

# Youth Employment in Vietnam: Report of Survey Findings

By

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For

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## **Youth Employment in Vietnam: Executive Summary**

### *Context*

- Against a backdrop of youth unemployment and an apparent mismatch between the needs of industry and the skills development offered by Vietnamese education, this survey sought to examine the experience of Vietnamese employers in employing young people and the employers' views of education, training, skills levels and future labour demands in Vietnam.

### *Sample*

- Almost two thirds of respondents are from privately owned organisations, and around half of the organisations have been in operation for more than ten years.
- On average around four in ten employees are aged between 16 – 25, meaning that significant proportion of the Vietnamese workforce can be classified as being 'young'.
- Levels of professional and technical training amongst staff tended to be polarised between low and high with more than half having little or no training and more than quarter being University graduates.
- The average salary of an employee in this survey is 2.4 million dong per month.
- Staff numbers and training budgets are both projected to rise in the next three years.

### *Recruitment Issues*

- The most popular method of recruiting staff was via the mass media.
- Pre-recruitment test, interviews and performance during probation were the most common methods of selecting a new employee.
- Younger workers were recruited for a range of occupations but most commonly for medium skill level jobs or secretarial jobs.
- When compared with older workers younger workers are seen as being better at team working and adopting to a new environments as well as honouring commitments.

### *Training and Managing Staff*

- Coaching and mentoring were identified as the most effective method of training younger workers. Training courses offered by external contractors were said to be the least efficient.
- The most frequently cited barriers to training in Vietnam according to our survey are a shortage of trainers, the fear of losing staff after training and the lack of government legislation to help organisations retain staff.

### *Future Labour Needs*

- Managerial, professional and technical staff were seen as the occupations that organisations might struggle to fill in the years to come.
- Respondents displayed an awareness of the need to identify future training needs to ensure that HR can cope with future changes in the labour market.

- Respondents asked that the VCCI provide a series of seminars and training events on a range of HR and training issues.

## INTRODUCTION: YOUTH EMPLOYMENT IN VIETNAM

*The youth is also facing with many challenges. The biggest challenge to the youth nowadays is jobs. Millions of young people in the urban area are unemployed; the employed time of rural young people is less than 75% in a year. Less than 15% of young workers receive technical training, and very few have high skills. Many well-trained and capable young people are not properly employed. (Vietnam's Youth Development Strategy by 2010: 2)*

*In Vietnam, as in many other developing countries, decisions on public education and training are made by the Government. Linkages between education and training and industry are inadequately developed. Yet such links are especially important in a country like Vietnam where the economy is under going industrialisation and restructuring. Dialogue between the relevant government ministries and industry is needed to ensure that schools and other education and training institutions are producing graduates needed by businesses. Furthermore such dialogue would facilitate early and better actions to deal with manpower mismatches which are inevitable in a rapidly changing economy. (VCCI/ILO, 2007: 8)*

The two quotations above highlight the major challenges faced by the Vietnamese government, education system and Vietnamese employers. On the one hand there is the need to address the issue of youth unemployment and to ensure that all young people have gainful employment. To achieve this the skills that the young people possess need to match the skills demands of industry and reflect the composition of the Vietnamese labour market. On the other is a debate as to how best ensure young people are trained and the need to enhance the linkages between education and industry. In an effort to explore and contribute to these debates, this report contains the initial findings from a survey of Vietnamese employers which explored their demands for young workers, their experiences of employing young people and the employers' views of education, training and skills levels. Specifically, the survey sought to ascertain:

- Employers' views of graduates of schools and other education and training institutions, measures taken by their enterprises to remedy their weaknesses and what measures should be taken to ensure that such weaknesses are not continued in future graduates;
- the present skilled manpower situation in their enterprises, where shortages of skilled workers exist, the severity of shortages and measures taken by the enterprise to solve the shortages; and

- the future skilled manpower needs over the next 5 years and measures to ensure such needs can be met.

The context for this research is that, despite an average economic growth of 7.2% per year over the last decade, a growth of GDP by 8.2% in 2006 and an overall rate of growth second only to China (Han 2008: 30), youth unemployment rates remain high. As the VCCI/ILO (2007) project specification suggests, in 2003 the rate of youth unemployment was 14% with an expected additional 1.2 million young people entering the labour market year on year. They suggest that young people will ‘account for 7 million of the estimated demand for 8 million jobs during the period 2006-2010’ (VCCI/ILO 2007: 5). This view is supported in *Vietnam's Youth Development Strategy*, which highlights the fact that youth in Vietnam accounts for 35.96% of the population and 55.5% of the labour force. (Vietnam's Youth Development Strategy: 2). The high rate of youth unemployment has led to a National Programme of Action on Youth Employment (NPAYE) being established in Vietnam with the specific aims of implementing the government’s youth development strategy during the period 2006 – 2010. However, the International Labour Organisation have identified that more needs to be done to implement NPAYE – specifically the development of ‘a closer link between the education and training provided and the needs of industry and that the transition from school to the world of work is better facilitated’ (VCCI/ILO 2007: 5), and the provision of ‘employability skills to youth workers, promoting youth entrepreneurship and assisting young entrepreneurs and their fledgling enterprises to succeed through business mentoring and “clinics” programmes which promote youth employment’ (VCCI/ILO 2007: 5). Given the significance of the issue of youth employment and the Vietnamese government’s response to this issue, a survey of employers is very timely in that it will provide significant insight into the problem ‘on the ground’ and in turn may help shape both regional and national policy towards current and future youth employment. In order to operationalise the research questions effectively, we have focused on 16-25 years olds who broadly fall within Valentin’s (2007) definition of Vietnamese youth.

*The Vietnamese term for ‘youth’, thanh nien, originally designated only young men, but today it encompasses both genders. In terms of chronological age, my informants defined ‘youth’ as beginning around the age of 15–18 years and ending around 30–35 years, which correlates more or less with age limits set for membership in the Youth Union. (Valentin 2007: 303)*

The remainder of this report is structured as follows. First we, we offer a consideration of the research methodology used and the composition of the sample. Within this section we also highlight some of the possible limitations with a survey of this kind. Second, we proceed to outline the findings relating to the recruitment issues faced by employers vis-à-vis young people. In this section we highlight issues such as how employers recruit staff and how differently employers perceive younger and older workers. Third, the report considers the findings relating to the training and use of labour by the employers. In doing so we reflect on what employers consider to be effective training methods for young people, the course and quality of young trainees the barriers to training and what support should be offered to employers offering vocational training. In the fourth section we outline the employers' responses relating to future labour needs, the demand for labour, skills and skill shortages and the role of the VCCI in supporting employers in these areas. In presenting the findings, in sections one to three, we have used a combination of quantitative and qualitative data and, where possible we have reported key differences in results by the sector of the employer organisation, the number of employees in that organisation and the ownership of the organisation. Finally, we conclude by highlighting the key issues we have addressed and offer a number of recommendations for future research and policy priorities in relation young people, employers and the labour market.

## SECTION ONE: RESEARCH METHODOLOGY

To explore the issues outlined above it was agreed that a survey-based methodology would be an appropriate research design. As the VCCI/ILO(2007) suggest:

*...a survey of employers will be conducted at the outset of the project. The results of a survey will be used by the VCCI for a dialogue with the Prime Minister's Office. This will underline the value to the Government of feedback from industry and the importance and urgency of the issues/problems raised by the survey. In addition it is expected to underline to the VCCI the need to play a role in education and training. Moreover the survey will enhance the capacity of the VCCI to conduct and analyse the results of a survey of employers regarding education and training. (VCCI/ILO, 2007: 8)*

The survey instrument was designed an team of researchers<sup>1</sup> from the Centre for Labour Market Studies, University of Leicester (CLMS), in collaboration with the Vietnam Chamber of Commerce and Industry (VCCI) and the International Labour Organisation (ILO) during the Spring of 2008<sup>2</sup>. CLMS has a wealth of experience of research in the areas of youth employment labour markets, skills and skills development as well as methodological expertise in both quantitative and qualitative research design. The research team in CLMS drew upon this expertise and the previous survey work they had undertaken and developed a research instrument to address four broad areas – the composition of the sample and the characteristics of the employers who took part in the survey, employers' views of graduates and young workers, current workforce skills levels and training and finally manpower needs and future planning. The research instrument combined forced choice questions (such as Likert style and ranking questions) with a number of open-ended questions designed to elicit the actual views of the employers. The design of the research instrument was influenced by a number of key factors. First, it was felt that using a majority of forced choice questions would be appropriate given that the questionnaire had to be translated into Vietnamese and therefore reduced the risk of misunderstanding or incorrect interpretation of the questions. Second, the research instrument was kept relatively short to try and ensure an adequate

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<sup>1</sup> The team of academics at CLMS, University of Leicester were Dr John Goodwin, Reader in Sociology; Dr Henrietta O'Connor, Senior Lecturer in Employment Studies; and Martin Quinn, Teaching Fellow in Employment Studies.

<sup>2</sup> The CLMS team would like to thank the following colleagues who have supported this research: Peng Boo Tan, Anne-Britt Nippierd, Nguyen Tien Dung, Tran Lan Anh, Vi Thi Hong Minh, Anne Knowles, Professor David Ashton, Dr Johnny Sung and all those at VCCI who help collect and transcribe the data.

response rate. Third, the Leicester research team incorporated feedback from the VCCI, on an initial draft of the research instrument, to ensure that the VCCI were happy that the research instrument addressed their key research concerns and that the instrument was 'fit for purpose' within the context of researching within the Vietnamese economy.

Once the research instrument was completed by the team at CLMS VCCI took over responsibility for the distribution, collection, translation, coding and inputting of the questionnaires. These aspects of the fieldwork were all undertaken in Vietnam and managed locally.

#### *Response Rate and Key Characteristics of the Sample*

In total 5,850 questionnaires, 2,850 from Hanoi and 3,000 from Ho Chi Min City, were distributed by VCCI including over 500 distributed by email. The research instruments were distributed in two patches with 5,300 being sent out in June 2008 and a further 550 in late July 2008. The target businesses were members of VCCI and members of some business associations – the Vietnam Young Entrepreneurs' Organisation (VYEO), the Association of Foreign Invested Enterprises (VAFIE), and the Club of Human Resource Managers - and those organisations selected from the main five business sectors (Printing, Fishery Processing & Export, Electronic Industries, Garment and Textile, and Tourist). By the middle of August 2008, 252 answered questionnaires were returned completed to VCCI. As a result of the cleaning work 243 questionnaires, broken down as 149 from Ho Chi Min City and 94 from Hanoi, were selected for coding data entry. This provides response rate of around 4.3 per cent, which although lower than the 10 per cent anticipated, provides good amount of usable survey data.

To add context to this report it is also important to highlight a number of key characteristics that typify the respondents (and responding organisations) to this survey. As can be seen in Table 1.1 almost two-thirds of respondents represented privately owned companies in the Vietnamese economy with a little under a fifth being state owned and less than 15 per cent being the recipients of foreign direct investment (FDI). The sample was dominated by industry with 59.7 per cent coming from that sector. Services accounted for 37.7 per cent of the sample while just 11 respondents were from the agriculture and forestry sector (Table

1.2). This does have serious implications for the interpretation of the results in relation Agriculture. Whilst industry and service sectors are well represented, the low response rate from agriculture means that only very tentative findings can be presented for this sector. The distribution amongst sub-sectors within industry was fairly evenly spread with a quarter coming from textiles companies. Other significant sub-sectors here include electronics and IT (12.6 %), construction and building materials (10.7 %) and the food and drinks industry (8.8 per cent).

**Table 1.1 Ownership, Sector and Sub-Sector of Responding Organisations**

Indicator	Percentage %
Privately Owned	63.4
State Owned Enterprise	19.8
FDI Company	14.4
Other	2.5
<i>N</i>	243
Industry	59.7
Services	37.3
Agriculture and Forestry	4.7
<i>N</i>	243
Textiles, Garments	24.5
Leather, Footwear	6.9
Assembling Cars, Motorcycles	2.5
Handicraft	5.0
Electronics, IT, Telecom	12.6
Construction and Building Materials	10.7
Mining (Coal, Oil, Minerals)	1.3
Food & drink	8.8
Printing etc	4.4
Mechanical engineering	3.8
Plastics/ packaging	3.8
Wood working	1.9
Chemicals/ pharmaceuticals	4.4
Other	9.4
<i>N</i>	159

The respondents from the service sector were spread across a large number of sub-sectors – many with just one representative hence a relatively high number of ‘others’ being reported in Table 1.2. The largest sub-sector here was retail and wholesale (23.1 %) followed by restaurants and hotels (11 %) and various forms of consultancy businesses that accounted

for almost 10 per cent of the services sector in this survey. The 11 respondents from the agriculture sub-sector were split between the planting and fishing sub-sectors (Table 1.2).

**Table 1.2 Sub-Sectors Within Services and Agriculture & Forestry**

Sub-Sectors	Percentage %
<i>Service Sector</i>	
Retail, Wholesale	23.1
Restaurant, Hotels	11.0
Consultancy	9.9
Transport	8.8
Import/ Export	8.8
Banks/ Finance	6.6
Tourism	5.5
Real estate	4.4
Logistic	3.3
Other	18.7
<i>N</i>	<i>91</i>
<i>Agriculture &amp; Forestry</i>	
Planting	54.5
Husbandry	0.0
Fishing & Aquaculture	45.5
Forestry	0.0
Other	0.0
<i>N</i>	<i>11</i>

The respondents to the survey tended to be in organisations which are well established with just under a half reporting that their establishment has been in operation for more than 10 years (Table 1.3). Only 12 per cent of respondents were from relatively new businesses that have been in operation less than three years. The sample is fairly well distributed amongst the various size bands displayed in Table 1.3. While around a third of respondents came from businesses with fewer than 100 employees around one in six were responding on behalf of large businesses with more than 1,000 employees. The largest company to respondent reported that they had 42,259 employees (more than 20,000 more than the next largest in the sample) and the smallest employed just two people. The average number of employees in the sample was 1,044 although this could be said to be skewed slightly by the size of the largest company. In Table 1.3 we also detail the average percentage of the workforce who fall into various demographic categories. On average women seem to be fairly well represented in the labour market with an average of 47 per cent of the samples

workforce being female. Of particular interest to this survey are the results relating to the age of the employees. Our results show that on average 3.5 percent of the workforce are aged between 16 – 18 while 39 per cent are aged between 19 – 25 meaning than a significant proportion of the Vietnamese workforce could be classified as being ‘Young’. The very smallest and very largest organisations in the sample tended to employ more women and younger people. The smallest organisations were also much less likely to employ non-high school graduates, especially when compared to the very large organisations. When we looked at this data by ownership it became clear that state owned organisations employ far fewer women and younger people than the private sector, this difference was even greater when the figures for those businesses benefiting from direct foreign investment were looked at.

**Table 1.3 Years of Operation, Number of Employees and Employee Breakdown of Responding Organisations**

Indicator	Percentage %
<i>Years in Operation</i>	
More than 10	48.1
5-10	26.6
3-5	13.3
Less than 3	12.0
<i>N</i>	233
<i>Size of Organisation</i>	
0-25	13.4
26-100	21.0
101-250	22.0
251-1000	26.3
More than 1000	17.3
<i>N</i>	209
<i>Type of Employee</i>	
Women	47.0
Non-High School Graduate	27.1
Temporary/ Part-Time	10.4
Aged 16-18	3.5
Aged 19-25	39.0
In Direct Labour Jobs	68.4
In Indirect Labour Jobs	21.2
In Managerial Jobs	8.9
<i>N</i>	188

In general staff numbers have increased over the last three years and the numbers of staff ages 16 and 25 has increased at faster rate than that for overall staff numbers (Table 1.4). The largest businesses in the survey have seen the greatest percentage increases in the numbers of employees aged between 16 and 25.

**Table 1.4 Staff Numbers Over Last Three Years, Next Three Years and Areas of Growth for Responding Organisations**

Change/Areas	Total Staff	Aged 16-25	Reported Increase
<i>Last Three Years</i>			
No change or decrease	17.2	12.2	
Small increase (less than 2%)	17.2	20.9	
Moderate increase (2-5%)	39.2	35.2	
Large increase (5-10%)	14.8	21.4	
Very large increase (more than 10%)	11.5	10.2	
<i>N</i>		196	
<i>Next Three Years</i>			
No change or decrease	5.3	7.4	
Small increase (less than 2%)	17.3	22.3	
Moderate increase (2-5%)	40.9	35.1	
Large increase (5-10%)	22.6	25.7	
Very large increase (more than 10%)	13.9	9.4	
<i>N</i>		184	
<i>Professional Location of Increase</i>			
High level managerial/ professional			60.0
High level technical workers			67.0
Middle level/ low level technical/ sales			41.7
Manual labourers			31.0
<i>N</i>			184

Respondents were then asked how they thought staff numbers might change over the next three years (Table 1.4). While most respondents predict at least a moderate (2-5%) increase in overall staff numbers over the next three years the majority of that increase is expected to occur in higher skill level jobs such as management and technical positions while employment in mid level jobs and manual jobs is expected to stagnate if not decrease. This

could pose significant challenges for the Vietnamese economy if large numbers of people are going to need retraining in order to fill higher skilled vacancies.

#### *Approach to Analysis*

Once cleaned, coded and entered into a data file, the data was manipulated and explored using the Statistics Package for the Social Sciences (SPSS). However, as highlighted below, there were some limitations with the data that did not facilitate sophisticated rendering and analysis due to small sample size. The qualitative data was explored thematically where possible and included in the report to illustrate and add depth to the key themes emerging from the analysis.

#### *Issues with Research Design, Analysis and Sample*

As suggested above, the majority of the questions used in questionnaire were forced choice questions, such as Likert scales. However, whilst these questions have, in the main, produced reliable and useful data, there appears to have been a sizeable proportion of respondents who have simply answered 'neutral' to a number of questions. This may be due to a number of reasons. First, this is a well-known issue with Likert style questions with respondents either selecting all neutral answers or providing very random, and therefore meaningless, responses. Second, this may be an indication of an unwillingness to offer firm or accurate opinions in some cases. This may be due to an anxiety over how the data would be used or concerns relating to who could potentially access the data. To offset this assurances regarding confidentiality were provided on the research instrument, however we cannot rule out the possibility that concerns over confidentiality may have affected the response of some. Third, it is not fully clear that all of the respondents were suitably qualified, or of an appropriate position within the organisation, to answer the questions being asked – which again may explain some variance in the answers provided. Despite these concerns it is clear that the quantitative data is fairly robust and offers useful insights vis-à-vis the research questions.

As suggested above, the questionnaire also included a number of open ended, more qualitative type questions. Although some of the data generated by these questions was interesting there are a number of issues that need to be highlighted in this regard related to

the overall quality of this data. First, the reliability and validity of this qualitative data may have been affected in the translation process. The process of translating what the respondent had written may have led to the translators summarising or re-phrasing the responses provided. This may have been due to the lack of a direct translation or it may have been a result of a desire for brevity – however, some of the quotes included in the data file are unusually short and, as such, some care should be taken with generalising from this data. Second, some of the responses derived from the open ended questions are unusual and do not always relate to the question being asked. This might suggest the respondents did not fully understand the question they were being asked or were unsure how to answer appropriately. Again such a concern suggests some caution in the use and interpretation of the qualitative data.

We would also like to raise one note of caution with regards the sample. As we have seen above, although agriculture is very important to the Vietnamese economy we received only 11 responses from the agriculture and forestry sector. Such a low response rate does have serious implications for the interpretation of the results in relation this sector. Whilst industry and service sectors are well represented, the low response rate from agriculture means that only very tentative findings can be presented for this sector. In many respects, it also regrettably suggests that anything beyond a descriptive or narrative approach to analysis of the data for this sector would be unreliable and largely meaningless. The low response rate also makes comparisons with other sectors highly tentative.

## **SECTION TWO: RECRUITMENT ISSUES**

In this section we move on to investigate issues concerning recruitment in the Vietnamese labour market. Section 2 of the survey asked employers a series of questions relating to recruitment practices. The first question asked employers what mechanisms they found effective when advertising job vacancies. As can be seen in Table 2.1, a number of different mechanisms are used by employers to recruit staff. These mechanisms include: public notice boards on the employer's premises, advertisements placed in the mass media, job service centres and head-hunters and direct recruitment from education and training centres.

The most effective form of recruitment for all sizes of organisation, all sectors and all types of ownership is via adverts in the mass media or on the internet with more than two-thirds either agreeing or strongly agreeing that recruitment using this method is effective. However, an important caveat exists here and that is that amongst state-owned employers notice board advertisements were found to be more effective than mass media advertising.

Internal recruitment via notice boards was the next most effective means for recruiting staff with some 50% of organisations indicating that this method proved effective. This, however, depended greatly on the size of the employer. Some 89% of the largest organisations, suggested that this was an effective recruitment methods as opposed to the smallest companies where only 25% found this method of advertising successful. This trend is undoubtedly linked to the sheer number of staff employed in larger organisations meaning that advertisements on notice boards will be seen by a great number of individuals than would be the case in a smaller organisation where the majority of employees would be aware of vacancies already. This is further supported by the data which showed that the advertising of vacancies on a noticeboard was found to be far more effective in the industrial employment sector, where companies were more likely to be large employers than in the service or agricultural sector.

With the exception of the agriculture industry, few organisations found either job service centres or direct recruitment from education were effective as a way of recruiting staff. Amongst agricultural employers the use of direct recruitment from education centres was

effective for some 62.5% organisations, suggesting that these employers valued the type of skills taught in these centres although this is based on a very small number of agriculture-based employers. This is further supported by the finding that use of training centres as a means of recruiting staff was highest amongst state owned employers (56%) and private organisations (45%) and significantly lower amongst FDI organisations suggesting that foreign employers do not value the skills provided in these centres. This is further enforced by the data on level of qualifications sought by employers and this is discussed below.

**Table 2.1 We Recruit Workers Effectively With**

Method	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Public notice board in own premises	16.1	9.3	24.4	23.3	26.9
Mass media/ internet	3.9	6.8	20.8	30.9	37.7
Use of job service centres / head hunting	11.5	17.7	32.8	24.0	14.1
Direct recruitment from Education/ training Schools or centres	11.7	16.0	28.7	28.2	15.4

N=65 - 207

The most commonly used methods for selecting potential employees are pre-recruitment tests, interviews and performance monitoring, either during training or during a period of probation (Table 2.2). Indeed, regardless of the size of the organisation, the vast majority (in all cases the total exceeded 70%) made use of pre-recruitment tests, interviews, probation periods and performance monitoring.

Perhaps surprisingly, employers generally deemed neither qualifications on job entry or references from job service centres as important. Only around half suggested that they selected employees on the basis of their qualifications and very few employers made use of references. Far more value was placed on indicators devised by the employing company such as pre-recruitment tests, interviews, probation periods and performance monitoring. Half of the organisations who responded said that they did not use references or the opinions of job service centres when recruiting a new member of staff. The reliance on skills developed once joining the organisation rather than skills already held by employees has implications for the training provision implemented by organisations. If, as it appears, employers rely

largely on training which takes place once employment with the organisation commences, then it is crucial that the right training programmes at an appropriate level are in place. As suggested in the following section (Section 3: Training and Managing Staff) employers do appear to agree on the importance of training and mentoring younger staff either through apprenticeship schemes or by learning from other staff within the organisation.

The majority of employers appear not to value very highly the skills training provided by the state education and qualification system or by domestic training providers. This has important implications for policy makers, employers and for young workers who may hold such qualifications and for those who are considering investing their time in pursuing such qualifications. If, as the data suggest, employers do not value such qualifications then there is little point in young people accessing state provided education and qualifications. Consequently it is crucial that policy makers work with employers to determine what types of qualifications and skills would be valued by developing a closer linkage between the needs of employers and the education and training provided by the State (VCCI/ILO, 2007). This issue is discussed further in Section Four.

**Table 2.2 We Select an Employee Based on**

Method	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Their qualifications	4.3	11.0	32.9	32.4	19.5
References, evaluation of job service centres	21.0	32.6	31.5	11.0	3.9
Pre-recruitment test	1.0	0.5	16.2	40.2	42.2
Interview	0.5	3.3	17.3	44.4	34.6
Performance during probation	0.9	1.8	8.5	32.3	56.5
Performance during training provided by ourselves	4.1	4.1	16.1	37.8	37.8

N= 181 - 223

When it came to recruiting younger employees, Table 2.3 shows that organisations reported that they were most likely to be employed in mid-level jobs such as secretarial or professional occupations or roles involving low to medium skills. Whilst few recruited younger workers directly into managerial occupations, understandably perhaps, there was some variation here depending on size of organisation and whilst only 12% of large organisations (1001+ employees) recruited young workers in to managerial roles, in the

smallest companies this figure increased to some 40%. By contrast, the largest organisations were far more likely (58%) than the smallest (24%) to recruit young people in to manual jobs and jobs requiring low to medium skills (51% of the largest organisations and only 18% of the smallest).

**Table 2.3 Labourers Aged 16-25 are Recruited for**

Reason	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Simple manual work	15.5	20.6	27.8	21.6	14.4
Work requiring low to medium technical skills	11.1	16.2	30.8	29.3	12.6
Secretarial, admin and sales	5.4	9.9	38.4	30.5	15.8
Professional/ technical	14.0	11.0	36.0	25.0	14.0
Managerial occupations	24.6	24.6	21.9	17.6	11.2

N= 187 - 203

Respondents were asked how they felt younger workers compared to older workers across a series of attributes that can be seen to fall roughly into the following categories; knowledge, technical skills, soft skills, and attitude and discipline (Table 2.4). In terms of knowledge younger workers were seen to be better than older workers in terms of basic knowledge while the sample was split on the issue of professional and technical knowledge with marginally more saying that younger workers also had the edge here. Older workers were seen as having better levels of social knowledge than younger workers. Moving on to technical knowledge the overall picture shows that respondents again seem to rate younger workers above their older colleagues. Younger workers were seen as being particularly better at adapting to new technologies and working methods as well as having the edge when it comes to meeting targets, self-learning and creativity. The reason that the technical attributes of older workers were seen to be better was the fact that they had more experience.

Moving onto soft skills we can see in Table 2.4 that younger workers were generally seen as better at adapting to the working environment and team working skills than older workers but that there was little difference between them when it came to communication skills and time management. Respondents said that older workers were generally better at problem solving skills. Workers aged 16-25 also came out well in the attitude and discipline attributes with respondents generally agreeing that they were better than older workers at honouring

commitments, obeying regulations, maintaining good relationships with workers and in particular having the ability to work under pressure. It was only on the issue of long-term commitment to the company that respondents rated older workers more highly than younger workers.

**Table 2.4 Labourers Aged 16-25 are in General Better than Older Workers at**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Basic knowledge	7.1	10.0	28.9	33.6	20.4
Professional and technical knowledge	8.3	18.0	42.9	22.1	8.8
Social knowledge	13.1	28.2	42.2	14.1	2.4
Good technical practice skills	5.3	17.4	46.4	22.2	8.7
Ability to meet high productivity targets	3.9	10.7	41.7	33.0	10.0
Adaptability to new technologies and working methods	0.9	4.5	20.0	47.3	27.3
Self-learning capacity	0.0	5.9	21.0	52.1	21.0
Creativeness/ improvement initiative	2.3	10.3	40.7	32.2	14.5
Professional/ technical experience	11.3	36.5	39.4	8.9	3.9
Communication & behavioural skills	0.9	19.7	51.2	22.1	6.1
Problem solving skills	4.2	26.2	50.0	15.4	4.2
Time management, results orientation	3.4	23.6	47.6	22.6	2.9
Adaptability to working environment	0.9	5.0	24.2	50.7	19.2
Team work skills	1.8	6.0	35.5	37.8	18.9
Honouring contractual commitments	1.8	17.6	36.5	28.4	15.8
Obeying time/ job regulations	1.4	11.3	39.6	32.4	15.3
Obeying H&S rules	0.9	12.1	39.1	36.7	11.2
Ability to work under pressure/ overtime	2.7	5.5	28.6	48.2	15.0
Good relationships with colleagues	0.9	5.0	45.9	36.8	11.4
Stable working spirit and long term commitment to the company	7.9	24.7	47.4	12.1	7.9

N= 203 - 222

Finally in this section respondents were asked about their use of a series of pre-recruitment planning practices prior to appointing new staff. As can be seen in Table 2.5 all of the

methods we asked about seem to be in common use in Vietnam as on average around three quarters of respondents reported using each method listed. These pre-recruitment practices were all widely used by organisations of all sizes. This suggests that employers have good systems in place in terms of carrying out detailed job analyses, providing clear job descriptions, advertising effectively and operating their recruitment practices in close collaboration with Human Resources departments.

**Table 2.5 When Recruiting Labour We**

Method	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Carry out thorough job analysis	0.5	3.6	20.5	39.5	35.9
Develop clear job description	0.9	3.3	21.6	38.5	35.7
Use transparent public advertisements	0.9	1.4	13.1	34.4	50.2
Choose effective recruitment channels	1.9	1.9	24.6	43.5	28.0
Enhance close co-operation with HR Department	0.5	3.3	19.2	38.5	38.5
Improve recruitment policies on a regular basis	0.5	0.9	17.1	35.2	46.3

N= 207 - 221

In summary then, there is a high level of good practice in terms of recruitment procedures amongst the organisations which responded to this survey. Job vacancies appear to be widely advertised through means such as advertisements in the media and within companies. Employee selection practices raise a number of interesting questions. Qualifications and references, frequently deemed as of high importance in recruitment practices elsewhere, do not seem to be of particular value to these employers. Far more importance was given to those procedures and practices which the employers have put in place internally, for example, pre-recruitment tests, interviews, performance reviews and probation periods. This raises interesting questions about the perceptions, relevance and value of national qualifications to both employers and young people in Vietnam.

The perception of younger workers amongst employers was generally positive. Younger workers were seen as having greater skills than older workers in some aspects of the job role such as basic knowledge, technical knowledge, adapting to new technology, meeting targets,

self-learning and creativity. Younger workers were also seen as better at adapting to the working environment and to team working. Lastly, many employers perceived young workers to have good attitudes and discipline and to be good at honouring commitments, obeying regulations, working under pressure and maintaining good relationships. Indeed, older workers were only rated as better than younger workers in a small number of areas such as social knowledge, technical attributes, problem solving and long term commitment to the organisation. In summary then, employers perceive the attributes of young workers very positively.

Another interesting trend that emerges from the data is the extent to which recruitment and selection practices vary according to the size of the employing organisation. Whilst some practices do not vary widely between organisations, for example, recruitment methods were consistent across all employers, others varied more widely. Of particular interest in this respect are the types of work young workers are employed to do. Amongst smaller employers there is more potential for young people to be employed in higher level jobs such as managerial and secretarial roles and roles requiring professional and technical skills. By contrast larger companies were more likely to employ young people in low skilled manual work which tend to have lower financial rewards and less potential for progression.

On average more than a quarter of staff (27.6%) have graduated from University (Table 2.6), a higher figure than for those with no professional or technical training (21.7%). This would suggest a number of staff have entered training after leaving school as the figures in Table 1.3 shows that 27.1 per cent of employees did not graduate from high school. When we looked at this data by size of organisation it became apparent that smaller organisations employ a far greater proportion of University graduates than larger organisations. This pattern is consistent with data in the earlier part of this report which indicated that young people were more likely to be recruited in to managerial level jobs in smaller companies. It appears that the smaller companies are recruiting the most highly qualified young people directly in to high level jobs, suggesting that opportunities for graduates are better in smaller companies. In terms of industrial sector those from the service sector employed more graduates than those from industry.

**Table 2.6 Levels of Training, Training in 2007 and Training Expenditure**

	Aged 16-25	% Reporting Increase
<i>Level of Training of Staff in Organisation</i>		
No professional or technical training	21.7	
Short-term professional or technical training	32.0	
Graduated from professional training high school	14.5	
Graduated from vocational/ professional training college	6.2	
Graduate from university/ post-graduate courses	27.6	
<i>N</i>	188	
<i>Training in 2007</i>		
Average proportion of staff trained	41.8	
Training expenses as a % of revenue	4.3	
Job abandonment rate as a % of total staff	11.4	
<i>N</i>	176	
<i>Reporting Training Expenditure Increase in 3 Next 3 Years By Area</i>		
All		68.1
Aged 16-25		53.1
High level managerial/ professional	67.5	
High level technical workers		59.1
Middle level/ low level technical/ sales		33.1
Manual labourers	22.2	
<i>N</i>		172

Table 2.6 provides data on the amount of training taking place in organisations. Training expenses accounted for 4.3 per cent of total revenue in 2007 and, on average, some 41.8% of staff at the organisations represented in this survey received some form of training in the 12 months prior to the questionnaire being distributed. This figure did vary somewhat with some organisations reporting that none of their staff were trained and a handful reporting that 100 per cent of their staff had been trained in the previous year. Overall the standard deviation from the average was 30.9.

The majority of employers (68.1%) predicted that their expenditure on training would increase over the next three years. However, this forecasted increase was concentrated in the higher job levels and most expenditure was planned for training staff in higher level managerial/professional roles and high level technical roles rather than staff in less skilled jobs. It is significant to note in this context that over 50% of the predicted increase in training expenditure was targeted at younger workers in the 16-25 age bracket suggesting that employers are willing to invest in their youngest recruits.

Interestingly while the majority of respondents did predict that overall training budgets would rise in the next three years they did not predict as large a rise as the overall number of staff (Table 1.4). Given that a significant proportion of the new workforce is expected to come straight from school (see Table 1.4) and one would assume that they therefore would need at least some additional training this is a finding that needs further investigation by the VCCI.

Table 2.6 also reveals that some slightly more than one in ten staff left their position during the past year, suggesting that employers anxieties about investing in staff training and then losing staff to other employers had some basis. Nevertheless, generally employers did demonstrate a commitment to training and investing in employees. In addition, the data on both current and forecasted training budgets suggests an increasing commitment to training and development over the next three years.

In summary, as Jenkins (2004:191) has argued, in Vietnam, ‘despite rapid economic growth, extensive economic reforms, increased openness and significant reductions in poverty, the rate of employment growth has been disappointing’. Whilst productivity has increased over the past two decades this has been as a result of increased efficiency rather than additional recruitment and relatively little new employment opportunities have arisen to absorb new supplies of labour. The main growth areas in terms of employment have been in the service sector in jobs which are often low-paid and low-skilled. This has significant consequences for all younger workers entering the labour market for the first time regardless of the qualifications and skills held.

### SECTION THREE: TRAINING AND THE USE OF LABOUR IN YOUR ENTERPRISE

In Section Three we moved on to ask a series of questions about the training and managing of staff in Vietnam and in particular focused on the training and supply of younger workers. Respondents clearly felt that coaching and mentoring of younger workers by other staff in the organisations was the most effective training method with over 85 per cent either agreeing or strongly agreeing that this method was most effective (Table 3.1). Apprenticeships taken before formal recruitment were also seen as largely effective by around two-thirds of the sample. Meanwhile a significant proportion of respondents disagreed with the statement that training courses (either bespoke or off the shelf) offered by external centres were effective perhaps reflecting a desire to keep training in house to ensure the skills developed by the individuals relate to the work of the organisation.

**Table 3.1 The Most Effective Training Methods for Labour Aged 16-25 in My Organisation Are**

Method	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Apprenticeship before formal recruitment	7.3	6.4	14.1	28.2	44.1
Coaching/ mentoring by current staff	0.0	2.7	11.1	41.3	44.9
Coaching/ mentoring by own training centre	16.9	13.8	20.0	27.7	21.5
Bespoke training course by other training centres	32.6	21.6	27.9	10.5	7.4
Off the job training by other training centres	24.6	20.9	24.6	20.4	9.4
Media based training	14.1	18.3	24.6	27.2	15.7

N= 190 – 225

We then asked a series of questions about the supply and quality of workers aged between 16-25 trained by a variety of organisations. The results of these questions are displayed in Table 3.2.

**Table 3.2 Labourers Aged 16-25 That Are -**

	Strongly Disagree	Disagree	Neutral	Agree	Agree	Strongly
<i>Trained by ourselves are</i>						
Available in large numbers	12.4		15.1	34.1	21.6	16.8
Of good quality	3.6		10.4	40.4	30.6	15.0
Have an appropriate proportion of required skills	3.1		8.8	34.7	34.2	19.2
Are cost effective	3.1		5.8	33.5	39.3	18.3
<i>Trained by State Owned Vocational Training Institutions Without Foreign Investment Are</i>						
Available in large Numbers	10.5		15.1	30.8	24.4	19.2
Of good quality	6.7		17.4	48.3	21.9	5.6
Have an appropriate proportion of required skills	7.9		14.6	51.1	18.0	8.4
Are cost effective	7.0		16.3	47.7	23.3	5.8
<i>Trained by Private Vocational Training Institutions Without Foreign Investment Are</i>						
Available in large numbers	8.3		18.5	39.5	24.2	9.6
Of good quality	5.6		16.1	58.4	17.4	2.5
Have an appropriate proportion of required skills	3.8		20.1	52.8	20.1	3.1
Are cost effective	5.2		17.4	54.8	20.0	2.6
<i>Trained by Vietnam-Based Vocational Training Institutions With Foreign Investment Are</i>						
Available in large numbers	10.7		22.7	43.3	16.7	6.7
Of good quality	7.4		6.1	31.1	39.9	15.5
Have an appropriate proportion of required skills	6.8		9.5	40.5	35.1	8.1
Are cost effective	11.6		13.7	40.4	26.7	7.5
<i>Trained Abroad, Including Exported Labourers, Are</i>						
Available in large numbers	15.1		30.9	30.9	15.8	7.2
Of good quality	7.9		12.2	28.8	33.8	17.3
Have an appropriate proportion of required skills	8.5		14.2	33.3	32.6	11.3
Are cost effective	14.7		19.9	33.8	20.6	11.0
<i>Attracted From Competitors Are</i>						
Available in large numbers	14.0		25.5	40.1	15.3	5.1
Of good quality	3.0		10.3	46.7	33.3	6.7
Have an appropriate proportion of required skills	3.8		11.9	41.9	33.8	8.8
Are cost effective	3.8		11.5	29.5	37.2	17.9

N= 156 – 165

Those trained either by the respondents own organisation, a Vietnamese based vocational training institute with foreign investments, or those trained abroad were broadly seen as being of better quality while state and privately owned training institutions without foreign investment were generally rated lower on both the quality of their workers and the skills they produced. However, when the data is examined closely there are a number of interesting additional trends. For example, whilst there appears to be a plentiful supply of young workers from within the respondents own organisations or from state owned VET institutions, it appears that those who trained young workers in their own organisation were almost twice as likely to agree that these trainees were cost effective as compared to those trained in state owned VET institutions. Why would this be the case? Given the qualitative data which follows (see below) one could speculate that the organisations feel training their own young workers would be more cost effective as the training can be linked directly to the job in hand – as opposed to employing trainees from other institutions and having to re-train or re-skill them to undertake the work of the organisations. There did not appear to be any significant difference between the employment sectors for these questions however, the size of the organisations did have an impact with larger employers appearing to favour the training of their own employees, perhaps for the same reasons outlined above. On an additional key finding from this data is that labourers trained abroad were not available in the same quantity as the other categories. However, this may be an artefact of the question in that it is unlikely that labourers would be trained abroad as compared, for example, to other professions requiring higher skills levels.

One of the common issues that surveys such as this try to investigate are the barriers that respondents perceive to be in place preventing them from training their own workforce. In Table 3.3 we can see that the three most commonly reported barriers in Vietnam are a lack of government financial support for training, a lack of government policy helping companies retain staff after training, and a lack of favourable tax conditions for self-training. Again, these views are supported in the qualitative data provided below. Indeed, the funding of training and the experiences of companies losing staff after training has taken place seem to be salient issues in Vietnam and may be one that policy makers need to look at in more detail.

**Table 3.3 Main Barriers to Training Own Labour**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Limited space	17.6	18.1	19.7	19.2	25.4
Limited budget	14.1	21.9	21.4	17.2	25.5
Shortage of trainers	10.4	10.9	24.4	30.1	24.4
Shortage of equipment	13.5	15.1	22.7	24.9	23.8
Threat of losing staff after training	4.5	14.1	22.6	27.1	31.7
Lack of Government policy enabling retention of staff after training	8.3	6.8	13.0	26.0	45.8
Lack of Government financial support	7.7	8.7	9.7	22.1	51.8
Training costs not being seen as before tax costs	14.9	8.8	17.7	21.5	37.0
Lack of favourable tax conditions for self-training	9.8	7.7	11.5	24.0	47.0

N= 181 – 199

**Table 3.4 When Training and Using Employees in Practice, We**

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Provide continued management training to managers	0.5	5.1	13.1	41.1	40.2	
Provide continued working skill training to lower level staff	0.5	4.1	14.7	43.1	37.6	
Sign employment responsibility agreements with employees before training	7.3	11.2	24.8	28.6	28.2	
Apply appropriate compensation policy to retain staff after training	2.4	4.3	21.2	45.2	26.9	
Continued improvement of training policy and appropriate resource allocation for training	0.5	3.8	18.2	44.5	33.0	
Sign labour contract in accordance with the rules and regulations	0.9	1.8	7.6	17.9	71.9	
Full compliance with rules/ regulations on health and insurance	0.0	1.8	5.9	15.8	76.6	
Co-operate closely with trade unions to sustain good industrial relations	4.2	4.7	9.4	23.0	58.7	
Understand employees capabilities and expectations to give the right work to the right person	0.9	2.8	12.4	41.0	42.9	
Introduce a competitive a timely compensation/ remuneration package	0.5	2.3	8.6	27.9	60.8	
Introduce a good award/penalty scheme for employees	1.8	3.2	20.2	27.5	47.2	
Use a performance based assessment, promotion and remuneration scheme	2.3	2.8	20.2	34.4	40.4	
Encourage innovation amongst employees and offer rewards for good ideas	1.4	4.1	21.1	28.4	45.0	
Encourage employees participation in decision making	3.3	5.3	24.9	36.4	30.1	
Take measures to improve work motivation, spirit and satisfaction of employees	1.4	3.7	19.9	39.8	35.2	
Employ appropriate processes to manage comments, conflicts in the enterprise	1.0	2.4	20.8	37.7	38.2	
Improve OSH conditions on a regular basis	0.5	0.5	11.9	32.9	54.3	
Take measures to improve material, cultural and spiritual life of employees	0.5	0.5	2.8	15.3	28.7	52.8
Allocation of resources for the implementation of the above	2.0	4.4	19.1	32.4	42.4	

N= 204 – 224

Next respondents were asked about their use of a series of employment practices that may be used in their organisations. In general the usage of each as was very high with at least two-thirds of respondents saying they used every measure (Table 3.4). In particular there was a strong commitment to provide continuous training (both to managerial and lower level staff) and to ensure that the right person gets the right work to do.

At the end of the section on training and development the respondents were asked five open-ended questions relating to the recommendations they may have for the Vietnamese government in relation to vocational training, industrial relations, employment law, contracts and other labour and employment issues. As suggested above this data is effected by a number of limitations, however the brief responses do offer some insights into how employers feel the Vietnamese government could help them further. For example, the first open-ended question asked the responds to ‘specify support mechanisms for the vocational training for labourers’ and from the response we can see there are a number of key themes. First, the main themes emerging from the data is that the respondents clearly felt that the government should do more to fund training. The following comments were fairly typical responses

*All training costs should be accepted as before-tax costs*

*Provide financial support and make vocational training policies more encouraging to enterprises*

*Provide free vocational training*

*Provide free/ lower-fee training courses for employees who cannot afford normal fees.*

*Reduce taxes when enterprises cooperate with other organizations*

*Reduce training fees*

*Students in vocational training schools, colleges and universities should receive training fee support and have more practice.*

*Tax deduction or incentive taxes*

*Free or low-cost training courses*

*Establish training centres for the poor and provide training fee support*

There is good evidence to suggest that the employers supported training for young and older workers alike, but felt that the Vietnamese government could do more to support organisations financially. The suggestion of free training for those who need it or the

provision of tax breaks for those companies engaged in providing training could be workable as long there is a robust regulatory framework in place to support and manage the process. Alongside financial considerations, some employers suggest the government could offer support in very specific areas. For example

*Provide more mechanical training and the training should be more practical.*

*There should be more training in computer, accountancy software and WTO information. Courses should be provided free of charge.*

*Computer installing courses should receive more attention and encouragement*

*Hold more specific professional training rather than generic training*

*Hold short-term training courses to improve knowledge for managers*

*Trained labour should meet our factory's demand for better English skills. Practice semester at school should be strictly organised as if it was carried out in real working conditions*

However, there was also a view that, regardless of what specific mechanisms were offered to support the training of labourers, the Vietnamese government had a central coordinating role to play that the government should liaise closely with employers and employer bodies to ensure that the training and supported offer actually meets the needs of industry and that is was of high quality. There was also some suggestion that as the organisations pays corporate taxes and contribute to the national budget that the Government should have direct responsibility for training. Some respondents went further and suggested that the Government should open more vocational training centres perhaps linked with specific growth areas such as tourism. Others felt that organisations could also be more proactive regardless of the training provided and that they should ensure that all employees should have training plans in place for employees.

The respondents were next asked what the government could do in relation to policies to support industrial relations. Again, as with the previous question, financial resources and support featured very heavily in the respondent's replies and were often focused on the need for more social welfare and social support. In addition, there was a specific concern relating to the role of women in the labour market, with some respondents suggesting that more support could be offered for maternity leave.

*Have specific regulations so that the companies can claim back the training fees from the workers when they break the labour contracts after being trained.*

*Increase effectiveness of health and social insurance.*

*High price of living goods, government should be having action and policy to protect benefit of the people.*

*Provide training cost support, revise social insurance policies to guarantee workers' rights, health and jobs.*

*Clear social insurance policies.*

*Good living standards for workers after training.*

*Reform salary policy for pensioners*

*Specific supporting policies for employees like health and social insurance policies, policies for expecting mothers.*

*At least 6 months maternity leave for women.*

There was also a great deal of concern expressed about industrial action and the workers right to strike. This ranged from employers requesting tighter restrictions on industrial action to other want clarification as to what constitutes a legal strike and what does not. There were also request for greater dialogue between government, employers and employees

*Make laws to avoid so high frequency of strikes around Vietnam for enhancing international competitiveness. The Government should have actions and policies to protect people against high inflation*

*Clear policy for a legal strike, how to identify it's a legal or illegal strike.*

*Not the same treatment between State-owned and private companies. Should cooperate to resolve conflicts, companies should be able to suit their workers when they break the laws.*

*Employers should have regular meetings with employees, the role of the trade union should be increased and there should be more direct contacts to update news.*

*More dialogues between Government and industries.*

More generally, there were numerous suggestions that that the Vietnamese government should tighten up labour laws and labour policy to assist both employers and employees

*Improve labour policies.*

*The Government should have good policies and specific guideline about salary to encourage workers to work in enterprises in long-term and help enterprises keep their good workers.*

*Labour policies should be more specific instead of being too general.*

In the next section, the respondents were asked to reflect on possible amendments in laws or employment regulations in relation to the recruitment and laying-off of employees. The

central themes here focused on the reform of labour law and policies in relation to areas such as training, the setting of salaries and wages and employment rights

*Before firing, employees should be re-trained for 3-6 months and re-evaluated. Before signing contract for probationary period, they should be trained for no more than 3 months and their wage during the training should count towards the enterprises' train.*

*Before training the workers companies should be trained on what measures they can take in case their workers break the labour contracts. When the employees break the contract after being trained and the companies suffers from a lot of damages and high turnover.*

*Enterprises should have all rights to decide own salary levels.*

*Have stricter laws to help enterprises deal with cases when workers move to other places after training.*

*The Labour Code should be revised because it is now easy for employees to quit jobs but difficult for enterprises to fire their employees*

In relation to laying staff off and redundancies there were also suggestions relating to reform and clarification of government policy and there is also clearly a need for employers and employees to be clear about their rights.

*More clarification and frames for employment termination*

*No lay-off based on unreasonable reasons, the rights of the fired employees should be protected*

*Laying-off only when workers are do not come for 5 days per month is too long; it causes high absence rate*

*The regulations concerning lay-offs read when the workers steal something, they can be fired. If a pregnant worker steals, we cannot fire her right away. So the Government should amend this regulation.*

*We should give employers more legal rights to lay-off workers. Base the legal concern, we should loose the limit for employers to lay-off the employees who have bad performance.*

In the final two open-ended questions the respondents were asked what amendments they would propose to employment contract. The following responses were quite typical:

*After being training, an employee should not be allowed to work for other enterprises in the same area in at least 3 years since they quit the current employer.*

*After probation, the labour contract should be 1 year.*

*Clarify that employees have health and social insurance. Strict punishment should be organised when they break the laws and bonus offered when they follow.*

*It should be allowed adding to the labour contract the term that the employee should go to work regularly in order to help overcome difficulties of higher net expenses. There should be only one type of labour (indefinite time) contract.*

*More detailed and specific in terms regarding income to conform with the Personal Income Laws, Health and Social Insurance Laws; define 'salary' and 'income' to avoid frauds in tax filing*

*Teachers at school should provide more training and education to students to improve their legal awareness. The society and public organizations should also provide this kind of training to people. Factories take too much responsibility in educating people*

*Better support enterprises in training and keeping employees*

*Changes in Trade Union and social insurance. The Trade Union leaders should be voted and managed by employees. Clear social insurance*

*Current definition of workers violent fighting is lacking specifics and sanction. We can't dismiss an employee who beat other workers if no deadly injury is caused; we recommend a clear standard to maintain discipline and protect other workers.*

*Most employees work for a long time and make contribution but some do not obey laws because of bad influences from the society.*

Overall the qualitative responses to the open-ended questions do highlight a number of interesting areas relating to the reform, or tightening up of labour market policy and practice. The respondents were obviously very keen for the Vietnamese government to provide more resources and offer a stronger regulatory framework for training but also clearer wanted clarification and guidance more generally.

## SECTION FOUR: FUTURE LABOUR NEEDS

In this final section we look at the future labour needs of the participating organisations. This section of the survey began with a question about the extent to which respondents felt able to meet current demand for different types of staff: managerial, technical, low skilled and sales staff. As can be seen in Table 4.1 there was a feeling amongst the respondents that they are not meeting current demand for high level staff in either professional/managerial roles or high skilled technical staff. More than half of organisations indicated that they did not meet demand for quantity and quality of managerial staff, technical staff and high-level technical workers. This suggests that there are serious shortages of highly qualified individuals in the labour market at present due, in part, to rapid change and restructuring particularly in the industrial sector. Whilst this issue appears to impact on all organisations regardless of ownership or sector, further analysis of the data reveals that the lack of highly skilled staff is felt most keenly by organisations in the industrial sector. For example, some 67% of these respondents did not feel able to meet demands for managerial staff, 68% for the right quantity, quality and level of technical staff. By contrast, in the service sector the corresponding figures are 52% and 51%.

This problem is not, however, restricted to higher-level jobs. A number of organisations also reported that they did not meet the demand for low-level technical skills, sales staff and manual workers either. Although the number of employers indicating that they cannot meet demand in these areas is smaller than the number who cannot meet demands for higher level staff, the data nevertheless indicates that this problem is not just related to high end, high skilled work but appears to be distributed across all levels of skills requirements.

**Table 4.1 We Currently Do Not Meet Demand For**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Quantity and quality of managerial staff	5.5	8.5	25.4	38.3	22.4
Quantity and quality of technical staff	5.6	10.6	23.2	38.9	21.7
Quantity and professional structure of high level technical workers	9.7	8.1	26.9	34.9	20.4
Quantity and quality of medium/low level technical workers	15.6	14.5	43.9	18.5	7.5
Quantity and quality of office and sales staff	9.9	12.2	38.1	30.4	9.4
Quantity and quality of manual workers	18.7	29.2	31.6	12.3	8.2

N= 171 – 201

Employers are very aware that the issues around skill shortages are unlikely to disappear. Indeed, when asked about future skills demands the overwhelming majority of respondents indicated that they foresee big increases in the demand for managerial, technical and highly skilled workers (Table 4.2). The table reveals that across all sectors the predicted future demand for skilled employees was recognised. When the data is analysed according to industrial sector, size of organisation and ownership this trend remains constant with employers from all sectors indicating that the future demand for skilled staff will increase. Respondents were also aware that they will need to be ready for new skills which may be required as a result of new technologies and working methods. This was a particular issue for large companies (1001+ employees) and state-owned enterprises, over 80% of whom were aware that they may require access to employees with new skills sets in the next five years, in contrast to 58% of foreign owned companies and 61% of privately owned companies. This may suggest that state-owned companies have more anxieties that they may not be able to meet future skills requirements.

**Table 4.2 We Think That in the Next Five Years There Will be a Big Increase in the Demand For**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Managerial staff	2.6	5.1	23.0	41.8	27.6
Technical staff	2.0	6.0	15.1	44.7	32.2
High skilled workers	2.5	3.0	13.7	39.1	41.6
New skills which will be required as a result of new technologies/working methods	2.3	3.4	22.6	42.4	29.4

N= 177 - 199

A continuous programme of improving HR strategies was seen as vital to ensuring that HR departments are ready to meet future needs (Table 4.3). Encouragingly, respondents are also very aware of the needs to forecast not only future growth areas in skills requirements but also skill areas and jobs that may decrease so that plans can be made for the re-training and re-deployment of staff.

**Table 4.3 We Take the Following Measures to Ensure Human Resource is Available for Future Needs**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Continued improving HR development strategy to adapt to business strategy	0.0	0.5	11.4	29.9	58.3
Forecast the skills that will decrease and plan for employee re-deployment	2.0	4.6	24.5	37.8	31.1
Forecast the volume and quality of high level employees required in the future	0.0	2.4	23.6	41.8	32.2
Forecast new professions/ skills needed in the future and plan 2.0 training accordingly	1.5	30.5	36.0	30.0	
Implement collaborative training strategy with training institutions	4.1	10.7	24.5	32.1	28.6
Re-arrange own human resources towards more outsourcing	11.4	10.3	33.2	26.6	18.5

N= 184 - 211

**Table 4.4 To Support Us in Labour Issue, VCCI Should**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Advocate for improved Government policy on vocational training	2.6	2.6	17.4	23.7	53.7
Advocate for improved Government policy on labour market development	1.5	2.6	11.7	30.1	54.1
Advocate for improved Government policy on industrial relation stabilisation	1.0	3.1	12.2	28.6	55.1
Carry out research and build database of labour demand and supply sources	0.5	4.9	18.0	23.0	53.6
Provide seminar, training, advisory service relating to vocational training	1.0	5.8	19.9	26.2	47.1
Provide seminar, training, advisory service relating to human resource management	1.0	1.5	14.2	25.9	57.4
Provide seminar, training, advisory service relating to labour standards/ conditions	1.1	3.7	20.9	30.5	43.9
Provide seminar, training, advisory service relating to employment contract/ agreement	2.1	3.7	22.2	24.9	47.1
Provide seminar, training, advisory service relating to industrial relations	1.0	4.7	18.1	24.4	51.8
Advise and recommend local training and labour supply organisations	1.1	6.4	18.1	30.9	43.6
Advise and recommend international training and labour supply organisations	11.0	13.4	26.7	23.8	25.0
Facilitate the signing of collaborative training contracts	8.9	10.7	33.3	26.2	20.8

N=168 - 196

Respondents were then asked for their response to a series of suggestions about what the VCCI might be able to do to support them in labour market issues. In the main, respondents were overwhelmingly keen that the VCCI should try to act on each area and this trend was apparent regardless of sector or ownership. However, the concept of collaborative training contracts and the idea that the VCCI should be recommending international training and labour supply sources were not as supported as many of the other suggested measures. This

does seem to be slightly at odds with the earlier finding that respondents rated those who had been training abroad very highly. However, it perhaps suggests that employers believe that national training programmes should be improved and tailored more to the needs of the labour market.

What is apparent from this data is that employers are keenly aware of the current and future labour needs in Vietnam. All respondents reported current difficulties in meeting demand for more highly skilled staff and predicted difficulty in recruiting skilled technical and managerial staff in the next five years. This concern reflects recent changes in the Vietnamese labour market. Without doubt the impact of the recent modernization of the industrial sector, the move away from an industrial sector characterised by low productivity, a reliance on outdated machinery and a lack of modern technology, has resulted in high demand for skilled staff amongst all employers (Jenkins, 2004). At present the shortage of appropriately highly skilled staff is a preoccupation amongst employers and, more concerning is that businesses seem to predicting that these shortages will persist and even worsen in the next five years. Almost a decade ago Sakellariou and Patrinos (2000:147) suggested that in Vietnam, 'trained technical labour accounts for only a small fraction of the total labour force ... consequently there is a shortage of high level technical experts, skilled technical workers, administrative and managerial experts...'. Some ten years later our data shows that this picture does not appear to have changed very much and employers remain fearful that their future needs for skilled labour will not be met. The support from employers for intervention from the VCCI and the government on a number of measures, focused primarily on the need for government policy in areas relating to vocational training would suggest that employers continue to seek external support in meeting their current and future labour demands.

## **SECTION FIVE: RECOMENDATIONS**

Based on the findings the CLMS research team have a number of recommendations to offer:

- VCCI may consider replicating this survey in a year to two years time to examine if the issues raised by employers are changing and to attempt to enhance the response rate.
- This survey is very much about demand as opposed to supply. As such, and to obtain a fuller picture, it may be worthwhile for VCCI to commission a survey of educational establishments in order to ascertain their views on, and role in, the skill development and supply of young workers.
- Surveys offer broad insight into trends without providing access to the detail. Again, VCCI may wish to consider commissioning a number of qualitative case studies (perhaps related to each sector of the economy) to obtain a detailed picture of the issues presented here.
- A greater emphasis should be given to linking needs of employers with the national vocational education and training system.
- VCCI could engage with employers to determine where support on HR and training issues is most needed.
- This is a survey of employers rather than young workers themselves. It may be beneficial for VCCI to consider exploring a number of the themes raised here with young workers themselves. It would also be beneficial to examine the extent to which the aspirations of young workers match available positions within the labour market.
- Employers clearly value training and appreciate the impact that training young people can have for their enterprise. However, the employers clearly felt that more financial and regulatory support was required to ensure that the training offered relates to their skill needs and the needs of the enterprise.
- There is a need for investment in the development of highly skilled and trained staff throughout the labour market to meet the changing demands of the economy.
- VCCI and government should do more to alleviate and potential barriers to the training of young workers such as the shortage of trainers, shortage of equipment and the fear of losing trained staff.

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