

Who are Viet Nam's 18 million wage workers? ¹

Since the inception of the *Doi Moi* reforms in 1986, Viet Nam's transition to a market-oriented economy has driven economic and social change while transforming Viet Nam's labour market. In order to build upon its successful reforms, Viet Nam will need to accelerate structural change and modernize its labour laws and industrial relations to foster future growth in high value-added products, promote decent work across sectors, and to improve productivity in an increasingly diverse economy.

Viet Nam's success in achieving lower middle-income status in 2010 brought with it an increase in the number of workers employed in the formal economy. These new wage employees were primarily clustered in major cities and within certain industries, such as the garment industry and the state sector. In 2013, wage employees made up 34.8 per cent of total employment, or 18.2 million persons.² This represented an expansion over the preceding decade from 13.5 million in 2005 (29 per cent of total employment). Based on a simple linear projection of past trends, it is anticipated that wage employees may total 25 million, or 44 per cent of all workers, by 2025.³

Often associated with better working conditions and socio-economic status, wage employment contributes to alleviating poverty and achieving socio-economic development milestones. In this context, better understanding of the dynamics in, and composition of, wage employment could assist policy makers to improve policy design and help to achieve Viet Nam's economic and social goals in the coming years.

Who are Viet Nam's wage employees?

Table 1. Wage employment by sex and age group, 2013 (thousand and per cent of total employment)

	Ages	Ages	Ages	Total
	15-24	25-54	55+	
Total (000s)	3,317.1	13,852.2	1,016.2	18,185.4
Male	1,881.4	8,101.1	733.0	10,715.6
Female	1,435.7	5,751.1	283.1	7,469.9
Total (% of total employment)	44.7	37.6	12.8	34.8
Male	45.7	43.3	18.4	39.9
Female	43.4	31.7	7.2	29.4

Source: Author's estimates based on General Statistics Office (GSO): Viet Nam Labour Force Survey 2013.

The majority of wage employees, 76.2 per cent, are of prime working age (ages 25 to 54); but as a share of total employment, wage work is more common among young people aged 15 to 24 years (46.6 per cent). This is significant as it illustrates one of the key characteristics of the Vietnamese labour market today; that a large

proportion of young people – many of them first-generation of wage workers – find jobs in the gradually expanding formal economy, especially in the dynamic exported-oriented sectors such as garment and electronics.

In terms of marital status, seven in ten wage employees are married. This highlights the importance of parental leave and flexible working arrangements; family friendly policies which are key labour market policies in developed economies and important considerations for employers hoping to attract and retain the best talents.

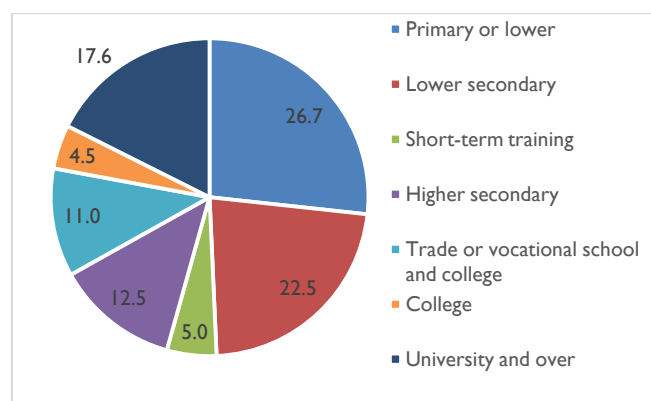
Women in wage work are more likely to be widowed or divorced than men, 7.4 per cent and 1.9 per cent, respectively. While perhaps attributable to the discrepancy in female and male life expectancy in Viet Nam, it nevertheless provides an important insight for policy makers in insuring against the increased vulnerability of women, particularly sole mothers. Policies that encourage the retention, development and promotion of female workers, particularly the take-up of social insurance and the aforementioned access to flexible working arrangements for parents, are essential in designing future labour and social laws which govern employee working conditions.

How educated are wage employees?

Many wage employees have relatively low education backgrounds. About half of wage employees have lower secondary education or less (see Figure 1), however, this does not necessarily correlate with their skill level which may be higher based on their acquisition of on-the-job trainings.

For one in five wage employees, the highest level of education attended or completed is higher secondary or trade or vocational school or college. Furthermore, the share of wage employees who have at least commenced university is higher among women (20.3 per cent) than men (15.7 per cent).

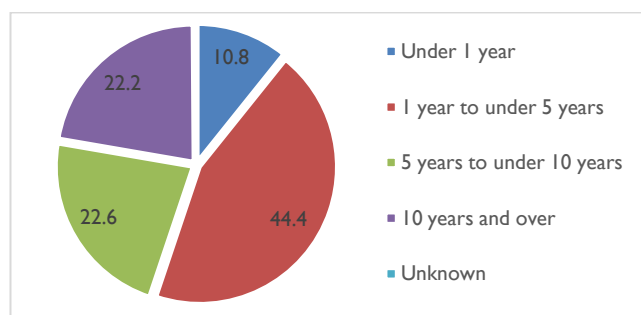
Figure 1. Highest level of education



How experienced are wage employees?

In terms of work experience, 44.4 per cent of wage employees have been at their current workplace for between one and five years (see Figure 2). Those with between five and ten years' experience account for 22.6 per cent of all wage employees, and a similar share has more than ten years of experience. Only one in ten wage employees have been in their main job for less than one year.

Figure 2: Years of experience in main job



Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

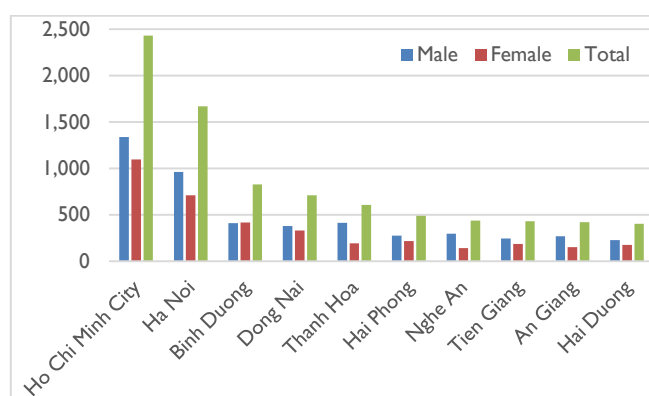
The fact that over 75 per cent of wage workers have been with their current employers for less than 10 years reflects partly the young age of workers and partly the current labour market reality. Many first-generation wage workers, especially migrants, start their working life in the export-oriented manufacturing sector but after a few years they leave to set-up their own small businesses as self-employed, or return to household enterprises as contributing family workers or move to small- and medium-sized firms where employment relationship often remains an informal one (no employment contract). This labour market reality needs to be taken into account in the future development of social protection policies and well as in the reform of the labour law and industrial relations system.

Where do Viet Nam's wage employees work?

Wage employment is geographically concentrated. The top ten provinces where wage employees are based account for 46.4 per cent of all employees, or 8.4 million workers (see Figure 3). HCM City accounts for 13.4 per cent of all wage employees, followed by Ha Noi (9.2 per cent). Binh Duong, the third largest province in terms of wage employment, constitutes 4.6 per cent of the total. All of the top ten localities have more than 400,000 wage workers. Considering the tendency for economic activity to concentrate in major urban environments and near developed infrastructure, it is not unexpected that such areas correlate with increased wage earning activity.

Regionally, five of the top ten provinces are located in the southern part of the country (HCM City, Binh Duong, Dong Nai, Tien Giang, and An Giang), three in the North (Ha Noi, Hai Phong, and Hai Duong), and two in the North-Central region (Thanh Hoa and Nghe An).

Figure 3: Wage employment by sex and province, top ten, 2013 (thousand)

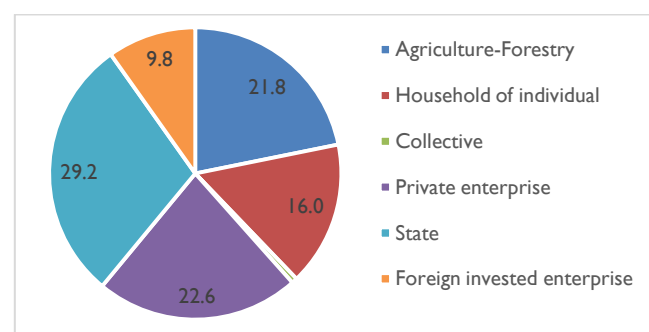


Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

In which sectors are wage employees employed?

By institutional sector, the main employer of wage employees is the state, followed by private companies and agriculture (see Figure 4). Agriculture and the state sector are the largest employers of male wage employees, each accounting for one in four. In contrast, while one in three women in wage work are public employees, only one in six work in the agricultural sector.

Figure 4. Wage employment by sex and institutional sector, 2013 (per cent)



Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

Foreign invested enterprises account for only 9.2 per cent of overall wage employment. However, 65.4 per cent of their workers are women, largely correlating with the preponderance of women employed in manufacturing industries such as garment manufacturing.

The share of wage employees in private enterprises is also higher for women than for men, 23.8 per cent compared to 21.7 per cent, partly reflecting the sectoral composition of the private sector in Viet Nam.

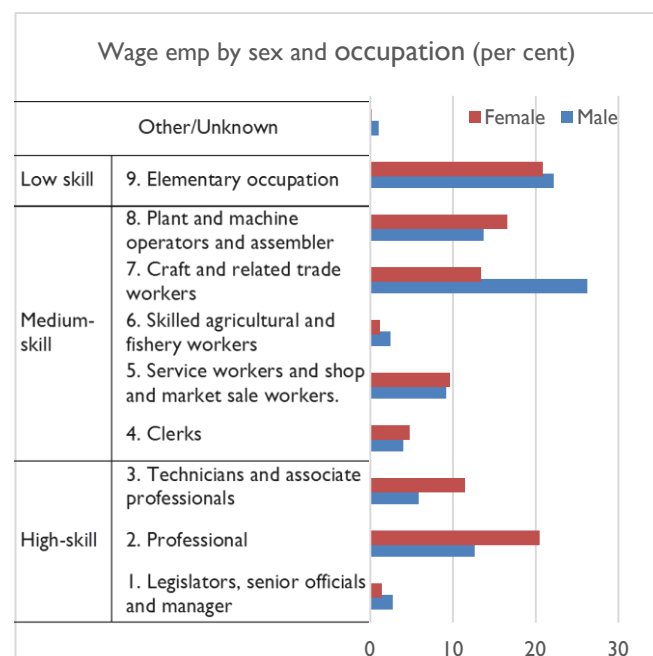
How skilled are Viet Nam's wage workers?

Approximately half of wage employees are in medium-skill occupations, while 26.2 per cent are in high-skill jobs and 21.7 per cent in elementary occupations (see Figure 5). Salaried women are more likely to work in high-skill occupations than their male counterparts – one in three women in contrast to one in five men.⁴

Gender imbalance is a common feature of Viet Nam's labour market....

Women are overrepresented in two of the three high-skill occupational groups: 57.8 per cent of salaried technicians and associate professionals and 53.1 per cent of salaried professionals are female. Women are also prevalent in plant and machine operators. In contrast, men account for four in five salaried skilled agricultural and fishery workers and make up a similar proportion of salaried craft and related trade workers.

Figure 5. Wage employment by sex and skill level, 2013 (per cent)



Note: ISCO-88 1-digit major group.

Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

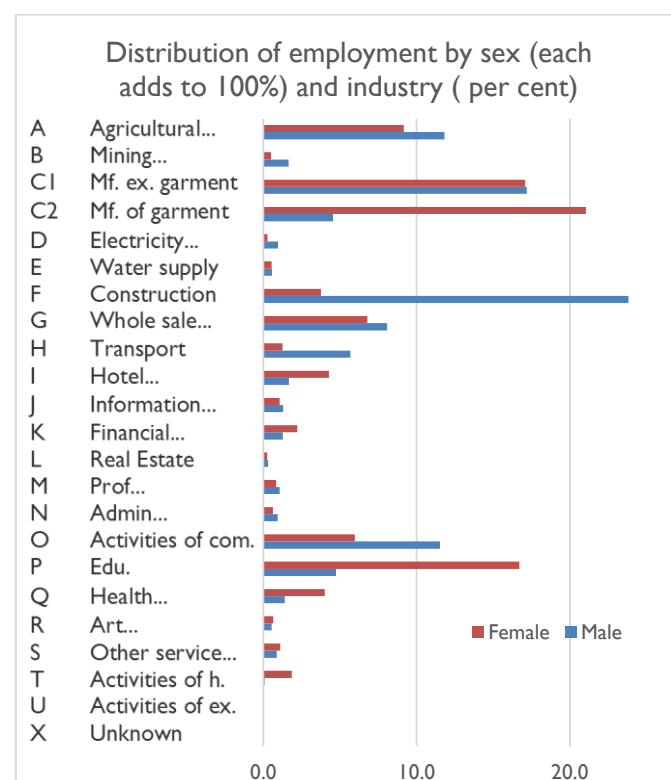
By economic sector, manufacturing is the main employer of wage employees in Viet Nam: 28.5 per cent of the total or 5.2 million workers (see Figure 6). The garment sector alone accounts for approximately 2 million wage employees, with women constituting 76.4 per cent of that industry.

Construction is the second largest employer of wage employees (15.6 per cent), followed by agriculture, forestry and fisheries (10.7 per cent). Both are male-dominated sectors, with men accounting for 90.1 per cent of wage employees in the former, 64.9 per cent in the latter.

Gender imbalances are also found in other sectors. Women wage employees account for 94.1 per cent of activities of households, 71.1 per cent of wage employees in education and training and over 64 per cent of wage workers in human health and social work, and hotels and restaurants. In contrast, men account for over 80 per cent of wage employees in mining and quarrying, utilities, and transportation. Men account for more than 63 per cent of wage employees in the communist party and other socio-political organizations, administrative activities,

technological and scientific activities, real estate, information and communications, and wholesale and retail trade.

Figure 6. Wage employment by sex and industry (per cent)



Please refer to the endnote⁵ for the full name of the industries

Note: ISIC-Rev. 4, 1-digit sector level.

Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

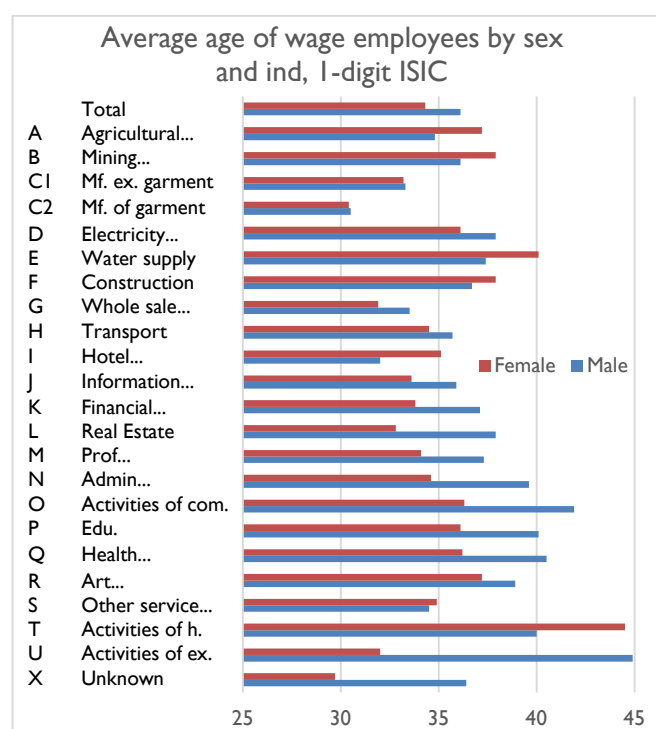
How old are wage employees?

The average age of wage employees is 35.3. Men are on average two years older than women, 36.1 years versus 34.3 years. Wage employees in domestic labour are the oldest, averaging 44.2 years of age. Those involved in the communist party and other social-political organizations are the second oldest, averaging 40.4 years of age, followed by wage workers in the water supply and sewerage sector (38.5 years). Conversely, garment workers are the youngest wage employees, at 30.4 years old, followed by those in wholesale and retail trade (32.9), and other manufacturing activities (33.2).

How much do Viet Nam's employees earn?

The average monthly earnings of wage workers in 2013 was VND4,120,000 (US\$188.89). Salaried men earned 10.4 per cent more than their female counterparts; VND4,287,000 (\$196.54) compared with VND3,884,000 (\$178.07).

Figure 7. Average monthly earnings of wage workers by sex and industry, 2013 (thousand VND)



Please refer to the endnote⁵ for the full name of the industries

Note: ISIC-Rev. 4, 1-digit sector level.

Source: Author's estimates based on GSO: Viet Nam Labour Force Survey 2013.

By economic sector, average monthly earnings range from VND11,229,000 (\$514.81) in activities of extraterritorial organizations and VND7,230,000 (\$331.47) in the finance sector to merely VND2,346,000 (\$107.56) in activities of households and VND2,630,000 (\$120.58) in the agriculture sector (see Figure 7).

Internal migration and wage employment

Approximately 38 per cent of wage workers (6.9 million) have migrated internally. The share of women (47.5 per cent) working outside their home province exceeds that of men (31.5 per cent), noting wage employees in the male dominated construction industry are the least likely to have moved (24.1 per cent). The number of internal women migrants in wage employment is also greater than men: 3.55 million females compared with 3.37 million males. This is consistent with the general trend towards urbanisation observed in Viet Nam in recent decades.

Implications for policy development

The labour force data on wage employees reveals a portrait of a dynamic, young workforce, willing to migrate within Viet Nam to find work, but one with a diverse mix of education and skill levels. A notable gender imbalance exists between sectors with particular industries attracting women, such as garment manufacturing, and others attracting men, such as construction, fishing and agriculture.

The prevalence of female workers and married workers more generally, highlights the policy imperative to accommodate their needs in order to maximise the social and economic benefits gained from structural change and economic growth.

The incidence of low and medium skill wage employment, as well as low wage levels, underlines the need for Viet Nam to build upon efforts to increase the education and skill level of its workforce and to use innovative employment and industrial policy to encourage high value-added sectors. This will be crucial if Viet Nam is to avoid the middle income trap that has ensnared other similar developing economies.

This data provides a timely and useful addition to the evidence-base for the design of a wide range of policies, including employment, social security, education and training, and in considering future demand for services, such as child care, and infrastructure needs such as housing. The future expansion of the formal economy and wage employment brings with it many opportunities to improve social and economic outcomes and reformed labour laws and industrial relations could play an integral part in furthering Viet Nam's development.

¹ This note was prepared by Fernanda Bárcia of the ILO Regional Office for Asia and the Pacific, with contributions from Phu Huynh and Gyorgy Sziraczki. Comments and inputs were received from Tite Habyakare, Phillip Hazelton and Thuong Nguyen.

² Persons who hold an employment contract (written or oral) with public or private institutions or individuals, who worked (for at least one hour in the previous week) in exchange for remuneration in wages, salary, or in kind – remuneration not dependent upon the revenue of the enterprise.

³ Author's estimate from a simple linear projection of past trends since 2005 based on GSO: Labour Force Survey (various years) and ILO: Trends Econometric Model, October 2014.

⁴ High-skill occupations include ISCO-88 major groups 1, 2, and 3. Medium-skill occupations include groups 4, 5, 6, 7, and 8. Low-Skill occupations include group 9. ILO: *International Standard Classification of Occupations: ISCO-09: Volume 1: Structure group definitions and correspondence tables* (Geneva, 2012).

⁵ Glossary: A. Agriculture, forestry and fishery; B. Mining and quarrying; C1. Manufacture exclude garments, textiles and foods; C2. Manufacture of garments, textiles and foods; D. Electricity, gas, steam and air-c; E. Water supply; sewerage, waste manage; F. Construction; G. Wholesale and retail trade; repair of; H. Transport and storage; I. Hotels and restaurants; J. Information and communications; K. Financial and insurance activities; L. Real estate activities; M. Professional, scientific and technical; N. Administrative and support service ac; O. Activities of communist party, social; P. Education and training; Q. Human health and social work activities; R. Arts, entertainment and recreation; S. Other service activities; T. Activities of households as employers; U. Activities of extraterritorial organisation; X. Unknown/unclassifiable.

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