

Institute of Labour Science and Social Affairs

LABOUR AND EMPLOYMENT TRENDS IN VIETNAM

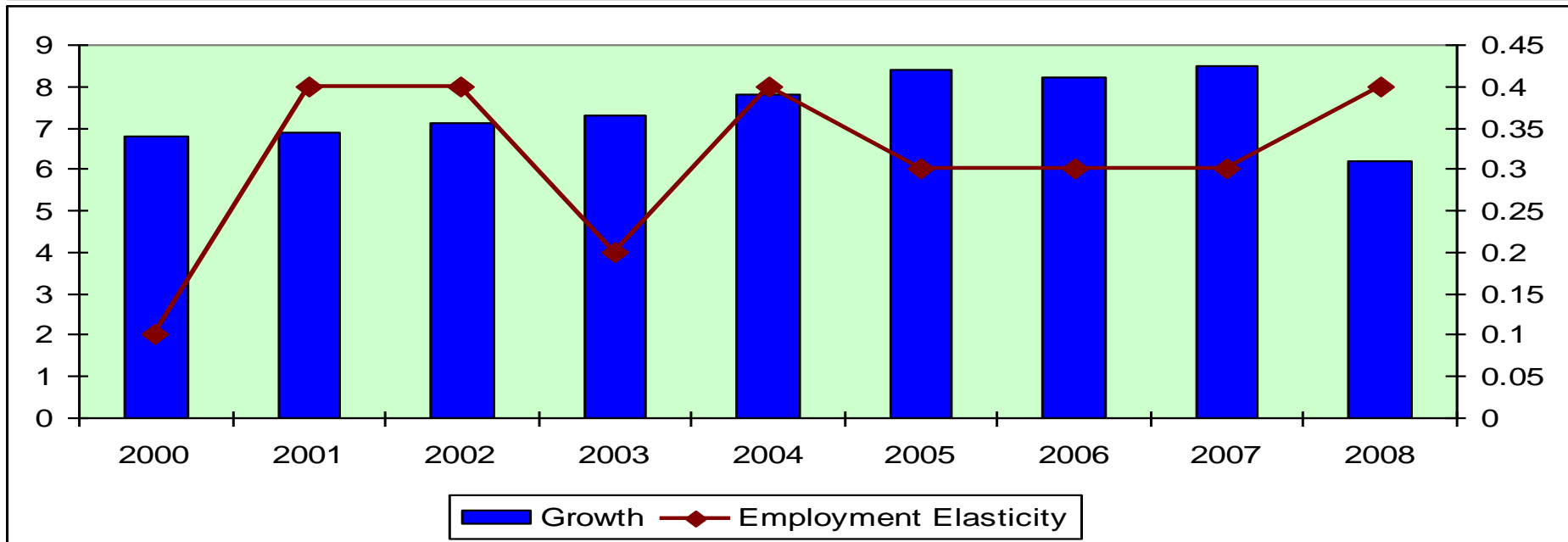
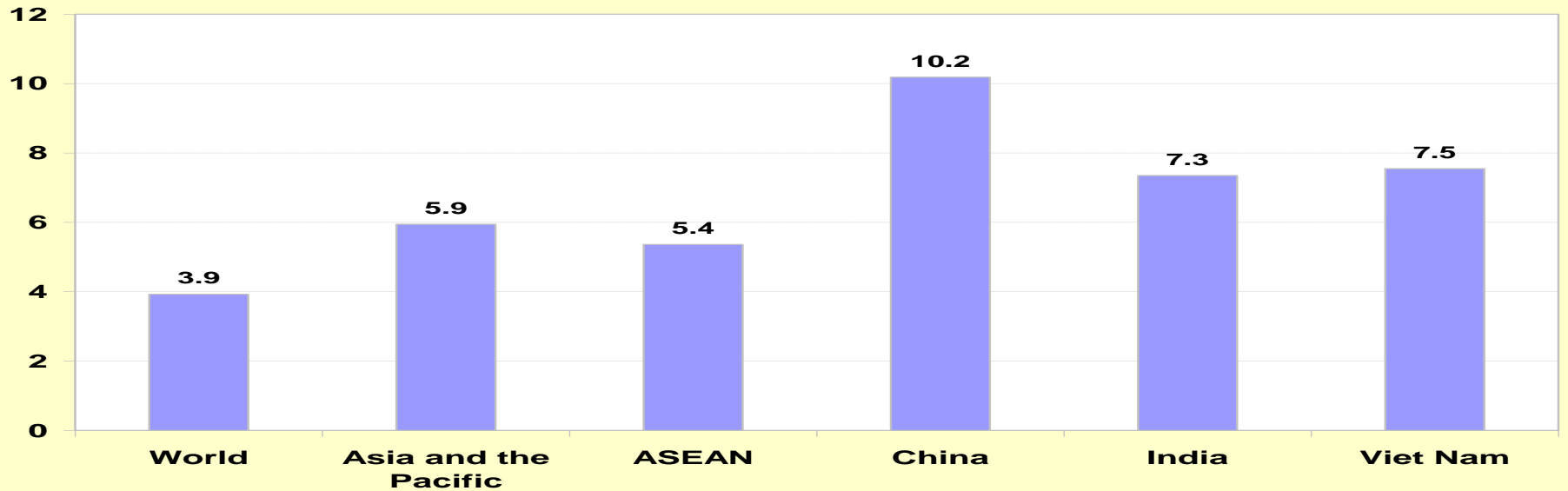
Prepared and presented by
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Ho Chi Minh City, Nov 2010

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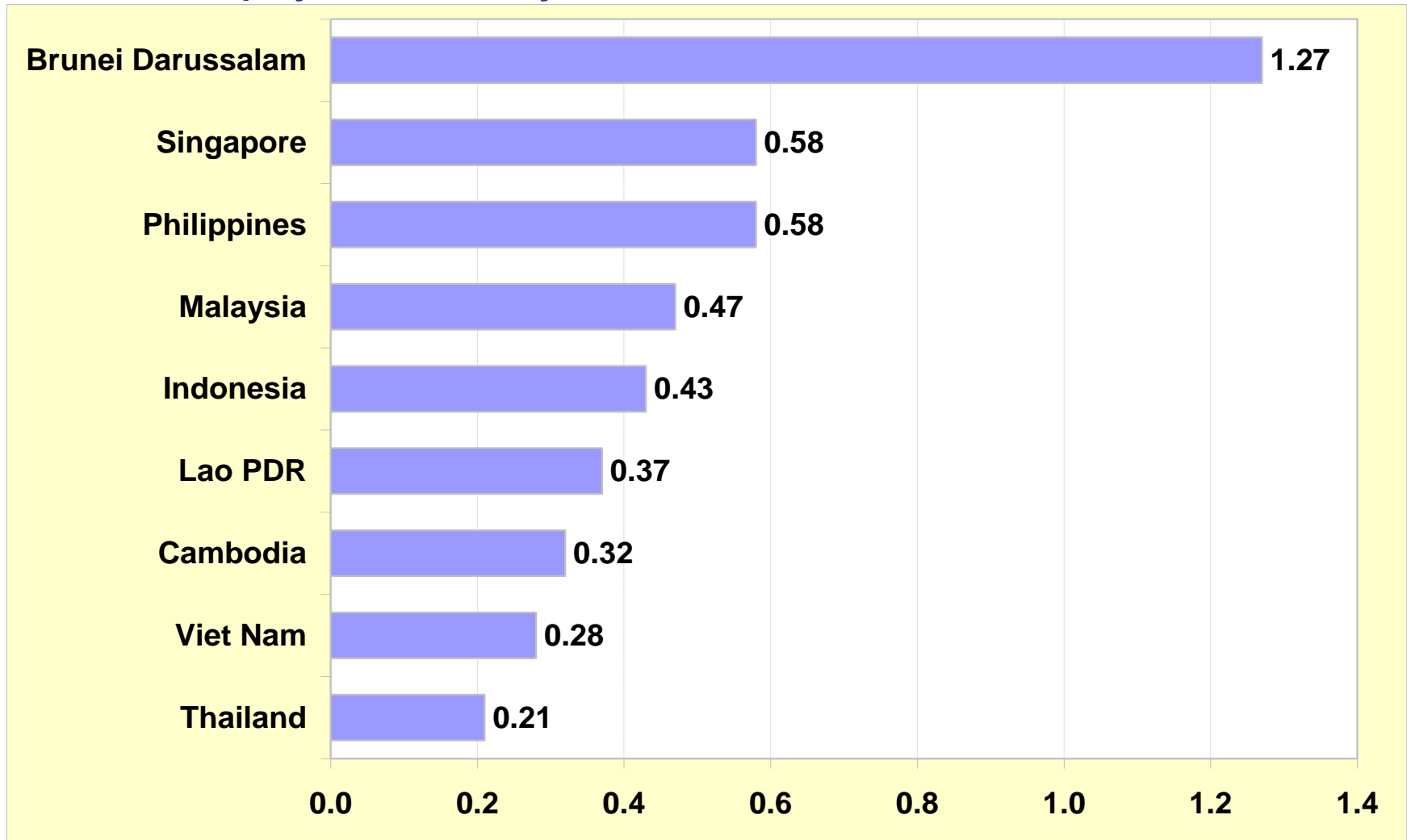
- 1. Economic development**
- 2. Labor and employment trends**
- 3. Challenges in the coming years**

Economic Growth



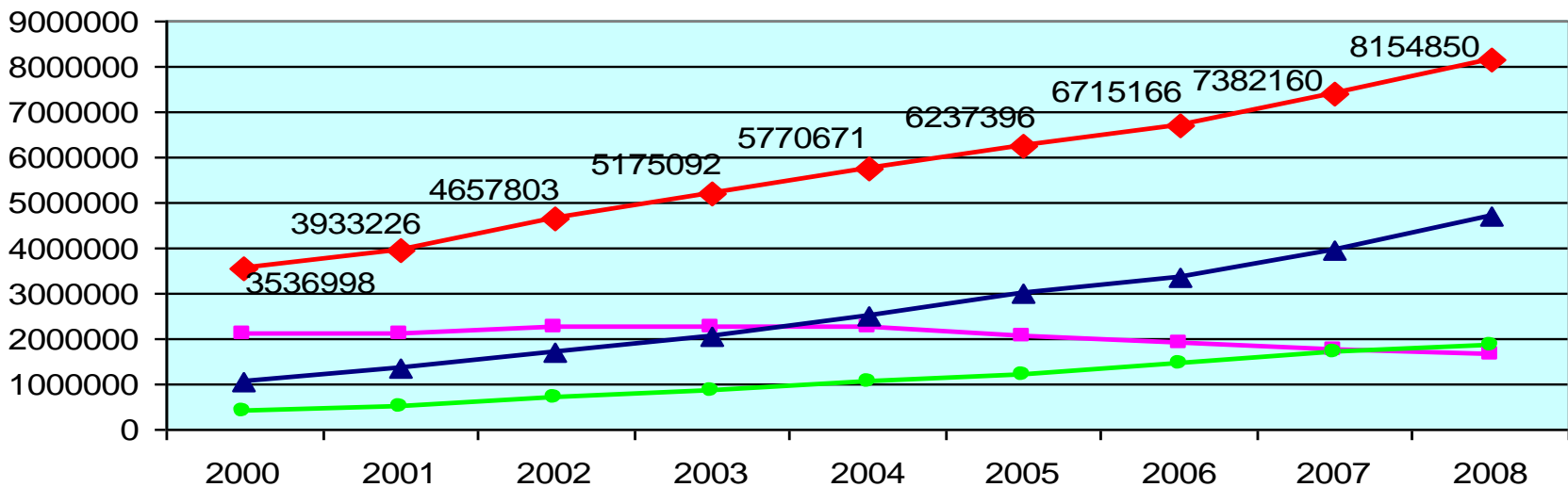
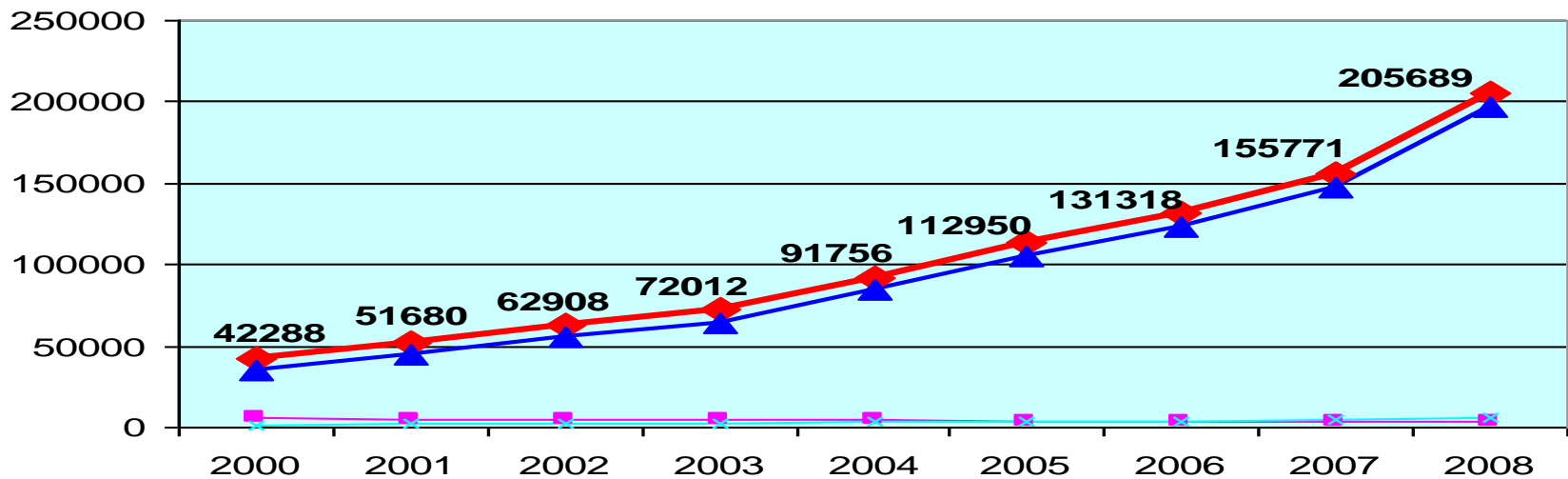
Growth has not created many job

Employment elasticity to GDP, 2004–2008



Source: ILO: Key Indicators of Labour Market (KILM), 6th edition, Table 19.

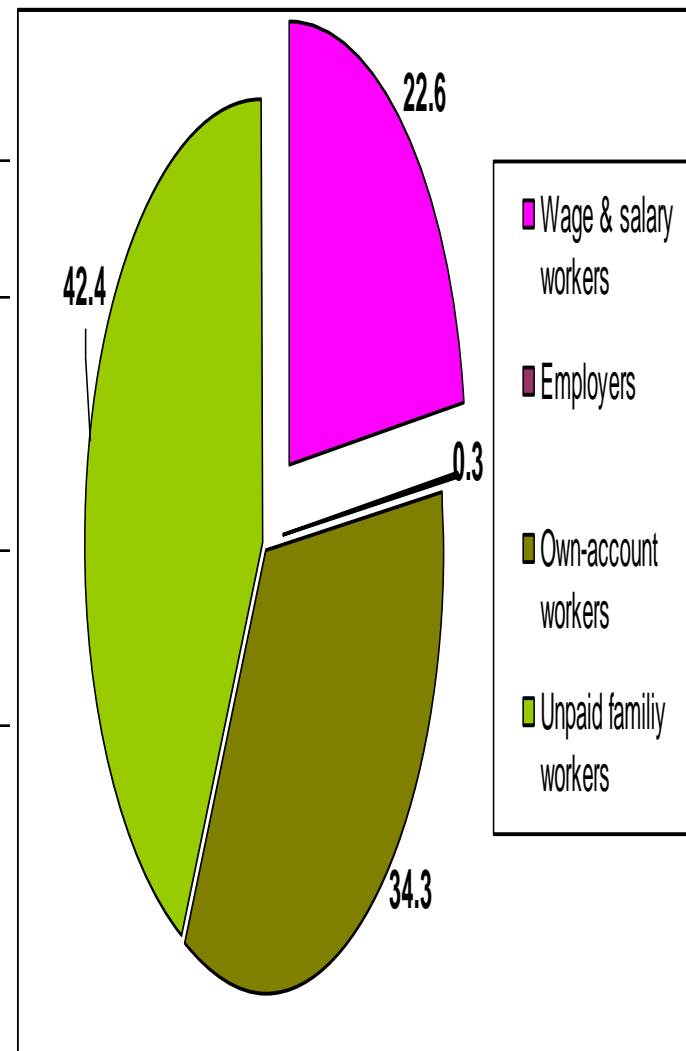
Enterprises & employment



◆ Total
 ■ SOEs
 ▲ Non-state sector
 ● FDI

Business sector

	Micro Enter.	Small Enter.	Medium Enter.	Big Enter.
Total	61.8	33.1	2.2	2.9
<i>State owned</i>	2.1	35.6	16.5	45.8
<i>Non - state owned</i>	64.2	32.5	1.7	1.6
<i>FDI</i>	12.7	53.8	10.0	23.5
By economic sector				
<i>Agriculture</i>	38.7	58.3	1.0	2.0
<i>Industry and construction</i>	44.7	48.7	2.1	4.5
<i>Trade and services</i>	73.2	22.4	2.3	2.1



Labor force

Participation rates in economic activity continues to increase

- Increase from 73% (2001) to 76,4% (2009);

-Rural: from 76% (2001) to 80,6% (2009)

→ **Labor Market work better.**

→ **economic activities impacts positively on labor market**

Rate of labor force (%)

Year	Total	Rural
2001	73.04	75.97
2007	74.47	77.74
2008	75.52	78.33
2009	76.4	80.6

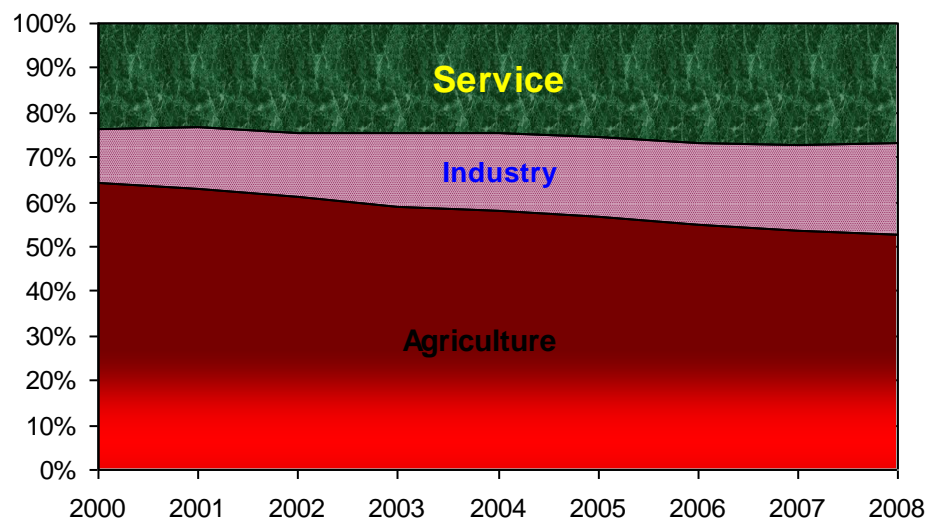
Labor Force

2001-2009

- Increase 1 mil person/ year (2,26%/year);
- Informal sector is still large (77%), but still large and important in job creation and economic development;
- Rate of employment in informal sector is high in rural area (92,5%).
- Structural change is slow. Rural labor ratio reduces slowly from 76.7% (2001) to 73,2% (2009).

Labor force, 2001-2009

Year	Total	Rural	Ratio rural/total
2001	40108	30779	76.7
2007	47144	35248	74.8
2008	48340	35497	73.4
2009	49135	35952	73.2



Labor Force

Labor Distribution

Irrational:

• Wide land with low labor participation and vice versa
(**Midland & northern mountainous 13,8% labor force, highlands 5.8%**)

Disturbance adversely:

• Labor force in the north increase faster than in the south.

Labor structural change (in percent, by areas)

	2001	2007	2008	2009
1. Midland & northern mountainous	12.4	12.1	12.1	13.8
2. Red river delta	12.7	12.6	12.5	22.6
3. North Center & South Central Coast	17.2	16.7	16.5	21.5
4. Highlands	11.4	11.3	11.1	5.8
5. South East	16.5	17.2	17.7	15.9
6. Mekong Delta	29.8	30.2	30.1	20.4
<i>Ratio, %</i>	100.0	100.0	100.0	100.0

Labor Force

Low and slow improvement of education of labor force

- Illiterate and under primary school **increase.**

- Gap between urban and rural **increase.**

Labor force by education (%)

Education	2001	2007	2008	2009
Total	100.00	100.00	100.00	100.0
Illiterate	3.58	3.58	4.01	4.6
Under primary	16.11	11.90	12.01	13.7
Graduate primary	30.02	28.89	28.34	27.4
Graduate secondary	32.70	31.11	32.08	27.9
Graduate high school	17.58	24.53	23.56	26.4

Labor Force

Professional and technical skill improvements slow

- **The ratio of skilled workers increase slowly:** From 17% (2001) upto 24,55% (2009).

- **Challenges:**

- High ratio of unskilled labor
- Skill labor are narrow, limited
- Skilled workers are not match and not sufficient demands.

11/16/2010

Qualification and skill of workforce, %

Year	2001	2007	2008	2009
Total	100	100	100	100
Unskilled workers	82.95	75.93	74.99	75.45
Skilled workers	17.05	24.07	25.01	24.55
<i>Where:</i>				
Primary workers, Tech. Worker without certificates	5.29	6.62	13.26	11.01
Tech. Workers		5.24		2.41
Secondary	11.76	5.48	5.01	4.28
College, university		6.74	6.74	6.84

Labor force

1. Labor force: 49.13 million, 1 million/year; growth rate as high as twice of population growth (2.5%/year)
2. Labor concentrate in rural area;
3. Youth labor rate slightly decrease; there are different trends of male and female youth.
4. Education level is still low, nearly $\frac{1}{4}$ of the labor force has not finished secondary school;
5. Technical skills of the labors is low: 75.5% untrained.
6. Rate of trained labor increases slowly(14.6%÷24.5%)
7. Porpotion of vocational trained labours rapidly increases.

Labor movement

1. Labor export rate rapidly increases;
2. Migration labor from rural to urban area increases 3,2%/year on average; Purpose: improving living standard, finding job;
3. 2/3 of the migrated labour is young (15-19 years old);
4. Migration flow by North-South, to industrial/processing zones

Employment

- Employment grows continuously 2001-2009

- Average: 958,000/year
- 2009: only 375,000

(Due to economic crisis)

- Employment structure move positively:

- The proportion of rural employment declining
- Percentage of agricultural workers decreased rapidly, from nearly 64% (2001) to 47.7% (2008).

- Role in job creation:

- FDI replaces state sector gradually.
- Informal sector plays important role in creating job, especially in crisis.

Labor from 15 with employment

	Total	Rural	Rural/total
Total employment (1000 per.)			
2001	39,000	30,177	77.4
2007	46,113	34,741	75.3
2008	47,250	34,983	74.0
2009	47,625	35,431	74.4
Increase /year	958,000	584,000	60.9
Increase rate/year	2.22%	1.78%	-

Unemployment

- By 2009 the total number of unemployed is 1.5 mil representing 2.91% of the labor force
- **Unemployment tends to increase**
- Increase Nearly 160,000 people per year.
- Increase 420,000 people in 2009 cause of crisis.
- Women bear a greater impact.

Unemployment people (Thousand, over 15 year old)

Year	Total		Rural		Urban		% Female	% Rural
	Male	Female	Male	Female	Male	Female		
2000	886	418	323	154	562	264	47.16	36.51
2007	1,030	484	507	232	524	252	46.97	49.17
2008	1,089	605	514	308	576	298	55.57	47.14
2009	1,509	690	878	391	632	299	45.74	58.13

Unemployment

Unemployment rate increase quick from 1.06% (2000) up to 2.25% (2009)

Reasons:

1. Decline in cultivated lands in rural.
2. Economic crisis
3. Lack of skill (hard to find jobs in urban)

Number of unemployment by age, urban/rural, 2009

	Number, Person			Ratio, %		
	Total	Urban	Rural	Total	Urban	Rural
Total	1,509,596	632,065	877,531	100,0	100,0	100,0
30 <	743,972	323,277	420,695	49,3	51,1	47,9
30-39	216,345	103,455	112,890	14,3	16,4	12,9
40-49	195,844	89,311	106,532	13,0	14,1	12,1
>50	353,435	116,022	237,414	23,4	18,4	27,1

Unemployment

Features of unemployed

- 50% under 30
- Over 30% graduate from high school up

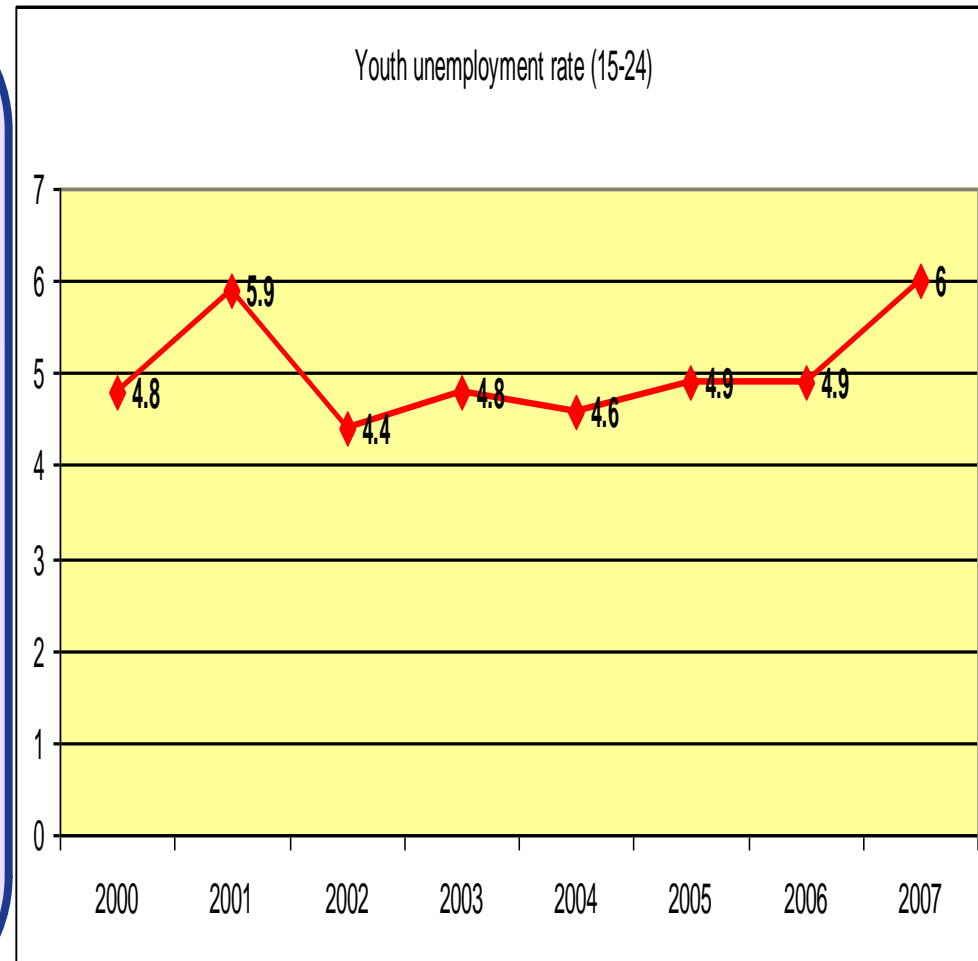
Problem: Matching between education/training system and labor market

Number of unemployment by education, 2009

	Number		
	Total	Male	Female
<i>TOTAL</i>	<i>1 509 596</i>	<i>819 113</i>	<i>690 483</i>
Illiterate	86 464	33 905	52 559
Under primary	215 035	100 284	114 751
Graduate primary	371 071	203 867	167 205
Graduate secondary	337 029	197 056	139 973
Graduate high school	499 996	284 000	215 996

Unemployment

1. Unemployment rate is low;
2. Most of the unemployed are low or unskilled. Recently, number of skilled workers are unemployed increased;
3. Rate of unemployed youth tends to increase (4.8% ÷ 6%)
4. Unemployment rate of male labour tends to increase (2.1% ÷ 2.5%);
5. Underemployment tends to reduce (14.4% ÷ 5%).



Wage and income

Average salary monthly, 1998, 2002, 2004 và 2006

	1998	2002	2004	2006	Average annual 1998-2006 (%)
Household	552	606	649	664	2,3
Private enterprises	554	771	852	936	6,8
State Owned	572	1 002	1 077	1 103	8,6
FDI	680	1 037	1 044	1 316	8,6

1. Wage tends to continuously increase
2. Wage growth rate in foreign invested and state-own enterprises is high: 8.6%/year.
3. Wage increase and employment restructuring to higher productivity sector

Wage and income

Nominal income increase sharply, but real income increase slowly cause of high inflation.

- CPI increase 13,7%/year (2002-2008)
- Highest: 21,9%/year (2006-2008)

Wage and increase rate 2002-2008

	Wage/Monthly (1000 VND)	% Increase/Year 2002-2008	% Increase/Year 2002-2006	% Increase/Year 2006-2008
2002	744,36	13,7	11,2	
2004	805,62			
2006	1139,3			
2008	1693,6		21,9	

Wage and income

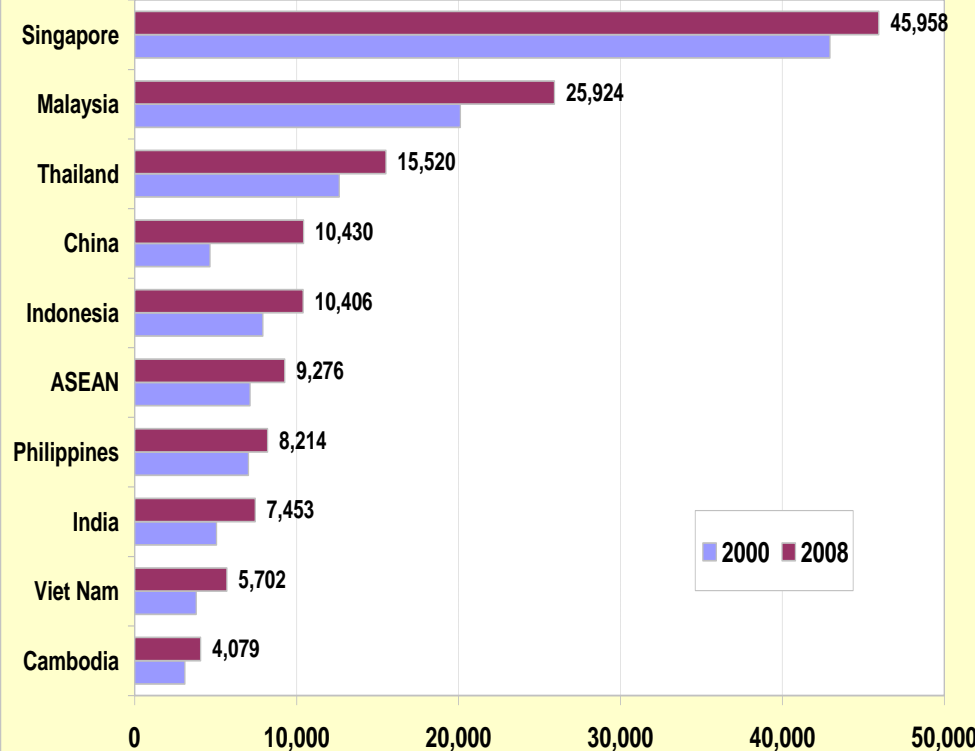
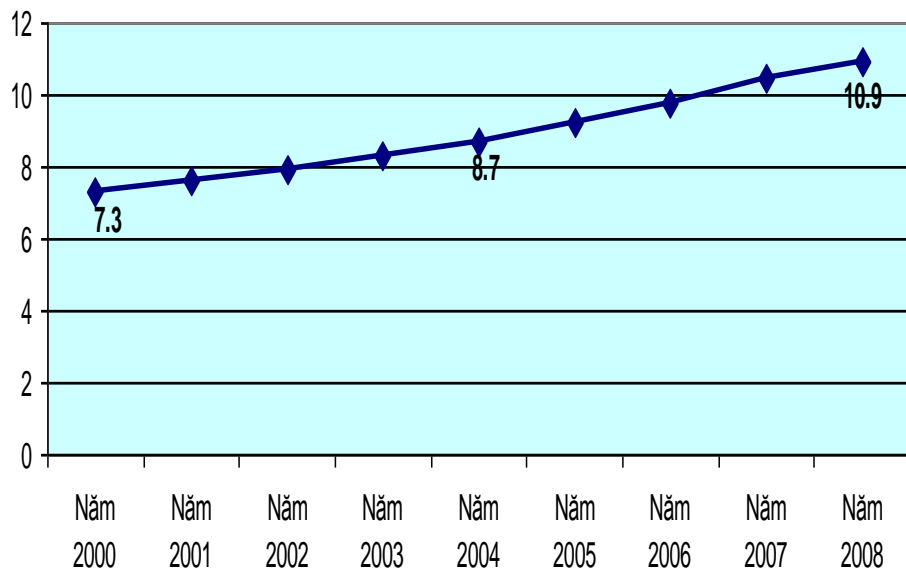
Average income of labor by industry

Job	Average income of workers, 1000VND				Increase rate, %/year	
	2002	2004	2006	2008	2002-2008	2006-2008
<i>Average</i>	790.8	819.4	1139.3	1693.6	12.7	21.9
Managers/specialist	1,163	1,255	1,867	3,006	15.8	26.9
Middle Professional	1,114	1,278	1,464	2,222	11.5	23.2
Staffs	804	948	1,185	1,684	12.3	19.2
Tech. Workers	758	820	1,278	2,166	17.5	30.2
Common Workers	538	639	811	1,110	12.1	17.0
<i>Wage gap b/w manager and common labor, time</i>	<i>2.16</i>	<i>1.96</i>	<i>2.30</i>	<i>2.71</i>		

- Increase gap b/w skill and unskilled workers
- The gap between men and women narrowed, and women's income is relatively low.
- Labour agriculture, forestry has the lowest income levels and increasingly lagging behind.

Labour productivity and competition

Năng suất lao động
(Giá cố định 1994; Triệu đồng/người)



1. Labour productivity increases quickly (5.1%/year), but absolute productivity is low; lower than other countries in the region
2. Economic growth depends much on capital (55%), role of TFP is still limited.
3. FDI sector reduce its productivity sharply (50% compare in 2001).

Industrial relation

1. Number of labour dispute increases (70 ÷ 720 cases), mostly in foreign invested enterprises (accounting for 81.1% of the total cases);
2. Industrial relation system is stable, tripartite mechanism well perform at national level but still limited at local and grassroots level;
3. Collective agreement is not popular at non-state enterprise (25%)
4. Capacity and role of Trade Union is limited at grassroots level.

Number of strikes by enterprise ownership, 2000–2008

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total	70	90	99	142	124	152	390	551	720
State-owned	15	9	5	3	2	8	4	1	0
Foreign-invested	38	55	65	104	92	105	287	438	584
Private domestic	17	26	29	35	30	39	99	112	136
Share of total (%)									
State-owned	21.4	10.0	5.1	2.1	1.6	5.3	1.0	0.2	0.0
Foreign-invested	54.3	61.1	65.7	73.2	74.2	69.1	73.6	79.5	81.1
Private domestic	24.3	28.9	29.3	24.6	24.2	25.7	25.4	20.3	18.9

Challenges

- 1. Employment creation**
- 2. Skill of workforce**
- 3. Productivity**

1. Employment quality and quantity

1. Increase labour force result in higher pressure on employment;
2. Migration to urban area, labour movement to industry sector continue increasing;
3. More jobs should be created in industry and service sector to attract agriculture workers (40% by 2015)
4. Number of wage earners and labour in formal sector should be increased;
5. Job for the youth: By 2015 there will be 8.9 million young labours aged 15-24 participate in labour market;
6. Attracting female labour in wage-paid job, job with good working condition and high productivity

2. Improving productivity and competitiveness

1. Improving productivity: 1.5 times compared to 2010;
2. Strong movement from agriculture to industry and service sector for development and productivity increase;
3. Enhancing integration, open-door, and flexibility of the labour market;
4. Investment in production technology is big challenge to Vietnam;
5. Changing trend of labour use to move upward in global production chain;
6. Increasing rate of trained and vocational trained labours;
7. Reforming training system to meet the demand of labour market

Thank you very much!
