment-to-population ratio, the unemployment rate, etc., to make assessments of how well the labour market functions and how and/ or why the supply of labour and the demand for labour does not meet at perfect equilibrium.

Labour productivity: Represents the total volume of output (measured in terms of Gross Domestic Product) achieved per unit of labour (measured in terms of employed persons).

Labour legislation: encompasses all laws which have been introduced to deal with employment and non-employment, wages, working conditions, industrial relations, social security, and welfare of persons employed in industries. Labour legislation is also used to regulate individual employment relationships and to create the framework within which workers and employers can determine their own relations on a collective basis, for example through collective bargaining between trade unions and employers or employers' organizations or through mechanisms of worker participation in the enterprise.

Labour dispute is a state of disagreement over a particular issue or group of issues over which there is conflict between workers and employers, or about which grievance is expressed by workers or employers, or about which workers or employers support other workers or employers in their demands or grievances.

Labour relations: refer to social relations arising from the work situation, as well as the relations between representatives of workers and employers at the industry and national levels, and their interaction with the state. Such relations can be individual and collective relations on legal, economic, sociological, and psychological aspects. Specifically, labour relations include the following issues: recruiting, hiring, placement, training, discipline, promotion, lay-off, termination, wages, overtime, bonus, profit sharing, education, health, safety, sanitation, recreation, housing, working hours, rest, vacation, and benefits for unemployment, sickness, accidents, old age, and disability.

Labour migration: Movement of persons from one state to another, or within their own country of residence, for the purpose of employment.

M.

Maternity protection: Legal and special protection for pregnant and women workers who recently gave birth or are breastfeeding in order to protect the health of pregnant and working mothers and of their babies.

Minimum wage: The minimum amount of remuneration that can lawfully be paid by an employer to an adult wage earner during a given period in a country, a geographical area (regional minimum wages), an industry or an occupation. Payment below this minimum is illegal. This lowest rate of pay cannot be reduced by a collective agreement or an individual contract.

Macroeconomic policy: refers to the government's policy aimed at the whole economy by regulating a nation's economic operation that promotes economic growth and ensures price stability and full employment. In macroeconomic policy, fiscal policy and monetary policy are used as the main instruments to achieve the above objectives.

N.

National Target Program (NTP): refers to a public investment program designed to pursue socio-economic objectives in specific stages on a nationwide scale. (According to Clause 9, Article 4 of the Law on Public Investment 2019 (effective January 1, 2020)).

O.

Own-account workers: refer to workers who are self-employed, with no formal work arrangement and no employees except for family members who contribute without receiving wages.

P.

Piece-rate worker is a person whose work is paid on the basis of unit performed (e.g. the number of t-shirts or bricks produced) instead of time spent on the job.

S.

Self-employed: refers to employers and own-account workers.

Skipped generation households are families in which grandparents raise children and parents are absent from the household.

Social insurance contribution: Social security contributions are compulsory payments paid to general government that confers entitlement to receive a (contingent) future social benefit. They include unemployment insurance benefits and supplements, accident, injury and sickness benefits, old-age, disability and survivors' pensions, family allowances, reimbursements for medical and hospital expenses or provision of hospital or medical services. Contributions may be levied on both employees and employers. Such payments are usually earmarked to finance social benefits and are often paid to those institutions of general government that provide such benefits. This indicator relates to government as a whole (all government levels) and is measured in percentage both of GDP and of total taxation.

Social security system: a system under which a government provides protection to individuals and households to ensure access to healthcare and to guarantee income security, especially in case of old age, sickness, unemployment, invalidity, work injury, maternity, or loss of a breadwinner.

Strike: Strike is a temporary, voluntary, and organized work stoppage of employees in order to achieve their demands in the process of labour dispute settlement, which is organized and led by the employees' representative organization being a collective labour disputing party with the right to collective bargaining.

U.

Unemployed persons encompass all persons above a specified age, who during the specified short reference period, was (a) without work, (b) currently available for work, and (c) actively seeking work (that is, using at least one of a number of methods to obtain a job). A person is also considered unemployed if he/she is not currently working but has made arrangements to take up paid or self-employment at a date subsequent to the reference period.

Unemployment: a measure of the total number of unemployed persons.

Unemployment rate: unemployment as a percentage of the total labour force (employment + unemployment).

V.

Technical vocational education and training (TVET): The term TVET (Technical and Vocational Education and Training) refers to education, training, and skills development for a wide range of occupational fields, production sectors, services, and livelihoods. TVET, as part of lifelong learning, can take place at secondary, post-secondary and tertiary levels and includes Work-Based Learning (WBL) and continuing training and professional development that may lead to qualifications. TVET also includes a wide range of skills development opportunities in national and local contexts. Learning to learn, the development of literacy and numeracy skills, transversal skills and citizenship skills are integral components of TVET.

W.

Wildcat strike: a strike begun by workers spontaneously or without the consent of their respective unions.

Working-age population: People aged 15 and older, although this may vary slightly from country to country. The ILO standard for the lower age limit is 15 years. This indicator measures the share of the working-age population in the total population.

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Ms Han is now a PhD candidate at Cologne University

Entrepreneurship and Innovation, Social entrepreneurship,
Organizational Behavior, Corporate Culture.

Department of History and Cultural Studies

Justus-Liebig Universität, Gießen

Email: han.luongthi.vn@gmail.com