

# The Future of Work for the Asian Youth

## Country Profile: Vietnam

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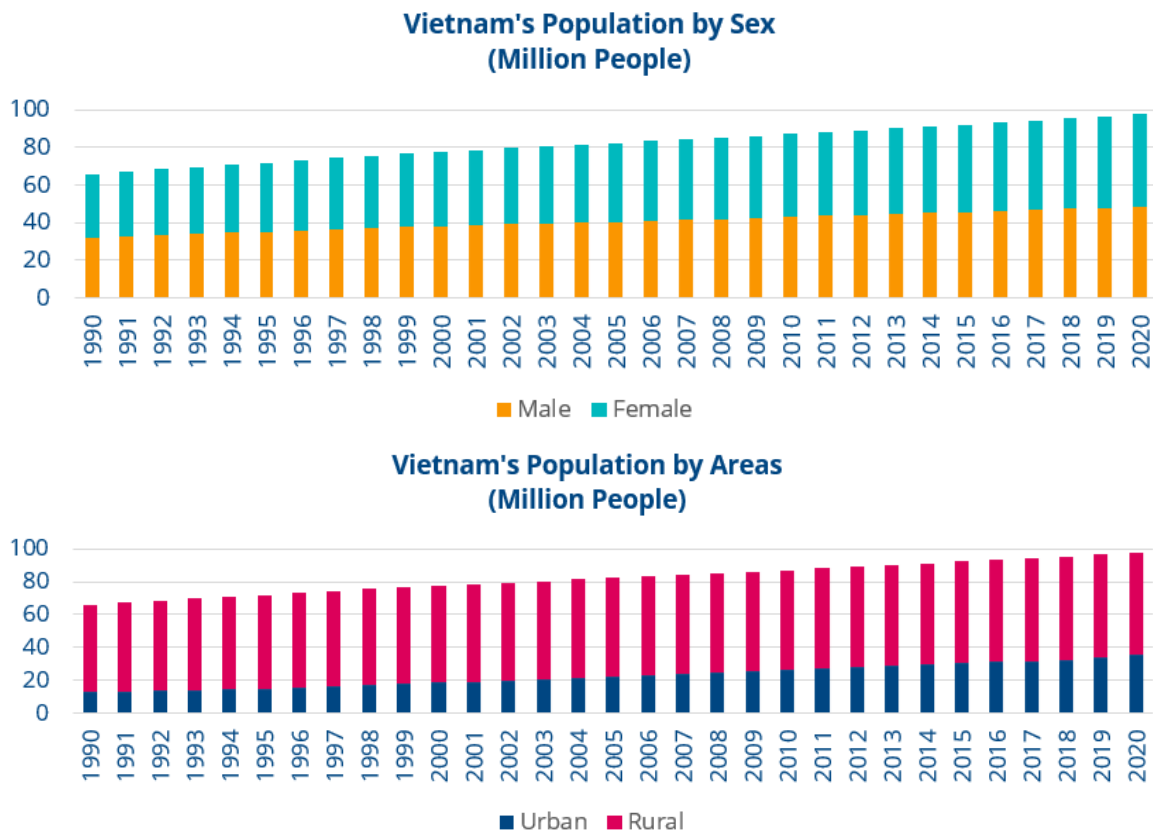
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## I. Introduction

Vietnam has received much applause from the international community for its remarkable development over the past 30 years, transforming the country from one of the poorest nations in the world into a lower middle-income country with a great potential for integration further to the global economy. Although being slowed down during the crisis caused by Covid-19, overall, the Vietnamese economy has been resilient with GDP continuing to grow by 2.91 percent in 2020 according to Vietnam’s General Statistics Office (“Vietnam’s GSO”).<sup>1</sup>

Vietnam has a large population size with a relatively young population and is said to have entered a period of the “golden population structure” which could provide a great economic leap if used appropriately. According to Vietnam’s GSO, as of 2020, the country’s population has reached 97.58 million people, with 50.2% of the population being women and 63.2% of the population living in rural areas.<sup>2</sup> Population growth in recent years has led to an increase in the labor force and is an important competitive advantage of Vietnam in attracting foreign investment to contribute to its socio-economic development.

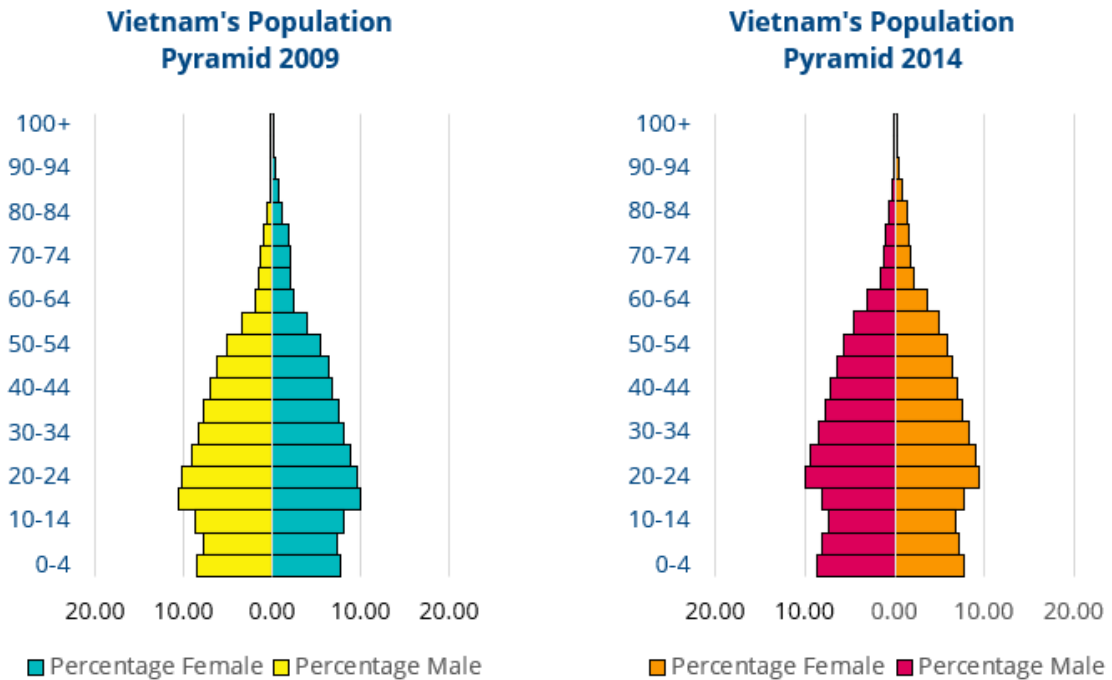


(Source: Vietnam’s GSO)

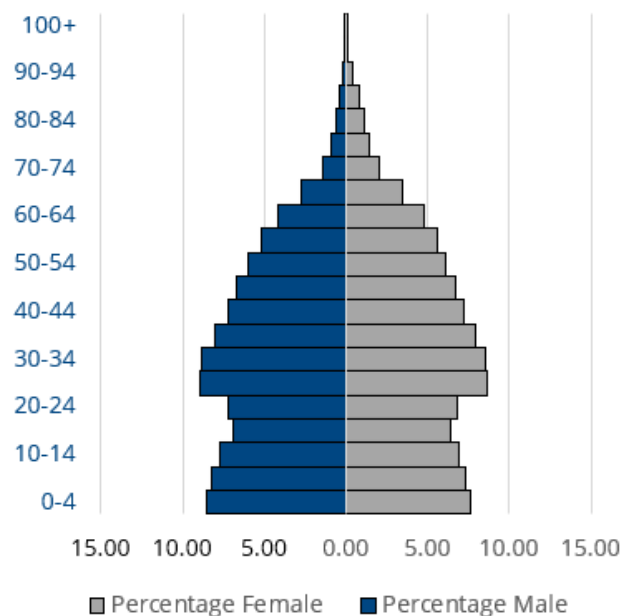
1 Vietnam’s GSO: <https://www.gso.gov.vn/en/data-and-statistics/2021/01/socio-economic-situation-in-the-fourth-quarter-and-the-whole-year-2020/>

2 Vietnam’s GSO: <https://www.gso.gov.vn/en/data-and-statistics/2021/01/infographic-population-labour-and-employment-in-2020/>

However, the age structure suggests Vietnam's population is on the path towards an aging society. The shape of the Vietnam's population pyramid has changed over the years from 2009 to 2020, with the largest portion of the population moved gradually towards higher age groups. If in 2009, the population aged 15-24 years old accounted for 20% of the population, this ratio in 2014 shrinks to 17.5% and in 2020 to 13.68%.



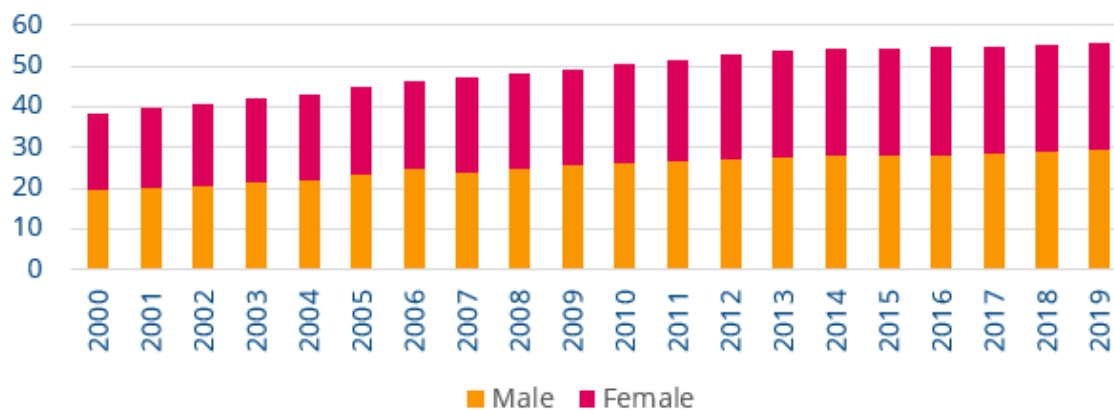
**Population Pyramid for Vietnam 2020**



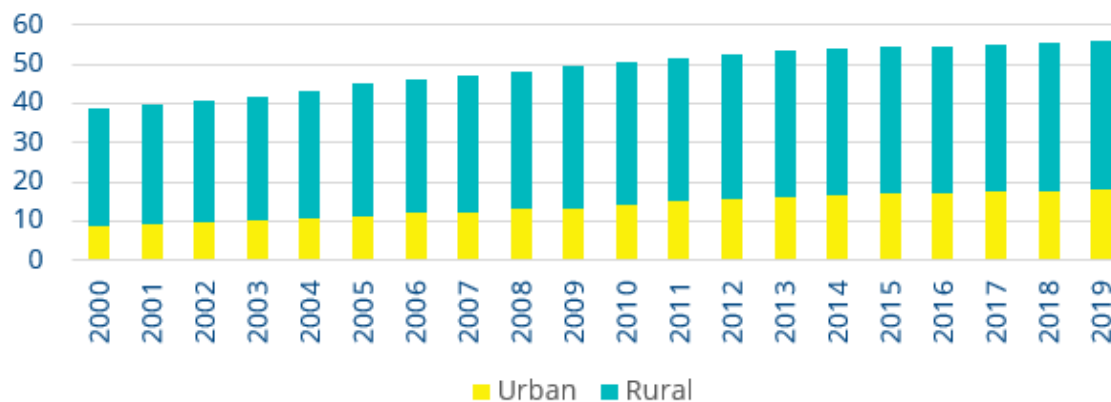
(Source: <https://www.populationpyramid.net/viet-nam>)

Nevertheless, the Vietnamese labor force of more than 50 million people above 15 years old has been a foundation for the success of the Vietnamese economy.

**Vietnam's Labor Force at Age 15+ by Sex  
(Million People)**



**Vietnam's Labor Force at Age 15+ by Areas  
(Million People)**



(Source: Vietnam's GSO - <https://www.gso.gov.vn/en/employment/>)

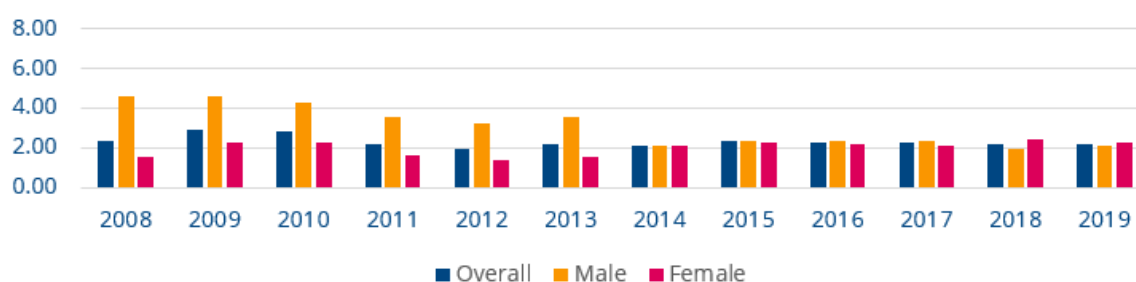
In terms of labor force structure, the proportion of men is higher than women with over 50% of the labor force above 15 years old being men. The unemployment rate of female workers is quite high compared to male workers, possibly due to health limitations, conflicts between birth and work, and low chances of finding satisfying jobs after giving birth.<sup>3</sup> Most of the labor force still concentrate in rural areas, although this proportion has decreased from 76.9% in 2000 to 67.6% in 2019.

Also, according to Vietnam's GSO, as of 2020, the number of workers working in the informal sector is 20.3 million people, taking up 56.2% of the total employment and an increase of 119.1 thousand people compared to 2019, and the number of workers working in formal

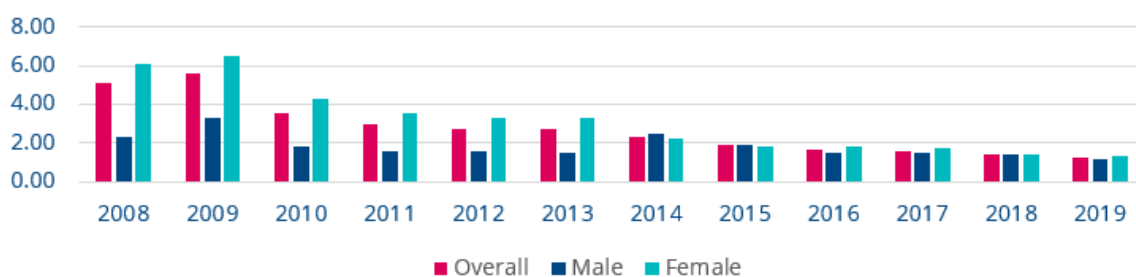
3 The situation of Vietnamese labor force and proposed issues, The Online Finance Magazine: <https://tapchitaichinh.vn/nghien-cuu-trao-doi/thuc-trang-luc-luong-lao-dong-viet-nam-va-mot-so-van-de-dat-ra-302133.html>

sector is 15.8 million, a decrease of 21.1 thousand people compared to 2019. Such increase in the proportion of workers in the informal sector was said due to the impact of Covid-19 pandemic during which the economy has faced many difficulties forcing businesses to reduce labor and recruit seasonal workers, which, in turn, leads to a decrease in the number of formal employees and an increase in the number of informal workers.<sup>4</sup>

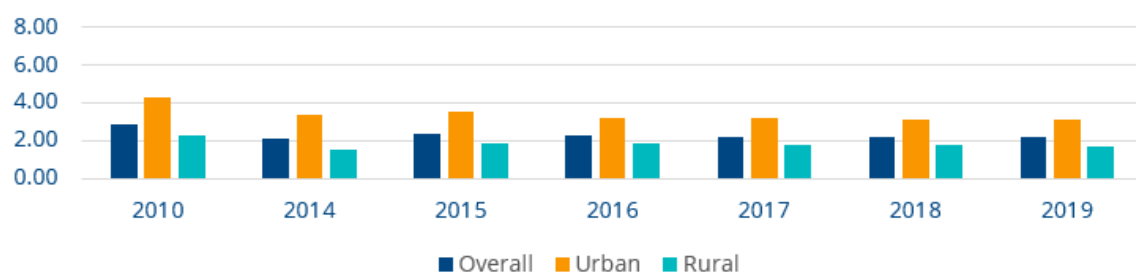
**Vietnam's Unemployment Rate by Sex**



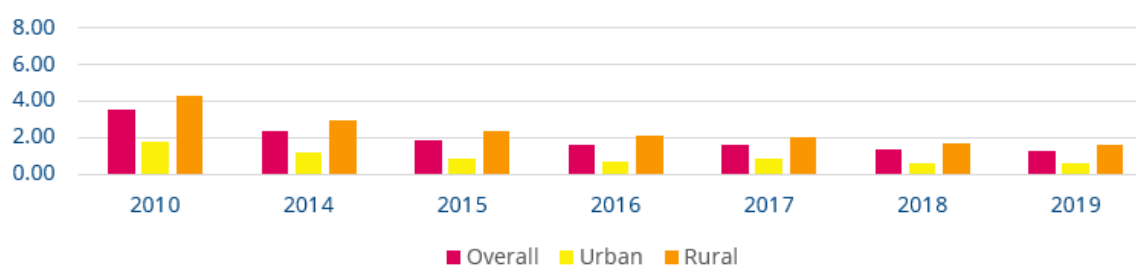
**Vietnam's Underemployment Rate by Sex**



**Vietnam's Unemployment Rate by Areas**



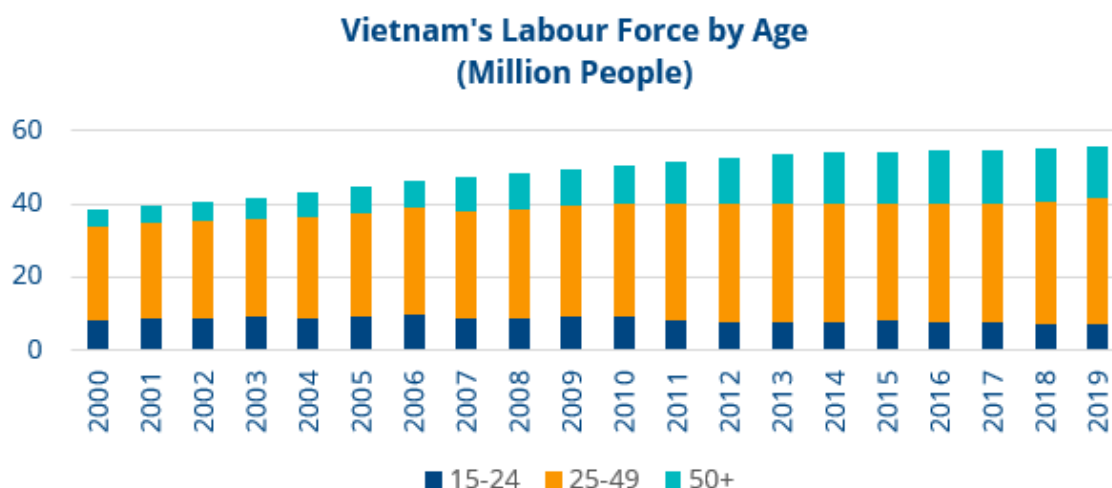
**Vietnam's Underemployment Rate by Areas**



(Source: Vietnam's GSO - <https://www.gso.gov.vn/en/employment/>)

4 Vietnam's GSO, Covid-19 Impacts on Labor and Employment Situation in Quarter IV of 2020: <https://www.gso.gov.vn/en/data-and-statistics/2021/01/covid-19-impacts-on-labour-and-employment-situation-in-quarter-iv-of-2020/>

The unemployment rate of workers within the working age group is 2.17% (2019), in which the ratio for men being 2.09% and for women being 2.26%; the ratio for urban areas being 3.11% and rural areas being 1.69%. The underemployment rate of workers within the working age group is 1.27% (2019), in which the ratio for men being 1.19% and for women being 1.37%; the ratio for urban areas being 0.63% and rural areas being 1.59%. According to Vietnam's GSO, most underemployed people do not have technical or professional training. The higher the professional and technical level of the workers, the lower the underemployment rate. The underemployment rate in the working age of workers with no professional and technical qualifications is 2.87%; education at primary level 2.25%; education at intermediate level 1.58%; college level 1.52%; and university and above 1.04%.<sup>5</sup>

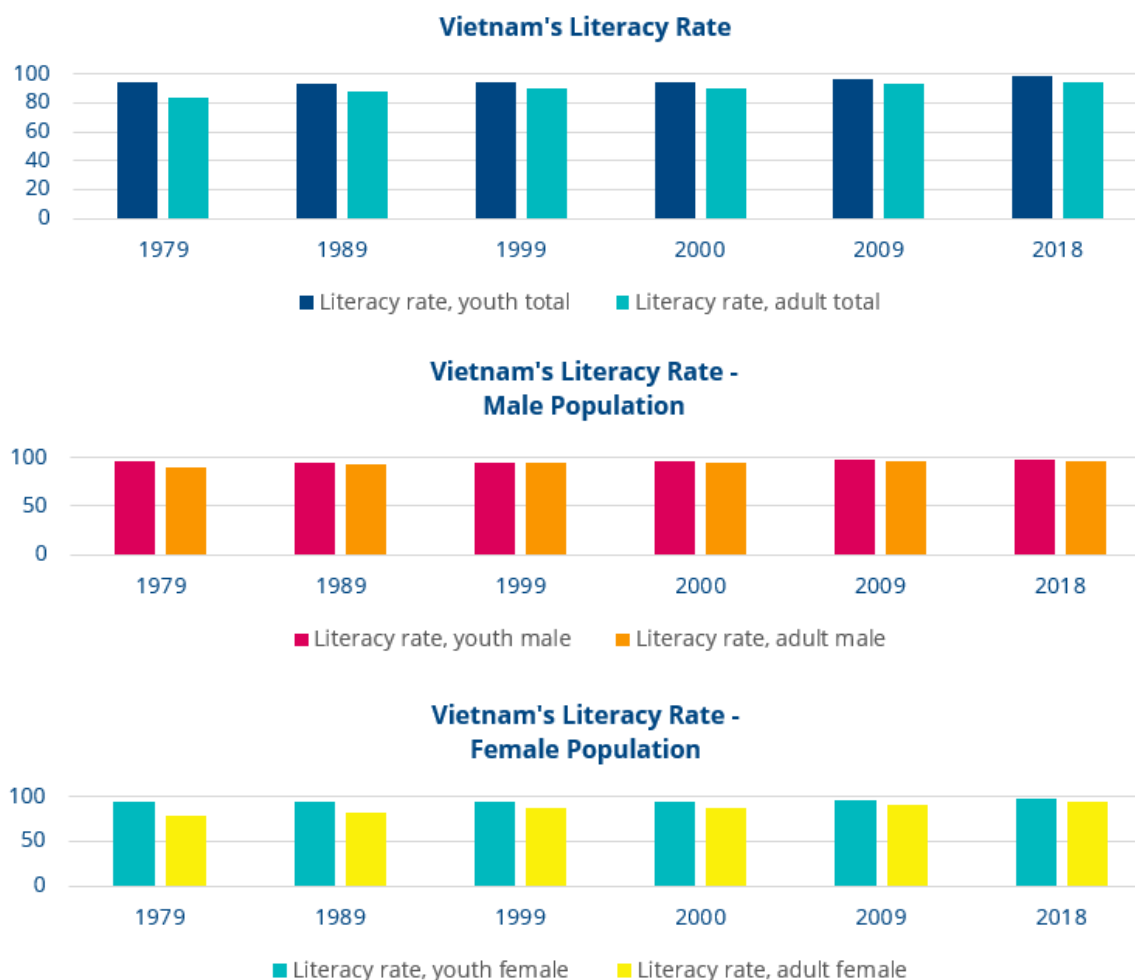


(Source: Vietnam's GSO - <https://www.gso.gov.vn/en/employment/>)

Although the proportion of young people aged 15-24 years old is reducing over years signifying an aging population structure, the youth has played a significant position in Vietnam's labor force with young people aged 15-24 years old accounting for more than 10% of the labor force. Young labor is often associated with advantages such as good health, flexibility, adaptability to new technology and mobility. If they receive sufficient education and vocational training, they will contribute greatly to Vietnam's economic development. This is a very favorable factor, but also imposes great pressure on job creation and vocational training.

5 See footnote 4





(Source: World Bank, data retrieved from UNESCO Institute for Statistics – <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS>)

In terms of literacy rate, Vietnamese youth has always had higher literacy rate than the general population, with 98.4% in 2018. This number is 98.46% for male youth and 98.35% for female youth. The gap between literacy for female youth and female adult are wider than its male counterpart, but this tendency has been reduced in recent years.

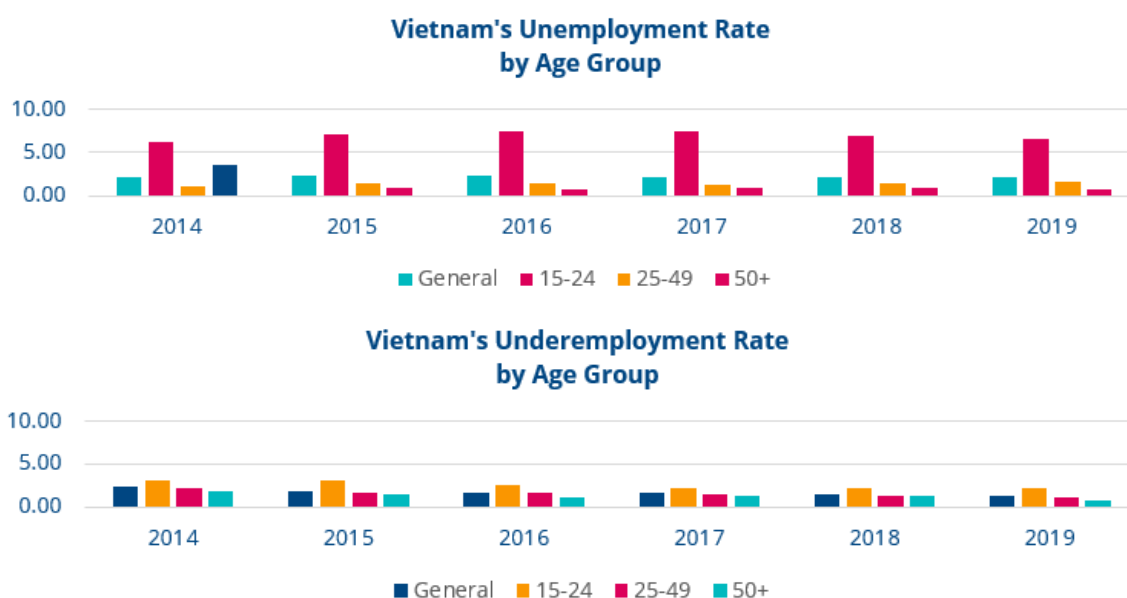
#### Proportion of workers aged 15 and above having undergone training activities age group

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total</b>	14.8	14.6	15.4	16.6	17.9	18.2	20.4	20.9	21.6	22	22.8
<b>15-19</b>	2.2	1.3	1.6	1.9	2.2	1.9	1.8	2	1.4	1.8	1.3
<b>20-24</b>	16.7	14.8	16.9	19.7	23	23.4	29.1	28.5	27.8	26	25
<b>25-29</b>	23.3	23.8	25.2	27	29.2	30.1	33.9	35.8	37	38.3	37
<b>30-34</b>	18	20	21	22.6	26	26.6	30.1	31	31.9	33.3	34.8

<b>35-39</b>	13.3	13.9	15.2	17.3	18.6	19.7	22.5	23.8	26.4	27.6	30.7
<b>40-44</b>	12.2	12	13	13.9	14.6	15	16.7	17.3	19.1	19.7	21.7
<b>45-49</b>	14.2	13.1	13.7	13.7	13.7	14.2	14.6	14.8	15.6	15.5	15.6
<b>50+</b>	11.6	11.6	12.2	12.5	13.2	12.8	12.8	12.6	12.9	13.1	11.7

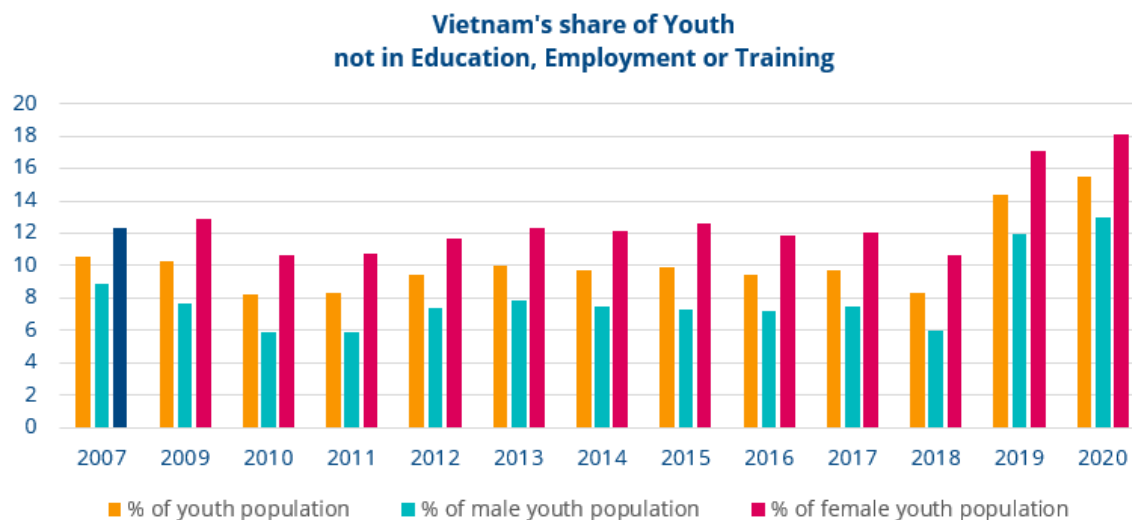
(Source: Vietnam's GSO - <https://www.gso.gov.vn/en/employment/>)

According to Vietnam's GSO, only about 20% of the total labor force have undergone training activities. This number is about 1.3% (2019) for the age group 15-19 and 25% (2019) for the age group 20-24. Having undergone training activities are defined as having attended professional or technical training in one of the institutions within the National Education System for 3 months or more, having graduated and granted a diploma or certificate for a certain professional or technical qualification. Thus, although Vietnam's human resources are young and plentiful, most of them are unskilled and lack technical expertise. The same trend applies for young people.



(Source: Vietnam's GSO - <https://www.gso.gov.vn/en/employment/>)

The unemployment and underemployment rate for youth aged 15-24 years are the highest among the age groups with unemployment rate in 2019 being 6.51% and underemployment rate in 2019 being 2.19%.



(Source: World Bank, data retrieved from International Labor Organization, ILOSTAT database – <https://data.worldbank.org/indicator/SL.UEM.NEET.ZS?locations=VN>)

Looking closer, the percentage of youth not in education, employment or training has increased over the years, reaching 15.47% in 2020 according to the ILO. This pattern reflects in both the share of the overall youth population and the share of male/ female youth population, with the share of female youth population not in education, employment, or training (18.12%) being much higher than their male counterpart (12.99%).

Given the above, it is essential to have a deeper analysis about Vietnam’s youth and to come up with a well-rounded strategy to ensure better future of work for this sector. That is the purpose of this country profile, which is organized into four main parts. The first part outlines the situation in Vietnam, the demographics of its labor force and in particular, youth labor force. The second part discusses the trend in the future of work for Vietnamese youth followed by the third part discussing the challenges that Vietnamese youth face in the labor market. The final part sets out policy responses and recommendation to support the youth in their future of work.

The definition of youth may vary according to circumstances and entities of research. Several United Nations entities, instruments and regional organizations have somewhat different definitions of youth as per some examples below:

Entity/Instrument/ Organization	Age	Reference
UN Secretariat/UNESCO/ILO	Youth: 15-24	UN Instruments, Statistics
UN Habitat (Youth Fund)	Youth: 15-32	Agenda 21
UNICEF/WHO/UNFPA	Adolescent: 10-19, Young People: 10-24, Youth: 15-24	UNFPA
UNICEF/The Convention on Rights of the Child	Child until 18	UNICEF
The African Youth Charter	Youth: 15-35	African Union, 2006

(Source: United Nations' Youth Definition - <https://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-definition.pdf>)

To avoid possible confusion, this country profile defines youth as per the UN's definition: "the United Nations, for statistical purposes, defines those persons between the ages of 15 and 24 as youth without prejudice to other definitions by Member States."

## II. Trends in the future of work for the youth in Vietnam

The trends in the future of work for the youth are more or less impacts of globalization and cross-national integration, which lead to more foreign investments and international treaties introduced, along with digitalization and automation in the economy. The ongoing Covid-19 pandemic also greatly affects the job market for the youth.

### 1. Job market affected and changed by Covid-19

As an overview of the economy of Vietnam, GDP in the fourth quarter of 2020 was estimated to increase by 4.48% compared to the fourth quarter of 2019, which is the lowest increase for this period in 2011-2020. GDP in the whole year of 2020 increased by 2.91%. In the fourth quarter, industries that were heavily affected by Covid-19 showed positive signs, including retail sales, consumer goods, accommodation and catering services. The labor and employment situation in the fourth quarter of 2020 showed many signs of improvement compared to the previous quarter, but indicators on work and income of employees in the fourth quarter in particular and in 2020 as a whole was still low compared to the previous years.<sup>6</sup>

6 See footnote 4

**In 2020, Vietnam has 32.1 million people aged 15 and over negatively affected by Covid-19.**

As of December 2020, there are 32.1 million people aged 15 years and older who are negatively affected by Covid-19, including those who lost their jobs, had to take time off/rotational leave, reduced working hours, and reduced income, etc.. Among those 32.1 million people, 69.2% had their income reduced, 39.9% had to reduce working hours/ take time off/rotational leave and about 14.0% were forced to take a break or temporarily stop their business. The service sector was hit the hardest by Covid-19 with 71.6% of workers affected, followed by the industrial and construction sector with 64.7% of workers affected; and the least affected being agriculture, forestry and fishery sector with 26.4% of workers affected.<sup>7</sup>



Unit: Million people  
(Source: Vietnam's GSO (2021))

**By the end of the first quarter of 2021, Vietnam still has 9.1 million people aged 15 and over negatively affected by Covid-19.**

Although economic recovery efforts coupled with epidemic prevention and control have somewhat improved the domestic labor and employment situation, in the first quarter of 2021, Vietnam still has 9.1 million people aged 15 years old and older negatively affected by Covid-19. Among this affected population, 540 thousand people lost their jobs, 2.8 million people had to temporarily stop/suspend production and business, 3.1 million people had their hours cut or forced to take time off or rotational leave, and 6.5 million workers found their income cut.<sup>8</sup>

<sup>7</sup> See footnote 4

<sup>8</sup> Vietnam's GSO, Report on the impacts of Covid-19 on labor and employment situation in the first quarter of 2021, 16 April 2021, available at <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2021/04/bao-cao-tac-dong-cua-dich-covid-19-den-tinh-hinh-lao-dong-viec-lam-quy-i-nam-2021/>

**Covid-19 has led to redundancy and forced many people to become informal workers.<sup>9</sup>**

Regarding unemployment status, in the fourth quarter of 2020, the number of employed people aged 15 and over was nearly 54.0 million people, which was 945 thousand people less than the same period in 2019. Among the number of employed people aged 15 and over, employed laborers in urban areas are 17.6 million people, a decrease by 90.2 thousand people; while employed laborers in rural areas was 35.9 million people, a decrease by 854.3 thousand people compared to the same period last year. Covid-19 has made the unemployment rate of workers in the fourth quarter of 2020 the highest compared to the same period in the past 10 years.<sup>10</sup>

Regarding the growth of the informal sector, in 2020, the number of informal workers is 20.3 million people, an increase by 119.1 thousand people. The number of employees with formal jobs is 15.8 million people, a decrease by 21.1 thousand people compared to that in 2019. The rate of workers with informal employment in 2020 is 56.2%, 0.2 percentage points higher than in 2019.

The high rate of informal workers in 2020 contrasts with the decreasing trend in recent years. Before Covid-19, in the period of 2016-2019, the growth rate of formal workers is 1.6 times higher than the growth rate of informal workers, leading to a decrease in the rate of informal workers over the years. However, Covid-19 has posed multiple challenges to the economy, and many businesses are forced to shut down to apply measures to maintain operation such as reducing the number of workers, applying rotational leave, recruiting seasonal workers and temporary workers. This leads to a decrease in the number of formal workers and an increase in the number of informal workers, which subsequently results in a rebound in the number of informal workers in 2020.<sup>11</sup>

**Compared to 2019, the average monthly income of employees in 2020 decreased.**

In 2020, the average income of employees is 5.5 million VND, reduced by 2.3% compared to 2019. The income of workers in the service sector dropped the most; followed by income of workers in agriculture, forestry and fishery sectors, and last being the income of workers in industrial and construction sectors.<sup>12</sup>

9 Based on the definition of the Vietnam's GSO, informal workers (also referred to as informal economy workers) refer to those who work in non-agricultural employment and those who work for agricultural, forestry and fisheries households with business registration, falling under one of the following four categories of work: (i) Family-contributing workers; (ii) Employers/owners and own-account workers involved in their own business production units in the informal economic sector; (iii) Salaried workers without labor contracts or with labor contracts but no compulsory social insurance contributions made by their employers on their behalf; (iv) Members of producer's cooperatives without compulsory social insurance.

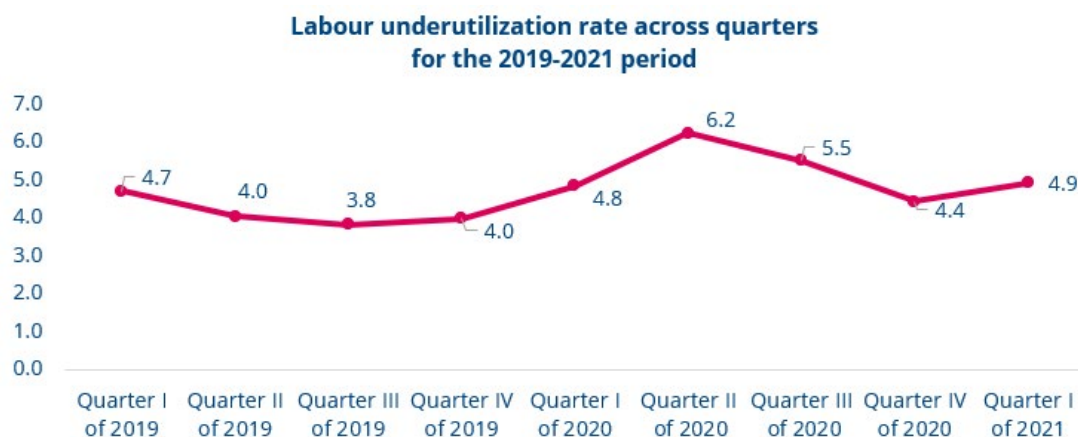
10 See footnote 4

11 See footnote 4

12 See footnote 4

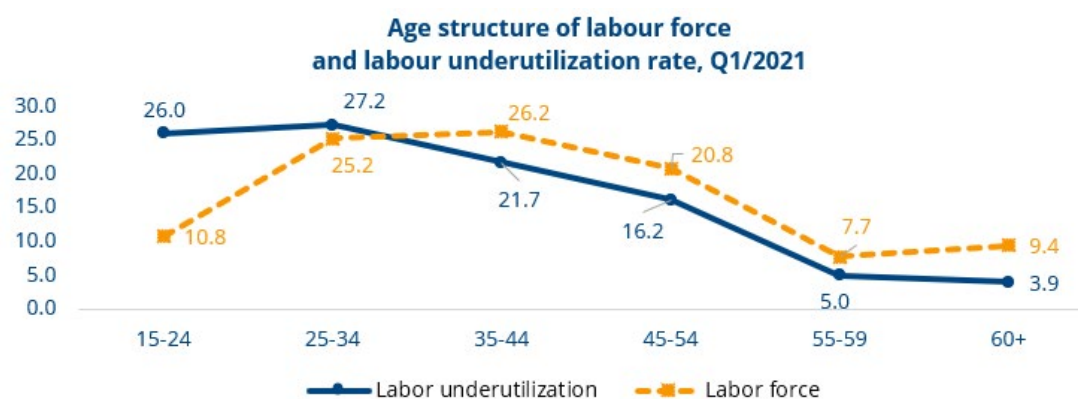
Currently, there is still a large proportion of untapped potential labor force, especially young workers, and the utilization of this group of workers has become more limited in the context of Covid-19.<sup>13</sup>

The rate of labor underutilization in Vietnam in the period of 2018-2019 fluctuated at 4.0%. In 2020, the rate of labor underutilization is 5.02%, an increase by 1.2 percentage points compared to 2019, equivalent to an increase of more than 614 thousand people.<sup>14</sup>



Unit: %

Source: Vietnam's GSO, 2021



Unit: %

Source: Vietnam's GSO, 2021

<sup>13</sup> Based on the definition of the Vietnam's GSO, workers who have a need to work but do not have enough work (also known as underutilized workers/labour underutilization) include the unemployed, underemployed, and those outside the labour force who are available for employment although they are not seeking or those who are seeking employment but are not immediately available. Labour underutilization rate is expressed by workers who have a need to work but do not have enough work as a share of the total workforce with a need for employment in the economy.

<sup>14</sup> See footnote 4

The rate of labor underutilization in 2020 in urban areas is higher than in rural areas (5.5% compared to 4.8%), in female workers is higher than in male workers (5.5% compared to 4.6%). The majority of workers who are not using their full potential are those under 35 years old (56.5%), while the workforce in this age group only accounts for only 36.6% of the total workforce of Vietnam. This shows that Vietnam still has a large number of untapped potential labor force, especially in the young labor group.<sup>15</sup>

## 2. Strong growth in international trade and global economy integration

New jobs and higher-value jobs have been created resulting from globalization, growing consumer class in both Vietnam and the region, and the development of local, regional, and global value chains in which Vietnam acts as a “solid link”.<sup>16</sup>

According to the World Bank, exports contribute greatly to jobs and wages in Vietnam. In 2010, exports are directly responsible for 9.9 million jobs in 2010, mainly in the manufacturing sector, paying out 463 trillion VND in wages.<sup>17</sup> Total import and export turnover of goods in 2020 was estimated to reach 543.9 billion USD, an increase by 5.1% compared to 2019. In which, goods export turnover reached 281.5 billion USD, an increase by 6.5%; and goods import turnover reached \$262.4 billion, an increase by 3.6%. The balance of trade in goods in 2020 is estimated to be a trade surplus of 19.1 billion USD, the largest trade surplus ever recorded.<sup>18</sup>

Integration processes have been further fostered by the signing of new trade agreements. In 2018, the Government of Vietnam ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which involves a trading block of countries accounting for 13 percent of global GDP. In 2020 alone, Vietnam signed three trade agreements, namely the EU-Vietnam Free Trade Agreement (EVFTA), the Regional Comprehensive Economic Partnership (RCEP), an agreement between 10 members of ASEAN and 5 other countries in the Asia-Pacific region, and the UK-Vietnam Free Trade Agreement (UKVFTA). Entering into trade agreements is expected to facilitate Vietnam's access to markets and open new opportunities for business to integrate into regional value chains, at the same time promote transparency, create modern institutions and reforms in many sectors.<sup>19</sup>

15 See footnote 4

16 World Bank, *Vietnam's Future Jobs: Leveraging Mega-trends for Greater Prosperity Overview*, 2018, available at <http://documents1.worldbank.org/curated/en/670201533917679996/pdf/129380-v2-WB-Future-Jobs-English-25-6-2018.pdf>

17 See footnote 16

18 Vietnam's GSO, *Export and Import in 2020: Efforts and Successes*, 5 January 2021, available at <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2021/01/xuat-nhap-khau-nam-2020-no-luc-va-thanh-cong/#:~:text=T%E1%BB%95ng%20kim%20ng%E1%BA%A1ch%20xu%E1%BA%A5t%20nh%E1%BA%ADp,%2C%20t%C4%83ng%203%2C6%25>.

19 See footnote 16



### 3. Growth of digital economy and automation

The digital economy can be defined as “All businesses and services that have a business model based primarily on selling or servicing digital goods and services or their supporting equipment and infrastructure”.<sup>20</sup> The digital economy carry some features distinct from the traditional economy:<sup>21</sup> (i) Data from all sources being the source of value in all private and public activities; (ii) The advance of ICT-related hardware and software, presented in all sectors, including finance, transport, manufacturing, education, healthcare, etc.; (iii) New business models through digital platforms that both enable, for example, for food delivery, orders of service and online advertising, and disrupt businesses; and (iv) New role and significant empowerment of consumers.

According to Google and TEMASEK’s report called “e-Conomy SEA 2019”, Vietnam’s Internet economy is growing fast as it reached USD 12 billion in 2019 on a 38% annual growth rate since 2015.

E-commerce is a key driver for such growth since domestic marketplaces/ digital platforms like Sendo and Tiki compete with regional players like Lazada and Shopee. According to Techwireasia, Vietnam secures its position as an e-commerce leader in Southeast Asia, just behind Indonesia and Thailand.<sup>22</sup> Most recently, in 2020, Vietnam ranked 55th in digital transformation in Huawei’s Global Connectivity Index (GCI 2020).<sup>23</sup>

Besides the growth of the digital economy, automation and new technologies such as learning robotics, the Internet of things and 3D printing is now gradually but surely making its way into the job market. Machines, robots, artificial intelligence, and information technology are entering workplaces around the world and in Vietnam. In Vietnam, apps are used at work, machines are utilized in farms and factories, and the electronics value chains have become the second largest source of FDI (after garments). According to the World Bank, automation has the potential to grant Vietnamese workers freedom from lower value-added tasks, thus allowing them to engage in less tedious, and higher value-added, jobs. The platforms may also lead to greater productivity and more inclusion in trade and finance for small producers by providing access to markets at a low cost.<sup>24</sup>

20 Commonwealth Scientific and Industrial Research Organization (CSIRO), *Vietnam’s Future Digital Economy – Towards 2030 and 2045*, May 2019, pg. 15

21 See footnote 20

22 Ministry of Information and Communication, *Vietnam: Fastest-growing digital economy in Asia-Pacific*, 4 February 2020, available at <https://english.mic.gov.vn/Pages/TinTuc/140619/Vietnam--Fastest-growing-digital-economy-in-Asia-Pacific.html>,

23 Vietnamnet, *Vietnam ranks 55th in digital transformation*, 8 February 2021, available at <https://vietnamnet.vn/en/sci-tech-environment/vietnam-ranks-55th-in-digital-transformation-710914.html>

24 See footnote 16

### III. Challenges to the youth in Vietnam

Based on the trends in the future of work for the youth in Vietnam presented in the previous section, two main challenges faced by the youth are identified: (i) narrower and less stable access to the labor market and (ii) the need to upskill and reskill.

#### 1. Narrower and less stable access to the labor market

Automation and new technologies may disrupt existing jobs and change the notion of work as we know today, and this is something young people must adapt to. For instance, people work from home instead of going to the office, or people work independently, providing services to others, instead of joining contracted work as in the past.<sup>25</sup> Automation and machines may also displace jobs and humans may be replaced as in the longer run, labor costs increase while technology costs decrease. As a result, young people face the looming risk of reduction in the number of available jobs.<sup>26</sup>

Presently and more pressingly, young people face unemployment challenges caused by Covid-19. Numerous reports and statistics of the Vietnam's GSO show that even though Vietnam controls Covid-19 quite well, every time there is an outbreak, jobs throughout the country are greatly affected. As mentioned above, many people are made redundant, some had to reduce working hours, take time off or rotational leave or were forced to take a break or temporarily stop their business. At this stage, as Covid-19 has not been completely controlled, the future of work for the youth remains unstable.

#### 2. Need to upskill and reskill

##### **Low accessibility to education and mismatch between education curriculum and the market's demands**

In 2012, Vietnam high school students performed well and had scores well above the OECD average in the Programme for International Student Assessment (PISA), which demonstrates Vietnam's improvement in quality of education.<sup>27</sup> However, considering coverage and level of education, it appears that young people in Vietnam may not be well-equipped for the knowledge economy which are emerging in Vietnam. According to the World Bank, until 2015, only 8% of the labor force has a university education, while 85% have only a secondary education or less. Ethnic minorities are at a disadvantage in terms of education and skills. Only 6% of adults who are ethnic minorities have a vocational or tertiary education compared to 20% of Kinh or Hoa adults.<sup>28</sup> Rural students may face extra challenges due to limited resources of their families and limited access to digital platforms and digital skills education.<sup>29</sup>

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25 See footnote 16

26 See footnote 16

27 See footnote 16

28 See footnote 16

29 See footnote 20

Several training institutions report a mismatch between curricula students follow at school and skills required in the workplace. According to the ILO, workers nowadays require a more complex set of skills than in the past, and jobs are becoming more thinking and knowledge-oriented, instead of being manual and routine. While basic skills including reading and writing and technical knowledge in a specific field were essential for workers in the past, today's workers are expected to possess a range of skills and knowledge from information and communications technology (ICT) and robot-compatible technical skills to knowledge in value represent a larger share of overall value-added than assembly jobs.<sup>30</sup> While manual skills can be easily chains jobs – in design, R&D, marketing, after-sale services, logistics, and vertical farming, which are taught through vocational training, other soft “more modern” skills have not been included in the school curricula and it appears that schools are not highly responsive to the changes in and demands of the market.

### **Upskilling in digital and technology**

According to the ILO, the rate of upskilling in Vietnam may not be fast enough to outpace digital growth and as a result, millions of unskilled workers may be at high risk of job transitions due to automation in the next two decades.<sup>31</sup> For example, in the IT sector, education usually lags behind emerging trends and therefore a graduate may not be aware of technology or has high technology competency. Capability in acquiring and using knowledge at the workplace is also low. Thus, at this pace of development, the workforce may soon lack people who are capable of working in the digital economy, not only to pioneer new technology but also to receive knowledge to create new products or services.<sup>32</sup>

## **IV. Policy responses and recommendations**

### **1. Create more quality jobs and support entrepreneurship**

When the economy flourishes and private companies are striving, there will be more job and internship opportunities available for young people. In Vietnam's case, it is necessary to continue to create a favorable environment for domestic enterprises to grow while attracting new and large-scale foreign enterprises. State controls on the factors of production should be loosened, especially on land use regulations and tax policies. At the same time, Vietnam should pay more attention to the degree of intervention that distorts its input markets and adjust the monopoly position in some industries such as fertilizers, coal, electricity, gas, telecommunications, water supply, and insurance.

With regards to the youth, education should be split between academic courses and vocational training, with the on-the-job portion providing opportunities to practice

30 ILO, *Skills and the Future of Work: Strategies for inclusive growth in Asia and the Pacific*, 2018, available at [https://www.ilo.org/wcmsp5/groups/public/@asia/@ro-bangkok/@sro-bangkok/documents/publication/wcms\\_650239.pdf](https://www.ilo.org/wcmsp5/groups/public/@asia/@ro-bangkok/@sro-bangkok/documents/publication/wcms_650239.pdf), pg. 184. See also footnote 16

31 See footnote 20

32 See footnote 20

and understand in work-based contexts the knowledge accumulated from classroom instruction. Internships in relevant fields help the youth learn about careers, develop networks and experience necessary for future excellence in the workplace. Internships also give youth the opportunity to explore what they like and do not like about certain careers and opportunities to see whether they can fit in a certain environment, job, or management style. The application process for these internships allow the youth to develop skills that would be relevant for them in entering the job market. Internships may also lead to admission after graduation.

The Vietnamese government and youth organizations can play an important role in connecting the youth to quality jobs. For example, they can collaborate with employers to connect young people with internship and apprenticeship opportunities, not only within the country but also overseas given that the Internet and innovative technology have made it possible to work remotely from almost everywhere around the world.

Social entrepreneurship is another important theme with regards to the future of work for the youth. It offers the youth the opportunities to create jobs for themselves and others and secure a better future by themselves. In turn, with its characteristics such as flexibility and quick adaptation to technology, the youth is particularly suited to establish and maintain start-ups. The issues remain are to promote entrepreneurial spirit within the youth, create a nurturing environment for start-ups to thrive and educate the youth on the importance of social responsibilities. Vietnam has been working with international organizations on skills-focused educational reforms and promoting social entrepreneurship towards young people. UNICEF Vietnam has implemented social entrepreneurship since 2017, involving more than 23,000 young people in programs with government partners such as the Saigon Innovation Hub (SIHUB)<sup>33</sup>. One collaboration between UNICEF Vietnam and SIHUB is the launching of the Youth Led Innovation Lab to provide opportunities for young people by engaging government and private sector partners<sup>34</sup>. The Lab has organized Generation Unlimited Youth Challenge to which young people applied and attended a design-thinking workshop, then were selected for seed funding and mentorship support. One outstanding initiative coming from the Generation Unlimited Youth Challenge is 'Pathfinder', an online platform to connect IT students with users and recruiters while enabling them to improve their skills. The platform's functions include a roadmap for skills development and the ability to update users' profile and CVs to apply for jobs. Also, specifically for IT fields, the platform seeks to build a community for members to share codes and projects for users to learn from one another and to present coding samples to available recruiters.

33 UNICEF and Saigon Innovation Hub incubate socially innovative ideas on Climate Action from adolescents and youth, UNICEF's Press Release: <https://www.unicef.org/vietnam/press-releases/unicef-and-saigon-innovation-hub-incubate-socially-innovative-ideas-climate-action>

34 Vietnamese students create a skills development platform to connect IT market and young people, UNICEF's Article: <https://www.unicef.org/vietnam/stories/vietnamese-students-create-skills-development-platform-connect-it-market-and-young-people>

## 2. Invest in young people's skills

Vietnam should redefine its strategy to train young people focusing on their capabilities for self-employment and the abilities to adapt to rapid change in the labor market. The following can be done to improve the educational curriculum and training programs:

- The government needs to collaborate with youth agencies, schools, enterprises, and production facilities to find out about/ keep updated on labor market's needs from which to adjust and improve the contents of training programs matching with market requirements.
- Employers need to connect with schools to tailor training programs according to their needs, organize "job fairs" and seminars to introduce jobs to students and make public the career path available for the youth.
- Schools need to coordinate with public and private companies for career support and internships, set up career counseling centers to support young people in finding jobs after graduation and develop research activities involving young people so that they could develop relevant skills in academic areas. Trainings at schools must align with what are needed on the labor market. Schools also need to consistently improve the quality of training by renewing program contents and methodologies, investing in facilities, building a team of qualified lecturers, and coordinating with domestic and foreign organizations to create opportunities for students to exchange, study and work abroad.

Technology has brought about the opportunities to obtain knowledge and skills remotely from prestigious institutions in all over the world. If utilized well, such channels can create an educational breakthrough for Vietnamese youth, especially those who do not have the conditions to study abroad due to economic reasons. There are online courses in almost every subject, including coding, business, and data science on sites such as Coursera, Udemy or EdX. Many of these courses' content are free although the completion certificates require a fee. The youth can easily use these channels to upskill themselves and stay up to date with the global educational standard. On the other hand, the government can connect philanthropists, foundations, and businesses to subsidize the certifications for young people, increasing their availability so the youth have the tools needed to compete in, and contribute to, the economy.

Besides technical skills relevant to young people's career of interest, soft skills are also very important and, more often, recognized as the most important for successful job performance. Soft skills can be learned through a variety of means such as the following:

- Classroom instruction: Schools and institutions should integrate soft-skill training in their curriculum, offering classes such as public speaking, communication, and psychology. Course-related materials are then made public to youth via handouts, websites, or social media.
- Mentoring: Having adults with rich life experience of life as mentors is a great way to develop soft skills. Mentors can guide the youth in their development process, teach

them life-skills, offer them advice relating to strengths or areas of improvement as well as which areas to focus to land a job. Mentors can also help the youth develop self-esteem and improve interpersonal relationships.

- **Volunteering:** Volunteering helps develop the youth's perspective on working for the greater good and being a team player with little or no personal gain. Depending on the nature of the volunteering works, the youth can learn valuable skills such as teamwork, written and verbal communication, professionalism, and even technical skills relevant to their future careers.
- **Youth programs and extracurricular activities:** These activities can be anything from participation in sports, drama, theater or working on creative endeavors such as writing, painting, music. Encouraging the youth to pursue activities of interest to them and work to develop these skills teach them to be diligent with their goals, patient with themselves during the skill development process, work with others to achieve a better outcome, etc. What they learn in extracurricular activities can equip them with qualities needed to enter and be successful in the workplace.

One aspect that is often forgotten in agenda and programs for youth development is ethics and integrity, which is very important for the youth to grow up as responsible members of the society and make such society a better place to live. A striking 2019 Vietnam Youth Integrity Survey (YIS 2019)<sup>35</sup> has shown a dim perspective on Vietnamese youth's perception of corruption and unethical activities, demonstrating that the youth are both a victim of corruption but also an ally of the status quo. According to this survey, most young people have clear ideas about what is right and what is wrong, and still appear to be ready to compromise their principles in particular social contexts. The situation of corruption such as petty bribery in health care is accepted by almost half of all youth surveyed. About one third of the youth says they are willing to cheat or engage in corruption to obtain financial gains; and around 16% would break the law to stand in solidarity with their family and friends. 38% of youth are willing to be dishonest to be admitted into a good school, while 33% would agree to engage in corrupt practices to be selected for a desirable job.

Corruption in Vietnam has always been a rampant issue, and despite numerous solutions and programs proposed to tackle it, it has dragged on for a long time. According to Transparency International, the country ranks 104/180 in terms of the 2020 Corruption Perception Index with 64% of surveyed participants who think government corruption is a big problem and 15% of public service users having paid a bribe in the previous 12 months (this percentage for the Asia region is nearly 20%)<sup>36</sup>. Corruption pervades key institutions and sectors, including the judicial system, police, public services, land administration, public procurement, health care and education.

35 2019 Vietnam Youth Integrity Survey (YIS 2019), *Towards Transparency*, access at: [https://auschamvn.org/wp-content/uploads/2019/09/YIS-2019\\_Executive-Summary\\_EN.pdf](https://auschamvn.org/wp-content/uploads/2019/09/YIS-2019_Executive-Summary_EN.pdf)

36 Transparency International: <https://www.transparency.org/en/countries/vietnam#>

Within the labor market, bribing for job opportunities are common in the public sector. According to the 2020 report of the Provincial Governance and Public Administration Performance Index (PAPI), endorsed by the United Nations Development Programme, despite some improvements compared to previous years, almost 40% of the respondents say bribes have to be paid to obtain a job in the public sector and more than 60% of the respondents think personal relationship with authorities is important or very important to be recruited into positions in the public sector.<sup>37</sup>

Corruption has been linked to negative economic performance, inefficient business operations and investment, reduced tax revenue and the ineffectiveness of government's financial assistance, as well as increased unemployment and inequality, all of which largely affect the youth. A research from the World Bank also shows that encouraging the payment of bribes to access job opportunities leads to the exclusion of strong candidates and a "sub-optimal" allocation of the labor force, eventually increase the unemployment rate among young and educated job-seekers. If left uncontrolled, such practices will either force the workforce to follow along or turn to the informal sector.<sup>38</sup> In the case of Vietnam, on one hand, it has driven young, educated people to seek for jobs in the private sector leaving the public sector with the "brain drain" issue and a bulky, mediocre system. On the other hand, other young, less educated people, who cannot afford bribing, have no choice but to fall into the informal sector or accept temporary jobs. The fact that it is possible to obtain a job not based on merits, and therefore not through efforts to accumulate such merits, but by material means or personal relationship also reduce the incentives to continue learning and improving one's skills. This, in turn, leads to reduced labor quality and productivity.

Corruption stems from many factors, but one of them is that the people have accepted it as a way of life and are willing to conform with such system for their short-term, personal gains. Such attitude has reached the Vietnamese youth, making them cynical about the meaning of keeping their integrity and doing the right things. The fact the young people do not believe in or do not defend integrity poses grave consequences for the country's future. As such, integrity must become a priority in education. Unless Vietnam is serious about ethics education for the youth with adults leading by examples, it cannot develop into a more stable and just society.

### 3. Invest in career services and advice for young people

Finding a job can be a challenge for anyone, but especially for the youth due largely to their lack of experience. There are many factors they must determine and make decisions on, such as what careers are available, what their interests are, and what skills they have or need to develop. As such, providing career services and platform for young people to get a sense of their interest and skills as well as gain employment experience and learn about employment opportunities is crucial in improving the future of work for the youth.

37 Provincial Governance and Public Administration Performance Index (PAPI) 2020, CECODES, VFF-CRT, RTA & UNDP (2021), accessed at: <https://papi.org.vn/eng/bao-cao/?lang=en>

38 Dynamic Relationship between Corruption and Youth Unemployment: Empirical Evidences from a System GMM Approach, Bechir N. Bouzid 2016, Policy Research Working Paper, accessed at: <https://openknowledge.worldbank.org/handle/10986/25158>



Many Vietnamese youth still do not have a clear career direction and how to develop and improve their skills for the career path they are interested in. A platform where the youth could have access to look for their position of interest would be of tremendous help in concentrating the information needed and enable the youth to be more aware of different opportunities available. The information on such platform could include:

- Up-to-date information (description, salaries, benefits, career path, etc.) in different job categories;
- Education and training opportunities;
- Job search tools, resumes, and interview resources;
- Assessments and tools to help the youth explore their own interests and capabilities; and
- Career counseling, and other supportive services.

Another way to help giving career advice for young people is to set up a mentoring system in which the youth would have access to mentors who are usually adults with more life experience and can provide the youth with support and guidance to help them meet their career goals. Mentoring can cover the following topics:

- Exploring possible careers with reference to career interests;
- Career planning and goal setting;
- Assisting with internship and job searches;
- Writing resumes and cover letters, conducting mock interviews;
- Developing on-the-job skills focusing on both soft skills and technical skills; and
- Modeling behavior, attitudes, or skills in the workplace.

#### 4. Improve awareness on labor law, contractual rights, and obligations

In general, Vietnamese workers do not have sufficient knowledge on labor law, contractual rights, and obligations, which leads to infringement and exploitation from employers and conflicts between employers and employees<sup>39</sup>. As such, it is necessary to improve the awareness of employees on labor legislation to enable them to protect their labor rights and improve their productivity. These can be achieved by the following ways:

- Promote training and re-training for government officials who are responsible in disseminating and providing information on labor law;
- Regularly update and disseminate recent legal documents to keep employees up to date about labor law;
- Engage employers in disseminating and training activities for labor law;
- Improve the effectiveness of the dissemination of the law using mass media and social media, increase the use of information technology in disseminating activities and

<sup>39</sup> Vietnam Lawyer Journal, Improve legal awareness for employees: <https://svn.vn/tang-cuong-tuyen-truyen-phap-luat-cho-nguoi-lao-dong-trong-doanh-nghiep.html>



integrate legal dissemination activities through seminars or theatrical competitions for workers;

- Inspect and request employers to strictly comply with the labor law, impose sanctions on employers who violated the labor law and promptly reward employers with good performance;
- Strengthen the organization policy dialogues between employees and employers;
- Improve awareness and activities of trade union within organizations.

## 5. Provide appropriate welfare and social protection system

For the youth, it is important to provide education and decent work opportunities and enable them to thrive in adulthood. However, in the era of uncertainty and when opportunities for work are lacking, providing social safety nets is equally crucial to address exclusionary risks<sup>40</sup>. This is even more important now in which Covid-19 creates situations when people are more likely to fall out of the labor market into poverty if the government does not provide them with appropriate protection. The following should be considered in providing social protection for the youth:

- Unemployment coverage: Young people are more vulnerable to unemployment and underemployment than other age groups. However, as most of the social protection schemes require contributory payments based on formal work histories, benefits available to the youth such as unemployment or health insurance tend to be less given their age and their shorter participation in the labor market, not to mention many of them may work in the informal sector and are completely excluded from these schemes. Thus, the youth need to be given special attention when designing and reforming the social security system, allowing them to be covered and given sufficient benefits in case of unemployment considering the needs of young workers in the informal sector.
- Universal access to health care: Vietnam should accelerate its plan to apply universal access to affordable and good-quality health care to its citizens, among them are young people. Access to health care should cover a core set of services and address health risks faced by young people including sexual and reproductive health care.
- Improvement of youth awareness on social protection schemes: Programs and initiatives to improve youth awareness on social protection need to be paid attention to, covering important topics such as: sick leave coverage, maternity, rehabilitation; conditions and procedures for social insurance entitlements; subjects, rates of payment, payment methods and benefits in voluntary social insurance; level of payment, payment method, and benefits in health insurance, particularly for young employees and students.

<sup>40</sup> Promoting the inclusion of young people through social protection, Social development Brief #5, Division for Social Policy and Development, United Nations Department of Economic and Social Affairs, accessed at: <https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/04/RWSS-Policy-Brief-5.4.pdf>

