



# **Vietnam Labor Market in the context of international integration**

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# Labor market in Vietnam in the early 21st century

- The Vietnam's population was 87.84 million people in 2011, increasing about one million compared with 2010. Vietnam's workforces grew annually by an average of 1.06 million during the 2000-2011 period and totaled 51.4 million people, accounted for 77 % of the population from 15 to 64 year olds in 2011.
- Vietnam's labor forces remains very young and engagement of the rapidly growing youth population in the labor forces
- However, it is estimated 65% of Vietnam's workforces is unskilled and 75% of 20-24 year olds are either unskilled or skill trapped.
- Unemployment remains a major issues for youth as a more than half of the unemployment population in 2010 was youth people age from 20 to 24 year olds.
- Over the past years, Vietnam goverment has promugated and deployed plenty of policies and creating employment opportunities for the poor and youth people in rural areas.



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Vietnam's population, 2007 to 2012 in thousand

	2007	2009	2010	2011	2012
<b>1. Population- thousd. Person</b>	<b>84,219</b>	<b>86,025</b>	<b>86,933</b>	<b>87,840</b>	<b>88,776</b>
Male	41,448	42,523	42,986	43,445	43,918
Female	42,771	43,502	43,947	44,395	44,858
The increase rate of P (%)	1.09	1.06	1.05	1.04	1.06
<b>Population (15+)</b>	<b>63,178</b>	<b>64,436</b>	<b>65,711</b>	<b>67,121</b>	<b>68,195</b>
Male	30,411	31,233	31,873	32,630	33,132
Female	32,767	33,203	33,838	34,491	35,063
<b>Population by sex (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Male	51	51.3	51.4	51.5	51.4
Female	49	48.7	48.6	48.5	48.6
<b>Population by resident (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Urban population	26	28	28	30	30
Rural population	74	72	72	70	70

# Labor market in Vietnam in the early 21st century

## Vietnam's population by age groups reflecting the ability to work

Year	Proportion of each age group in the population (%)			Total
	0-14	15-59	60+	
1979	42,55	50,49	6,96	100
1989	39,00	54,00	7,00	100
1999	33,48	58,41	8,11	100
2007	25,51	65,04	9,45	100
2011	23.57	71.23	5.20	100
2012	23.9	66	10.1	100



# Labor market in Vietnam in the early 21st century

## Qualification of Vietnam labor force in period of 2007 – 2012

	2007	2009	2010	2011	2012
	100	100	100	100	100
No vocational training	82.3	82.4	85.3	84.4	83.4
Primary and Secondary vocational training	5.3	6.3	3.8	4.0	4.7
Upper Secondary vocational training	5.6	4.4	3.5	3.7	3.6
College	1.9	1.7	1.7	1.8	1.9
University	4.9	5.2	5.7	6.1	6.4

# Labor market in Vietnam in the early 21st century

- ***Labor demand in the labor market***
- *First*, under the mechanism of market economy, the proportion of labor in the private and foreign invested sectors is increasing gradually.
- *Second*, under the industrialization and modernization and international integration, there has been shift in labor structure from agriculture sector to industry and service ones, in which the latter has been increasing
- *Third*, there has been shift of labor that boosts the urbanization process
- *Forth*, productivity of every economic sector has increased .The average productivity of the whole economy increased nearly fourth from 11.7 millions Dong/year in 2000 to 50.3 millions Dong/year in 2011.



# The changing rural labor market

- *Employment structure by sector:* The shift of labor from the agricultural sector to the non-agricultural sector. Labor in agriculture decreased from 55.1% in 2005 to 47.4% in 2012 (GSO, 2013)
- *The efficiency in use of rural labor:* Agricultural sector in rural has been shifting from purely agricultural activities with low productivity to agricultural activities containing high economic values
- *Transformation of rural labor to urban:* The strongest flow of labor migration is from rural areas which mainly supply workers to urban areas and industrial zones. Unemployment and underemployment being popular in rural areas

# Impacts of WTO accession on the labor market

- The structure of the labor market
- The unemployment rate and employment
- Wage and income employment

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Income/per month (Thous.)</b>	<b>10,431</b>	<b>10,108</b>	<b>12,441</b>	
Male	2,562	2,688	3,277	3,923
Female	2,175	2,297	2,848	3,515
Urban	3,671	2,940	3,629	4,466
Rural	2,023	2,183	2,687	3,166



# Impacts of financial crisis on the labor market

- Negative impacts of global financial crisis to Vietnam's economy, the gross domestic product (GDP) growth was only 5.9% in 2011
- In the first six month of 2012, the GDP growth was estimated increasing by 4.38% from the same period in 2011
- Vietnam's inflation is special high at 18.12% in 2011.
- Vietnam's labor market was also seriously influenced by the globally financial crisis.
- According to a sample survey for 9,331 enterprises over the country about the real status of enterprises and difficulties of the business sector, from January 2011 to April 2012, truly running enterprises accounted for 91.6%; bankrupt, dissolved,

# Impacts of financial crisis on the labor market

- In the rural area, especially in industrial villages, the economic crisis has influenced on their manufacturing and selling products, directly impacted on employment and workers's living standard
- According to the MPI's statistic, in a total of nearly 350,000 Vietnamese enterprises at present, about 95% are medium and small enterprises and most of them are facing the difficulties. According to the Association of SMEs, about 20% of the business is difficult to continue operating and 60% of the association's members are affected by economic difficulties and financial crisis.
- The labor market is seriously influenced by the global financial crisis, in the period of 2009-2012, it is hard to implement the National Target Program on Employment , which aims at creating 1.7 million new positions each year, maintaining unemployment rate in the urban by 5% and decreasing gradually, enhancing the rate of trained workers to 50%.



# Impacts of financial crisis on the labor market

## Unemployment rate of labor force of working age in urban area by region

%

	2007	2008	2009	2010	2011	2012
<b>Whole country</b>	<b>4.64</b>	<b>4.65</b>	<b>4.60</b>	<b>4.29</b>	<b>3.60</b>	<b>3.21</b>
Red River Delta	5/74	5.35	4.59	4.73	3.41	3.49
Northern midlands and mountain areas	3.85	4.17	3.90	3.42	2.62	2.25
North Central area and Central coastal area	4.95	4.77	5.54	5.01	3.96	3.91
Central Highlands	2.11	2.51	3.05	3.37	1.95	1.89
South East	4.83	4.89	4.54	4.72	4.13	3.24
Mekong River Delta	4.03	4.12	4.54	4.08	3.37	2.87

## Some remarks

- Increase in the population => increase in the labor force annually
- Industrialisation + integration = more jobs in industrial sectors
- Migration from the rural to the urban and industrialised region => change in the rural: demography, income, employment...
- International integration => expose to vulnerability, e.g. financial crisis, unemployment...



# Solutions to improve the labor market towards 2020

- Improving policy and law system in accordance with international practices and standards, especially the implementation of laws;
- Creating jobs together with improving working and living conditions for labor;
- Improving and developing the labor market: balanced regional development, with the creation of more jobs;
- Improving the quality and enhancing the competitiveness of human resource: vocational training in parallel with tertiary education, opportunities for education; long-life learning or learning society ;
- Improving and developing the social security system: flexible social insurance policy (compulsory vs. volunteer).

## Some Suggestions For Sustainable Development

- Training and employment for people in the rural, not only for migration to industrial production but also for improvement of agricultural production itself;
- Effects of economic integration on international labor mobility in order to better regulate the labor market, particularly the employment for people in the rural;
- Paradigms for rural development, towards sustainable development and the balance of the rural and urban, in terms of production, employment, social services and social policies;
- In a larger extent, examining the role of the State in a market economy, particularly the transitional economy in monitoring and regulating the labor market.





**Thanks for Your Attention**