

Status of human resource and challenges for development of technical skilled workforce in Vietnam

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1. Status of human resource and technical skilled

1.1. General information on population

Viet Nam had a population of 76596.5 thousand in 1999, according to the Population and Housing Census, women slightly outnumber men in the total population with 49.17 per cent men and 50.83 per cent women. Urban population account for 23,61% and rural residents make of 76.39%. The mean age is 23.31 years. It can be observed that in spite of the tendency of older population for recent years , Vietnam demographics can be highlighted as young population in fact. It reflect the consequence of high population growth rates during the 1980s. Population of working age accounts for 58%, while the ratio of population under the working age is 32.2%.

The population projections to 2010 indicate that the population will grow despite recent reductions recorded in its population growth (down to 1.15 per cent for 1997-2004 and 1.12% for period of 2005-2009). Viet Nam's population is expected to reach 82.9 million by 2005 and to 87.9 millions by 2010. The demographic trends in Viet Nam highlight the numbers of young people that will be entering the workforce, leading to the growth of population in working age in term of both definite number and ratio in total population as well. That means the population of working age will increases to 52.7 millions and 58.4 millions by 2005 and 2010 respectively, accounting fro 64.3% and 67.6% of total population. This fact causes a large pressure on employment and thereto a big challenge on vocational training.

1.2. Status of human resource and employment

a. Age group :

Table 1: Labor force by age group (percent)

Age groups	Total		Urban areas		Rural areas	
	Percent	Cumulative percent	Percent	Cumulative percent	Percent	Cumulative percent
age of 15-19	15.95	15.95	13.10	13.10	16.99	16.99
age of 20-24	11.47	27.43	10.93	24.03	11.67	28.66
age of 25-29	10.31	37.74	10.07	34.10	10.40	39.06
age of 30-34	11.07	48.81	11.12	45.23	11.05	50.11
age of 35-39	11.01	59.82	11.25	56.48	10.92	61.04
age of 40-44	10.05	69.87	11.37	67.85	9.57	70.61
age of 45-49	7.85	77.72	9.38	77.23	7.29	77.90
age of 50-54	5.57	83.29	6.38	83.61	5.27	83.17
age of 55-59	3.57	86.86	3.96	87.57	3.43	86.60
age of 60+	13.14	100.00	12.43	100.00	13.40	100.00
Total	100.00		100.00		100.00	

source: survey on labor and employment – 2002

The major demographics trend of Vietnam is young labor force. It can be seen as an advantage if we have a relevant policy on training for human resource. It can be observed higher ratio of young labor force in rural areas than it is of urban areas due to the higher birth rate in rural areas and a number of skilled worker mobility from rural to urban areas. Young labor force (younger than 35 years old as defined by ILO) accounts for 49% of total labor force.

b. Technical professional level :

Table 2: Population of 15 years old upwards by technical professional levels

	1998	1999	2000	2001	2002
Un-skilled worker	86.70	86.13	84.48	82.95	80.38
Worker with elementary, apprentice certificate	1.46	1.52	1.41	1.33	3.33
Skilled workers without certificate	2.16	2.35	2.37	4.55	3.85
Skilled workers with certificate	2.59	2.33	3.03	3.89	4.42
Technical secondary graduates	4.05	4.22	4.83	3.61	3.85
College, university and higher	3.05	3.46	3.89	3.67	4.16
Total	100.00	100.00	100.00	100.00	100.00

Source: The annual survey on labor and employment

Un-skilled labor makes up 4/5 of total population of age group from 15 and above. However, this ratio is gradually declining, by 2% annually, that means about 1 millions of people entering to un-skilled labor force. There is no large difference between ratio of skilled workers who possess technical training certificate and the technical secondary graduates ratio, and university and college level as well. However, it is observed the tendency of gradual increase of ratio of skilled workers who possess technical training certificate and university and college level as well. The factual statistic data indicates the irrationality in the ratio of skilled workers, it is the dramatic low ratio of skilled workers among total technical and professional work force.

Table 3: Rate of economically active population aged 15 years and over by level of qualification in 2002

	Un-skilled	Worker with elementary, apprentice certificate	Skilled workers without certificate	Skilled worker with certificate	Technical secondary graduates	College, university and higher	total
Total	80.38	3.33	3.85	4.42	3.85	4.16	100
Urban	55.40	3.17	6.53	14.03	8.30	12.58	100
Rural	88.21	3.94	3.00	0.86	2.46	1.52	100

Source: survey on labor and employment 7/2002

Due to the differences in economic development between the urban and rural regions, the ratio of skilled and professional workers and segments of skilled and professional workers structured by professional levels are different as well. Agricultural labor accounts for 60% of total workforce, but 88% rural labor force are un-skilled. It can be observed only a small part of rural labor who are engaged in off-farm production possesses technical and professional skills, the majority is un-skilled. This is a big constraint for restructuring crops and livestock in the agricultural production.

2. Challenges for development of technical skilled labor in Vietnam

According to the estimate survey, we can assume following implications :

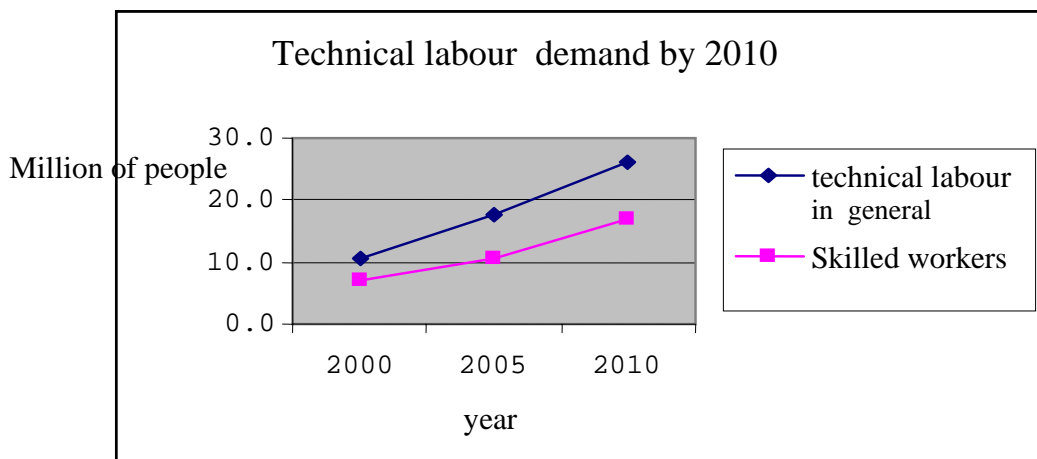
Table 4: Economic structure and labor structure by 2010 (%)

	2001		2005		2010	
	Economic structure	Labor structure	Economic structure	Labor structure	Economic structure	Labor structure
Agriculture-forestry- fishery	23.25	62.76	20-21	56-57	16-17	50
Industries, construction	38.12	14.42	38-39	20-21	40-41	23-24
Services	38.63	22.82	41-42	23-24	42-43	26-27

- GDP increases twice at least by 2010 compared to 2000, GDP growth rate for period of 2001-2005 tips 7.5%
- Ratio of technical skilled labor for the year of 2000 is 20%, increasing to 30% by 2005 and 40% by 2010.
- The ratio of vocational trained workers stands at 13.4%; 18% and 26% respectively.

2.1. With regard to quantity

By 2005, population of working age is expected at 52.7 millions person and 58.4 million by 2010. The implications for the overall workforce will be 59.1 millions and 65.3 millions respectively. Efforts must be paid to achieve the target of technical labor ratio of 30% by 2005 and 40% by 2010, equivalent to 17.7 millions and 26.1 millions of technical workforce, of which technical workers consist of 10.6 millions and 17 millions person respectively. Thus, in the next 10 years, the technical workforce shall be increased by 2.4 times, technical workers contingents raises by 2.3 times. This growth is much higher than that compared to economic growth, as GDP will increase twice by 2010 compared to 2000. In order to achieve the target in development of technical skill, the annual growth rate of technical workforce must achieve 9.6%, while technical workers must rises at 9.3% per year.



According to this projection, the annual need of trained technical labor and technical workers can be quantified as follows:

Table 5: Annual required quantity of trained technical labor (millions persons)

	Technical labor	Skilled workers
2001	1.0	0.7
2002	1.1	0.7
2003	1.2	0.8
2004	1.3	0.9
2005	1.4	0.9
2006	1.6	1.0
2007	1.7	1.1
2008	1.9	1.2
2009	2.1	1.3
2010	2.3	1.5

2.2. With regard to occupation structure

Table 6: Number and rate of economically active population aged 15 years and over by economic sectors

	1996	1997	1998	1999	2000	2001	2002
Number (1000 persons)	33978	34352	34801	35680	36205	37677	39287
Broken into: (%)	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Agriculture-forestry-fishery	68.96	65.76	66.14	64.08	62.61	62.76	60.67
Industries construction	10.88	12.14	11.64	12.43	13.10	14.42	15.13
Services	20.16	22.10	22.22	23.49	24.28	22.82	24.20

Source: annual survey on labor and employment

During the last 5 years from 1997 to 2002, the ratio of agricultural labor has reduced by only 5%, with 1% annually. By 2002, workforce of agriculture, forestry, fishery sector makes of 60% of total labor force. In contrast, ratio of labor in industrial and construction sector increases by 5% for the last 5 years, with annual rate of 1%. Labor in services sector does not increase by ratio, but increase in quantity, but quantity of general workforce increase gradually.

Table 7: Rate of economically active population aged 15 years and over by economic sectors and level of qualification in 2001 (percent)

	Un-skilled worker	Worker with elementary, apprentice certificate	Skilled workers without certificate	Skilled worker with certificate	Technical secondary graduates	College, university level and over
Total	100.00	100.00	100.00	100.00	100.00	100.00
Agriculture-forestry- fishery	73.76	28.26	6.69	7.21	18.15	4.75
Industries construction	9.22	23.03	66.90	17.29	13.14	16.27
Services	17.02	48.72	26.42	75.51	68.71	78.98

Table 8: Rate of economically active population aged 15 years and over by level of qualification and economic sectors and level of qualification in 2001 (percent)

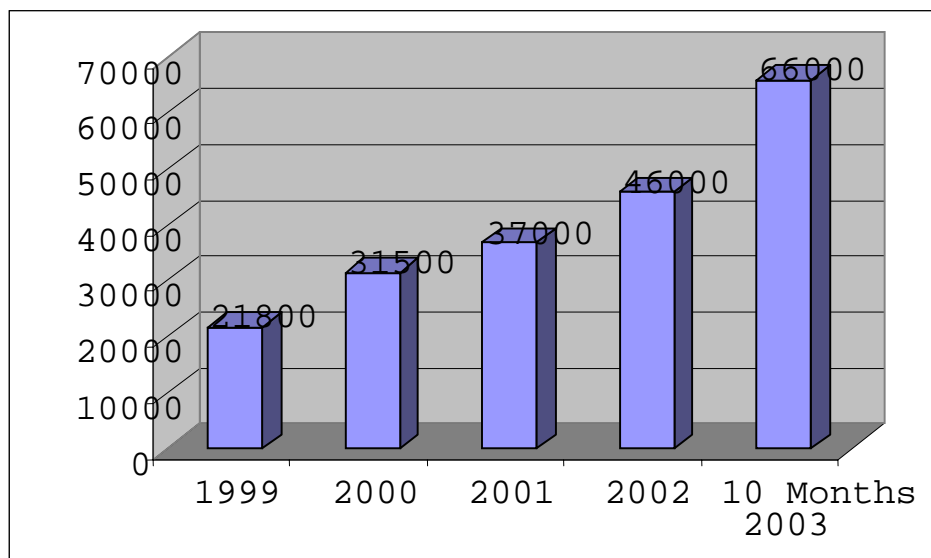
	Un-skilled worker	Worker with elementary, apprentice certificate	Skilled workers without certificate	Skilled worker with certificate	Technical secondary graduates	College, university level and upward	total
Total	82.63	1.33	4.67	3.96	3.68	3.73	100.00
Agriculture-forestry- fishery	97.10	0.60	0.50	0.45	1.06	0.28	100.00
Industries construction	59.40	2.40	24.36	5.33	3.77	4.74	100.00
Services	57.62	2.66	5.05	12.24	10.35	12.08	100.00

Thus, it can be seen that the un-skilled labor make a large proportion, particularly in agricultural, forestry and fishery sectors, where the technical skilled labor accounts for 3%, if calculating technical workers inclusive, total technical skilled labor constitutes 1.8%. It is clear that this is very low proportion. Exporting seafood's production is a great competitive strategy of Vietnam, that requires a qualified technical and skilled workforce in fishery sector.

With regard of industrial and construction sector, the technical skilled labor accounts for 40%, if calculating technical workers with certificates inclusive, total technical skilled labor constitutes 9.5%. The survey on labor and employment of enterprises indicates that enterprises in formal economic sector find difficulties in employing technical workers. Thus, it can be seen the industrial and construction sector, where the ratio of technical labor is much higher than that of other sectors, faces great shortage of technical workers.

2.3. Labour export

The number of export workers keep increasing. The objective to be fulfilled in terms of the total number of workers to be exported in 2003 is 50,000 whilst the number of exported workers in the first 6 months in 2003 is 66,000 people, increased by 32 percent comparing to the annual plan. Poverty incidence in many provinces have been rapidly decreased thanks to labour export. However, salaries paid to Vietnamese workers are very small due to the fact that they do not own good and appropriate technical skills. The needs to conduct training for exported workers are on the rise particularly exported workers to Japan and Taiwan.



Labor export: Apart from vocational training to support domestic economic development, labor export is one of priorities for job generation, income improvement and foreign currency attraction. However, to expand labor export, it is a must to deliver vocational training up to requirements of foreign countries.

These analyses indicate the shortage of technical skilled labor in general and technical workers in particular in the entire economy. Without a proper solutions for this problem, it will affect to the sustainable economic growth.