

Chapter 13

Enhancing Graduate Work-Readiness in Vietnam



Nguyen Danh Nguyen, Nguyen Ba Ngoc and Alan Montague

Abstract This chapter explores the characteristics of the Vietnamese labour market including its advantages and disadvantages together with the government frameworks for the education system. The challenges of graduate work-readiness are also outlined, as well as how employers and educational institutions deal with them in Vietnam. A key concern is an unbalanced workforce which suffers from a lack of adequately skilled workers, resulting in serious threats to industry productivity and competitiveness in a globalised world.

13.1 Introduction

13.1.1 Contextual Background

Vietnam is a country located in Southeast Asia. In the north, it shares the long borderline with China. In the east and south, it is bordered by the Pacific Ocean and in the west by Laos and Cambodia. The country has an area of over 300,000 km² and a population of 92.7 million, with 54 ethnic groups, of which 86.2% are Vietnamese, and 13.8% are ethnic minorities (General Statistics Office 2014). Vietnam is administratively divided into 63 provinces and cities directly under the central government (General Statistics Office 2015). Over the past 80 years, the Communist Party of Vietnam (CPV) has focused on the struggle for national independence, liberating the country from almost a century of domination by

N. D. Nguyen (✉)

Hanoi University of Science and Technology, Hanoi, Vietnam
e-mail: Nguyen.danh@hust.edu.vn

N. B. Ngoc

Institute of Labour Science and Social Affairs, Hanoi, Vietnam
e-mail: bangoc_uls@yaho.com.vn

A. Montague

RMIT University, Melbourne, Australia
e-mail: alan.montague@rmit.edu.au

© Springer Nature Singapore Pte Ltd. 2019

S. Dhakal et al. (eds.), *The Transition from Graduation to Work, Work, Organization, and Employment*, https://doi.org/10.1007/978-981-13-0974-8_13

Western colonialists (SarDesai 2012). Since the country's reunification in 1975, the CPV has led the Vietnamese people in carrying out the country's renovation, modernisation and industrialisation. The CPV has established a nationwide political system which assists the party leadership and mobilises the people to realise the goals of national independence, democracy and social progress. Since the economic and political reforms initiated in Vietnam in 1986, known as 'Doi Moi', the Vietnamese economy has experienced rapid economic growth and development and transformed Vietnam from one of the world's poorest to a lower middle-income country (Kuhlmann and Ordolnfez-Matamoros 2017). Real gross domestic product growth increased in 1987 and for the next 5 years averaged over 5% per annum (McGillivray et al. 2012). The sharp upward trend from 1986 to 1997 reached a high of 9.5% in 1995, which culminated in a substantial reduction of income poverty (McGillivray et al. 2012). Doi Moi remains as one of the most highly regarded successful reforms from an economic perspective ever implemented in a developing country.

The Government of Vietnam continues to show commitment to reforms. Vietnam's 2011–2020 Socio-Economic Development Strategy (SEDS)—a 10-year strategy—highlights the need for structural reforms, environmental sustainability, social equity and emerging issues of macroeconomic stability. It defines three “breakthrough areas”: (i) promoting skills development, particularly for modern industry and innovation; (ii) improving market institutions, and (iii) further infrastructure development. The Socio-Economic Development Plan (SEDP) for 2016–2020, approved in April 2016, acknowledges the slow progress on certain policy priorities and emphasises the need to accelerate reforms. (World Bank 2018, p. webpage)

Vietnam's economy continued to strengthen in 2015, with an estimated gross domestic product (GDP) growth rate of 6.7% (General Statistics Office of Vietnam 2015; Focus Economics 2018). Vietnam's economic activity decreased marginally in the first half of 2016, with GDP expanding by 5.5% compared to 6.3% over the same period in 2015 (General Statistics Office of Vietnam 2017; Focus Economics 2018). This slow-down was the result of the severe drought affecting agricultural production and slower industrial growth. Agriculture's share of economic output shrank from approximately 25% in 2000 to 17% in 2015, while industry's share increased from 36 to 39% in the same period (General Statistics Office of Vietnam 2017).

13.1.2 Workforce Productivity and Labour Employability

To maintain the pace of economic growth, Vietnam cannot continue to rely on the size and the youth of its workforce (World Bank 2014). It needs to pay more attention to improving workforce productivity and labour employability (World Bank 2014). Vietnam has considerable potential to boost its presence as a global economic force global and the signs are optimistic (Focus Economics 2018). The last quarter of 2017 provided an excellent GDP performance showing growth at 'at the fastest annual pace in more than ten years' resulting in 2017's GDP growth

exceeding the government's 6.7% target and is one of the top global performers (Focus Economics 2018, p. webpage). Among the key factors that induced this notable reversal were the 'double-digit rise in exports, aided by a depreciation in the dong against the dollar', and a massive surge in foreign direct investment (FDI), which reached a record high in the year (Focus Economics 2018, webpage, citing Vietnam's Statistical Institute). The State Bank of Vietnam's continuing strategy to foster 20–21% growth in the private sector credit is a factor in enhanced private consumption (Focus Economics 2018). 'Striving to become East Asia's "new economic tiger"', the government is sharply increasing sales of stakes in state-owned companies to bolster revenue and alleviate a strained budget' (Focus Economics 2018, webpage).

Overall the economic potential of Vietnam is significant, The Government of Vietnam continues to show commitment to crucial reforms including skill development amongst its working-age population in jobs that align to technical and vocational education and training (TVET) and higher education (HE) development (World Bank 2018).

13.1.3 The Vietnamese Labour Market

Vietnam had a potential labour market of over 55 million people in 2017, with an average 77% labour force participation rate (General Statistics Office of Vietnam 2017). Employment in the agriculture, forestry and fisheries sector accounts for nearly 40.4% of total employment. Table 13.1 illustrates the key economic and labour market indicators for Vietnam in 2016 and 2017.

Vietnam's labour productivity in 2013 was \$5440USD (World Bank Report 2014). This figure was higher than that of Myanmar, Cambodia and Laos but was lower than the rest of the ASEAN nations (equivalent to only 55% of Indonesia, 54% of the Philippines, 37% of Thailand, 15% of Malaysia and 6% of Singapore—World Bank Report 2014). Vietnam's Global Competitive Index falls into the lower category: in 2014, Vietnam was only ranked 68th out of 144 participating countries, although this has been an improvement by two ranks since 2013 (70/148) and seven ranks in 2012 (75/144) (World Bank Report 2014). The low rates of labour productivity and competitive index ranking show that Vietnam's economy is still among the low-development countries, in comparison to earlier developing countries in Southeast Asia such as Thailand and Singapore (World Bank Report 2014). The low rates of productivity and development are the result of both out-of-date technology and the relatively low skills of the workforce (World Bank Report 2014). In the third quarter of 2017, the labour force for people aged 15 years exceeded 55 million people (General Statistics Office of Vietnam 2017; Ministry of Labour, Invalids and Social Affairs {MOLISA} 2018). The labour market participation rate for the same quarter was 76.8%, and the number of skilled workers aged over 15 years including people who hold vocational certificates/degrees for the duration of the 3 months above, was 12.07 million people (General Statistics Office

Table 13.1 Key economic and labour market indicators

Indicator	2016		2017		
	Q3	Q4	Q1	Q2	Q3
1. GDP growth rate (%)	6.6	6.7	5.1	6.3	7.5
2. Labour force (million people)	54.44	54.56	54.51	54.52	54.88
3. Labour force participant rate (%)	76.65	76.82	76.55	76.45	76.75
4. Rate of trained labourers with diplomas/certificates (%)	21.50	21.39	21.52	21.60	21.99
5. Employment (million people)	53.27	53.41	53.36	53.40	53.77
6. Rate of salaried workers in total employed labourers (%)	41.03	41.62	42.16	42.77	42.62
7. Rate of jobs in agriculture, forestry and fisheries industry in total employment (%)	41.61	41.54	40.50	40.44	40.35
8. Number of unemployed people at working age (thousand people)	1117.7	1110.0	1101.7	1081.6	1074.8
9. Unemployment rate at working age (%)	2.34	2.31	2.30	2.26	2.23
9.1. Urban unemployment rate (%)	3.23	3.24	3.24	3.19	3.14
9.2. Youth unemployment rate (aged 15–24) (%)	7.86	7.28	7.29	7.67	7.80

Source GSO (2017), Report on Socio-economic Status Quarter 3, 2017

of Vietnam 2017; MOLISA 2018). The proportion of skilled workers in the workforce was only 22.0% of the total labour force people (General Statistics Office of Vietnam 2017; MOLISA 2018). With approximately one-fifth of the total labour force being identified as skilled workers (General Statistics Office of Vietnam 2017), the trend of improvement from quarter 3 2016 to quarter 3 in 2017—‘the number of trained workers aged 15 and over who have certificates for three-months (and above) training—{was} 12.07 million people’, representing an increase of ‘649 thousand people (5.68%) compared to quarter 3/2016’ (MOLISA 2018, webpage). A substantial increase was observed among the group of elementary vocational training (18.63%), followed by the group of university and postgraduate (8.91%), but there was a decrease in the group of secondary vocational training (−3.74%) and college (−0.28%)’ (MOLISA 2018, webpage).

The key challenge for the Vietnamese labour market is how to increase this low proportion to meet the increased demands of today’s globally competitive market, which requires a significantly higher proportion of skilled and qualified employees.

In terms of labour structure by qualification level, there were roughly 5.4 million people with a university degree as shown in Fig. 13.1 (44.74% of total skilled workers), the highest rate of skilled workers in comparison with other tertiary education degrees (General Statistics Office of Vietnam 2017). It suggests that more Vietnamese young people prefer to enter universities rather than vocational and professional institutions, though the rate of skilled workers still needs to be

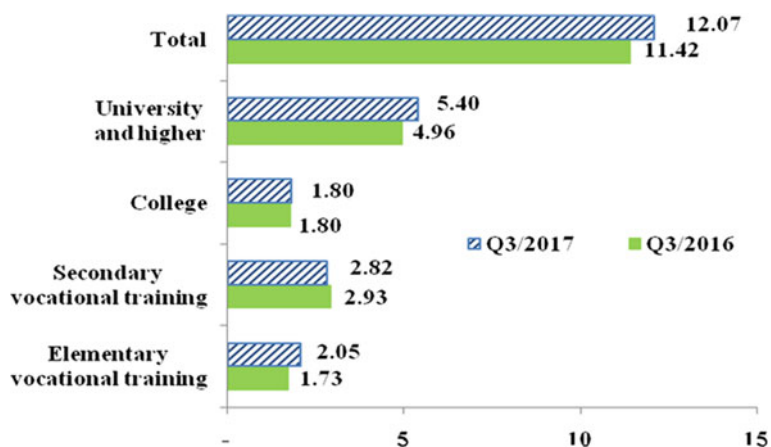


Fig. 13.1 Number of workers by technical expertise, quarter 3/2016 and quarter 3/2017. MOLISA (2018, webpage), citing the general statistics office Vietnam (2016, 2017), *Quarterly Labor Force Survey*

increased. Skill shortages are a concern, as Vietnamese authorities need to balance the percentage of skilled workers from each training institution. The International Labour Organisation (ILO 2015) predicted that the number of jobs in Vietnam should increase by 14.4% by 2025 due to Vietnam joining the ASEAN Economic Community (AEC) in late 2015. To meet the demands of a hungrier labour market as an outcome of joining the AEC, a labour force with heightened skills would be required to meet international labour market demands immediately, as forecast by the ILO (2015). The statistical trend of skilled Vietnamese workers shows a level that poses problems regarding supply and demand (ILO 2015). However, the labour market still has several positive elements—for example, the proportion of workers continued to rise, reaching 42.6% in quarter 1/2016, and both urban and youth unemployment rates were reduced (ILSSA 2017). According to the General Statistics Office of Vietnam {GSO} (2017), Table 13.2 shows that the labour industry sectors were in constant transition (GSO 2017). The proportion of workers in agriculture, forestry and fisheries (AFF) continued its reduction to 40.4%; the service sector climbed to 34.0%; and even though the industry and construction sector had a moderate decline, it remained steady at 25.7%. Agriculture, forestry and fisheries remain among the fields that employ a large proportion of the labour force in Vietnam but are comprised of unskilled and low-paid workers (General Statistics Office of Vietnam 2017). To change this situation, added investment and industry development are essential, especially in the construction and service sectors (ILO 2015).

The rate of paid workers in total employment has constantly increased and reached 42.6% in the third quarter of 2017, as shown in Table 13.2; unpaid family workers showed a reduction to 16.01%, and self-employed workers rose slightly to 39.4%. In the same quarter, there were 5.4 million workers with university bachelor

Table 13.2 Labour structure by industry and job position (Unit: percent)

	2016		2017		
	Q3	Q4	Q1	Q2	Q3
<i>a. Economic industries</i>					
AFF	41.61	41.54	40.50	40.44	40.35
Industry-construction	24.93	25.05	25.49	25.59	25.67
Service	33.46	33.41	34.01	33.97	33.98
<i>b. Employment status</i>					
Owner	2.77	2.82	2.24	2.11	1.97
Self-employed	39.83	39.28	39.85	39.38	39.38
Household labour	16.28	16.20	15.72	15.71	16.01
Salaried workers	41.03	41.62	42.16	42.77	42.62
Cooperative members	0.09	0.08	0.03	0.03	0.03

Source GSO (2016, 2017), Quarterly Labor Force Survey

qualifications or higher, covering 9.84% of total employment. On the other hand (see Fig. 13.2), except for the armed forces, only 76.23% of workers found compatible jobs, such as: ‘management’ (7.73%) or jobs requiring a ‘higher technical profession level’ (68.5%). Figure 13.2 shows that more than 22% of those who had obtained university degrees were still working in positions that require lower level qualifications, including ‘secondary technical profession level’ jobs (3.57%), ‘staff’ (4.27%), ‘skilled service and sales staff’ (7.96%), ‘skilled worker among agriculture, forestry and fisheries’ (0.58%), ‘craftsman’ (1.98%) and ‘manual labour’ (2.15%).

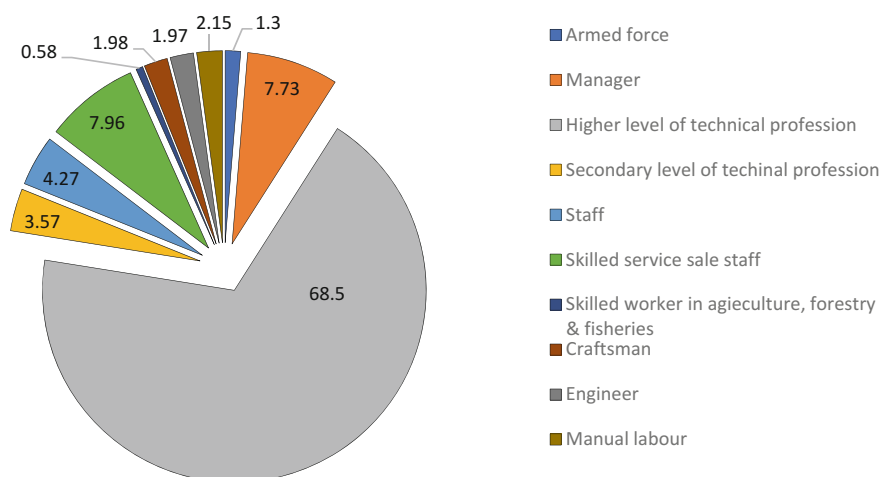


Fig. 13.2 Employment structure of workers with university degree and higher, quarter 4/2015 (percent). Source General Statistic Office of Vietnam statistics data and quarterly labour—employment survey data (Quarter 4, 2015)

Overall, a quarter of university graduates could not find a job related to their degrees, or the employers' expectations were complicated by a desire for applicants to possess a university degree and other employment capabilities such as good attitudes and employable skills from their potential employees (Angelino 2017; Montague 2013).

In late 2015, Vietnam had 1074.8 thousand unemployed people of working age, of which more than a half (610.9 thousand people) were adolescents aged 15–24 (General Statistics Office of Vietnam 2017). The unemployment rate of adolescents aged 15–24 was still high (7.8%) and was 3.53 times higher than the general unemployment rate. This figure shows that young Vietnamese employees who are not equipped with appropriate work skills will struggle to find suitable jobs. The OECD defines youth unemployment rates as the number of unemployed people aged 15–24 year of age articulated as a percentage of the youth labour force. Unemployed people report that they are not working but are available to work and that they tried to find work employment within the last month or 4 weeks (OECD 2017). It is notable that the youth unemployment rate in Vietnam is quite low when compared to 36 of the 39 OECD countries with only Japan, Iceland and Germany showing a lower youth unemployment rate in 2016 (OCED 2017).

According to the data in Table 13.3, people holding a professional college qualification had the highest unemployment rate in the third quarter of 2017 (4.88%), which is counter-intuitive. This was followed by university degrees and above (4.51%) and professional secondary vocational qualifications (3.77). It reinforces the reality that higher education qualifications do not necessarily guarantee employment. Given these statistics, it is arguable that obtaining employment in Vietnam requires graduates to master numerous work-readiness skills (both technical and soft skills) and abilities in parallel with knowledge capabilities fostered within tertiary education institutions.

Frequent droughts, invasive mangrove growth and massive associated fish die-offs in the coastal areas have created pressure on Vietnam's 2016 economic growth target of 6.7%, while the factors that are likely to stimulate growth from the

Table 13.3 The unemployment rate of people in working age by gender, area, technical qualification and age group (Unit: percent)

	2016		2017		
	Q3	Q4	Q1	Q2	Q3
General	2.34	2.31	2.30	2.26	2.21
Unskilled	1.84	1.78	2.01	1.88	1.70
Elementary	1.76	2.17	2.12	1.90	1.75
Secondary	3.20	2.74	3.08	3.50	3.77
College	7.50	7.38	6.00	4.96	4.88
University and higher	4.22	4.43	2.79	3.63	4.51
Youth (15–24)	7.86	7.28	7.29	7.67	7.80
Adult (≥ 25)	1.20	1.31	1.37	1.25	1.14

Source GSO (2016, 2017), Quarterly Labor Force Survey

various free trade agreements are yet to occur. For example, the Trans-Pacific Partnership and other bilateral Free Trade Agreements have yet to take effect or are in the inception and implementation phases (for example, ASEAN Economic Community).

13.1.4 Government Frameworks and the Education System

Three levels categorise the administration of education in Vietnam. The highest level is the Ministry of Education and Training (MOET), which is responsible for the education policy and the operation of the national system (MOET 2017). At the second level are the provincial Departments of Education and Training (MOET 2017). This level is responsible for the oversight of district officers of education and training, upper secondary and vocational and technical colleges in each province or city (MOET 2017). The third level of the education system is the District Officers of Education and Training. This level governs primary and lower secondary schools in their districts and reports to the provincial department (MOET 2017). Even though Vietnam does not yet have a National Qualification Framework, there are 190 National Occupation Skill Standards (NOSS) for vocational education (VE only), administered by the Ministry of Education and Training and the Ministry of Labour, Invalids and Social Affairs (MOLISA) (Bodewig et al. 2014). The national government also issued a Law of Education proclaimed in 2005, which included policies related to the recognition of prior learning (RPL) (Hayden and Thiep 2015). In addition, the Law of Higher Education and the Law of Vocational Education were proclaimed in 2012 and 2014, respectively (Hayden and Thiep 2015). Each ministry has a different role and a separate function in managing the workforce and human capital development (Montague 2013). MOLISA and other relevant ministries are responsible for workforce development (Montague 2013). The Ministry of Education and Training and other ministries oversee human capital development. The Ministries of Labour and Education have issued the strategies of workforce development (2011–2020), the plan for workforce development (2011–2020), the strategy of education development (2011–2020), the strategy of vocational training (2011–2020) and the strategy of science and technology (2011–2020) (Kusakabe 2016). In January 2013, the government issued a Prime Ministerial decision on a project referred to as ‘Building a Learning Society’ in the period 2012–2020—to indicate the implementation of continuous and lifelong learning (Yang 2012). The key targets for this project are disabled people, the poor and other disadvantaged minorities. Three specific industry subsectors in Vietnam were also targeted for funding to improve work-readiness and involved programmers in the army, police and firefighters in their respective academies (Yang 2012). As reported by ILSSA (2017) from many industry sectors in Vietnam, the ten key sectors which are facing work-readiness challenges, ranked from one to ten, were as follows:

1. manufacturing,
2. information media and telecommunications,
3. professional, scientific and technical services,
4. healthcare and social assistance,
5. education and training,
6. finance and insurance,
7. construction,
8. transport and storage,
9. public administration and safety,
10. administrative and support services.

Vietnam does not yet collect data on vocational education and training (VET) and higher education (HE) completions and graduate outcomes.

The Vietnamese education system is like many other countries in the region as there are multiple levels of qualifications so that the graduates from different levels can enter the workforce with different kinds of work requirements. At the end of 2014, Vietnam had 204 universities and 215 vocational colleges (General Statistics Office of Vietnam 2015). In this context, the challenges for work-readiness may not come from the structure of the Vietnamese education system but rather from the management of the system and its compatibility with employers' expectations, with respect to either the labour market generally or specific job requirements.

13.1.5 Graduate Work-Readiness Challenges

As defined in various chapters within this book, graduate work-readiness includes the skills that students or graduates require to satisfy the needs for a job. This definition indicates that there are more than two actors who play important roles in ensuring the work-readiness of graduates. From the supply side, higher education institutions must play a significant role in equipping students with the appropriate knowledge, skills and behaviours. From the demand side, employers not only behave as customers but also need to partner with universities and vocational colleges to enhance the employability of students via multiple methods, from internship programs, availability of experience-sharing, job information and requirements for integration and appropriate employment infrastructure development (Tran 2015). The government also plays a very crucial role in the development of conducive environments and policies to strengthen the deep connection and the effective partnership between the two key actors (World Bank 2014). In Vietnam, all the trades and industry sectors are currently experiencing either inadequate skills of job applicants ('skills gap') or a scarcity of workers in some occupations ('skills shortage') (Jennings 2017; Montague 2013; World Bank 2014). Notwithstanding that the most serious industry sector cases are those utilising modern technologies, and sectors under pressure from competition, such as the production of goods for export (ILSSA-ManpowerGroup 2014). The occupational

groups facing many challenges are jobs requiring specialised technical qualifications, such as machinery repair and operation, testing—analysis, and dieticians (Nankervis et al. 2015). The service sector, namely business sales, also faces many challenges to recruiting skilled labour, as indicated in the results of surveys conducted by the ILSSA-ManpowerGroup (2014).

The significance of the difference between the systems of vocational training and higher education systems is at times negligible, as many vocational colleges are using nearly the same curricula as universities while students have very few chances to practise at jobs because of a lack of investment in practical tools and equipment at vocational colleges (MOET 2018). For the university system, the requirements are set higher and the risks that graduates do not secure (or have difficulties finding) a job may be larger (World Bank 2018). For the vocational training system, like other countries included in this book, another key challenge is associated with the difficulty of attracting students, as discussed earlier (Ho and Reich 2014). An international study on work-readiness was conducted in Vietnam together with other Asian countries by the World Bank (2012). According to its findings on the relevance of university graduates' skills to recruiters' requirements in seven East Asian economies, including Vietnam, work behaviour skills were in short supply. This situation was especially evident with soft skills, including creative thinking, information technology, leadership and problem-solving (World Bank 2012, 2014). As stated in the 'Vietnam Development Report' by the World Bank (2014), 'most employers said that recruitment is hard as candidates do not have appropriate skills (shortage of skills), or due to a shortage of available candidates in a number of industries and occupations (shortage of skilled employees)' (World Bank 2014, p. 7). Similarly, a survey conducted by the Institute of Labour Science and Social Affairs (ILSSA)-Manpower in 2013 showed similar observations, with nearly 30% of foreign direct investment (FDI) enterprises facing difficulties in recruiting direct workers and office staff. Foremost among the qualities found lacking in potential workers and office staff were an awareness of excellence and punctuality/reliability, as reported by approximately 30% of the group of direct workers and factory supervisors; followed by the inability to adapt to changes, such as working in teams, an ability to learn and apply new technologies, and a lack of fundamental computer skills, critical skills, problem-solving and collegiality (ILSSA 2014).

13.2 Causes of These Graduate Work-Readiness Challenges

13.2.1 Government Planning and Implementation Issues

There are many causes of the above challenges. The first issue to be outlined is that there is a lack of mechanisms, policies and appropriate orientation programs for

encouraging competition and improving quality (Chau et al. 2008; Lam 2013). Human resource planning is vague and lacks specificity; implementation systems are often bureaucratic, employment conditions and wages are unreasonable, thus having a direct impact on workers. Second, planning for the overall education and training systems is ineffective, with too many institutions being established, and training sectors are not in line with market demand (Chau et al. 2008; Lam 2013; Nankervis et al. 2015). In 2001, the number of higher education institutions in Vietnam was approximately 178. However, there were 419 universities and colleges by 2015 (General Statistics Office of Vietnam 2017). A lack of long-term strategies for the orientation of trades training according to the needs of the economy has led to an imbalance in trades training. In 2012, almost 40% of Vietnamese students were enrolled in the business-economic field, while only about 25% of them in science-technology fields (Thang and Lan 2013). Forecasts of the labour market in the short term and long term were weak; information about jobs and careers has not been fully updated in an accurate and timely manner; and the activities of vocational orientation, consulting and job recommendation are limited (Thang and Lan 2013).

13.2.2 Educational System and Employer Issues

The third cause is that training in many vocational colleges and universities is of relatively low quality (Chau et al. 2008; Lam 2013). Most colleges conduct training based on vague notions of what is required and elements of tradition as opposed to labour market requirements (Chau et al. 2008; Lam 2013). Even when capturing market requirements, many colleges still do not have enough capacity (teachers, facilities, training programs) for the necessary changes (Chau et al. 2008; Lam 2013; Nguyen et al. 2016; Thang and Lan 2013). The education system lacks interaction with employers and industry, and many programs are not practical, limited in both skills and knowledge, making it immensely difficult for labourers to find jobs (Chau et al. 2008; Lam 2013; Nguyen et al. 2016; Thang and Lan 2013). The fourth key issue is that employers do not collaborate closely with the training institutions for them to offer more appropriate training programs (Lam 2013; Nguyen et al. 2016; Tran 2013). Employers also do not take full social responsibility, as they require quality from the educational institutions but often do not collaborate with them on joint programs to encourage students to do apprenticeships or share information with teachers (Nguyen et al. 2016). State-owned enterprises evaluate employees based primarily on their qualifications, thus reinforcing the social trend to merely possess a university degree (Lam 2013; Tran 2013). There are a few notable issues that aggravate the challenges of resolving skill shortages in Vietnam. Reliance on the government rather than engaging students and their families in the learning process and job-seeking activities is a major problem

(Lam 2013; Tran 2013). An added problem is the preference by parents for higher rather than vocational education (Ho and Reich 2014; Lam 2013; Tran 2013), common to many other countries included in this book.

13.3 Strategies to Address Graduate Work-Readiness

The government and the relevant ministries in Vietnam have set some goals and developed certain strategic measures that have been issued aimed at resolving the above challenges by improving the capability of potential staff to increase work-readiness and meeting the requirements of the labour market (Ministry of Labour, Invalids and Social Affairs of Vietnam 2018). For example, the government has a strategy for human resources development until 2020 which includes the Law on Vocational Education and the Prime Minister's Decision on building high-quality schools to approach regional and international levels (MOLISA 2018). Also, the government has issued a raft of policies on the development of the business sector through creating more jobs (MOLISA 2018). MOLISA has actively implemented activities and measures including the Labour Code of 2012 and the Employment Law of 2013, as well as approving the National Target Program of employment and vocational training between 2012 and 2015 (MOLISA 2018). MOLISA (2012) proposed policies to support job creation aided by the national fund for employment which stipulates policies to support young people either forging a career or starting a business. Within the array of policies implemented, boosting labour market forecasts was crucial through the dissemination of employment information, and jobs available in workplaces to help youth and students graduating to obtain suitable jobs (MOLISA 2012). Employment service centres are needed to strengthen collaboration with training institutions, especially colleges and universities, in activities of consultation, job recommendations and career orientation for students. An added policy recommendation was for employment services centres to coordinate with the Association of Universities and Colleges of Vietnam to organise activities to support jobs for students and coordinate with the Ministry of Education and Training in order to implement the participation of students after graduation in the labour market (MOLISA 2012). The education system has also implemented many new policies, from changing the organisation of entrance exams at all education levels to the input of recruitment examinations. Prior to 2014, universities and colleges were delegated to establish their own entrance exams under the requirement of MOET (MOLISA 2018). Since 2014, MOET has developed and implemented a revised entrance exam system with only one national test, and all the higher education institutions are using the same test results database to select their students. In addition, universities and colleges have made many attempts to innovate, change textbooks and alter the learning techniques for students to enhance teaching and the transmission of knowledge and experiences (MOET 2017). Vocational training has reviewed its standards and organised contests for checking practical skills to recognise and assist workers to

find jobs not only in the country but also overseas (MOET 2017). Other strategies include connecting with and facilitating enterprises to recruit students from schools or create mechanisms to help students after school to work as a trainee, thus directly obtaining relevant work experience (MOET 2017).

Industries and businesses have expanded and upgraded the training colleges which they are associated with to provide more practical industry training, and co-designing more appropriate training programs (Tran 2016). These key parties are collaborating to forge agreements where companies may allow students to stay longer at work stations during internship programs or business staff attending classes at universities (Tran 2016). Other initiatives include improved human resource management plans, such as staff exchanges and getting to know the candidates thoroughly to make the best recruitment choice (Huynh 2012). Many companies have also recruited newly graduated students with corresponding specialisations for extra training to acquire further work-related expertise (Huynh 2012). As the economy continues to grow and the unemployment rate is kept stable, training has shifted towards the directions associated with the market. Some universities and vocational colleges have made great efforts to transform the curriculum innovatively with improved programs and training methods (MOET 2017). Strengthening the capabilities of teaching staff and functional aspects of the learning infrastructure are all aimed at improving training quality and its relevance to the industry has been a key driver (MOET 2017). The provision of enhanced preparation for students regarding knowledge and skills, particularly the skills for readiness to participate in the labour market in order to better meet the requirements of employers, was also a key factor among the policy mix (MOET 2017). Nevertheless, the effectiveness of those strategies is limited due to a lack of strong and comprehensive solutions and particularly the changes in the national entrance examination (MOET 2017). The Law on Career Education took effect from 1 July, 2015, but to date has not been effectively implemented (MOET 2017). Given these array of circumstances, there still appear to be many qualifications which do not meet actual industry requirements, and many gaps in training methods and practice modes (Table 13.4).

13.4 Summary and Conclusion

Vietnam has faced many challenges in its labour market, in which the unbalanced labour workforce lacks skilled workers. This represents the main concern of Vietnamese authorities. Many Vietnamese firms and large foreign direct investment enterprises report that the current graduates do not meet their requirements, and that there is always a shortage of the right skills of workers in the labour market. The target of Vietnam authorities is to improve the quality of labour force to meet the higher requirements of the employers. From now to 2020 and beyond, the Vietnamese labour market needs to build up an adequate labour force to meet the needs of industrialisation and international competition in the context of

Table 13.4 Summary of key findings

Summary	
Demographics/ labour market	<p>Population: Vietnam's current population was 94.3 million in 2015 which is among top 15 in the World. The size of population increase is currently 0.95% annually</p> <p>Demographics: young population with more than 75% of labour participation rate, higher than world average of 63.5%</p>
	<p>Demographic challenge: total rate of labour who have participated in training institutions before work is still comparatively low (one-fifth of workforce). There are seemingly not enough higher education institutions to satisfy the need of market while the quality of their training is still inconsistent</p>
Economy	<p>Growth rate was slowed down to 6.5% in the last 5 years due to macroeconomic turmoil and low labour productivity. Equitisation programs and banking system restructuring are among the top priority of government efforts to drive the economy out of the middle-income trap</p>
Educational structure/ work-readiness challenges work-readiness issues	<p>Regulatory framework: several frameworks to boost up employability of Vietnamese workforce; however, the effectiveness of these policies is still uncertain. Both the ministry of education and training and ministry of labour, invalid and social affairs are involved in setting up a lot of strategies and policies to reduce work-readiness challenges, but there is a lack of coordination and consistency</p> <p>VET sector: the training quality has not met the businesses' requirements about perception, social behaviour, technical expertise, soft skills, foreign language, job skills and work attitude. Training programs mainly focus on theory, with a lack of practical knowledge. Teachers are not of corresponding quality</p> <p>HE sector: training curriculums are not appropriated to the skills required by industries. The unemployment rate of university graduates is highest in comparing with other workforce groups</p> <p>Summary of skill mismatches/shortages: the labour market in Vietnam is characterised by both candidates do not have appropriate skills (shortage of skills), and shortage of available candidates in a number of industries and occupations (shortage of skilled employees)</p> <p>Industry links: higher institutions were not welcome and initiative to cooperate with industries while employers tend to use low-skilled employees as cheap labour</p> <p>Shortage of skills: Vietnamese young employees usually lack soft skills, including creative thinking, information technology, leadership and problem-solving</p> <p>Shortage of skilled employees: industries utilising modern technologies, and sectors under pressure from competition, such as the production of goods for export</p>
Policy initiatives and recommended strategies for improved graduate work-readiness	<p>Government policy initiatives: Setting up strategy for human resources development until 2020, law on vocational education, the prime minister's decision on building high-quality schools to approach regional and international level</p> <p>Higher education institutions: innovate the contents, programs, training methods, strengthening teaching staff, facilities, to improve the training quality, better preparation for students in terms of knowledge, skills, especially the skills for readiness to participate in the labour market, better meeting the requirements of employers</p> <p>Employers: more open to universities and colleges. Initiation of cooperation with HE and VET, open business environment for students and teachers to work with</p>

globalisation. Overall, there are numerous consequences of work-readiness challenges. The imbalance between supply and demand and the status of both shortage and surplus of labour is increasingly serious. Also, work productivity is low, and the competitiveness of enterprises as well as of the nation is weak, increasing the risk of losses for Vietnam in the process of regional and global integration. This has impacts on the development of effective competition between countries, creating opportunities for foreign workers to enter Vietnam, thus making it difficult for Vietnam's internal resources to be promoted, and having long-term influences on the quality of human resources and economic development. Furthermore, the waste of human resources and increases in unemployment (actual unemployment, and 'disguised' unemployment due to doing jobs which are not associated with their trained specialisation) lead to other social consequences, such as poverty, inequality, crime and social evils. Vocational student graduates find it hard to get a job while enterprises are short of appropriately qualified and skilled employees. Also, a costly re-training process often must be undertaken by enterprises after recruitment.

References

- Angelino, A. (2017). Human capital shortages in the Vietnamese industry. A firm-level analysis. *Working Papers 1701*. c.MET-05—Centro Interuniversitario di Economia Applicata alle Politiche per L'industria, lo Sviluppo locale e l'Internazionalizzazione. Available at http://193.205.129.80/repec/cme/wpaper/cmetwp_01_2017.pdf.
- Bodewig, C., Badiani-Magnusson, R., Macdonald, K., Newhouse, D., & Rutkowski, J. (2014). *Skilling Up Vietnam: Preparing the workforce for a modern market economy (directions in development-human development)*. Washington, DC: World Bank.
- Chau, N. H., Hai, V. N., & Duc, T. K. (2008). *Quality of education—theories and practices*. Hanoi: Vietnamese Education Publishing House.
- Focus Economics. (2018). *Vietnam economic outlook*. Barcelona. <https://www.focus-economics.com/countries/vietnam>.
- General Statistics Office. (2014). *Newsletter: Vietnam's labour market* (Vol. 25), quarter 4 of 2014.
- General Statistics Office. (2015). *Newsletter: Vietnam's labour market* (Vol. 24), quarter 4 of 2015.
- General Statistics Office. (2016). *Newsletter: Vietnam's labour market* (Vol. 9), quarter 1 of 2016.
- General Statistics Office. (2017). *Newsletter Vietnam's labour market* (Vol. 15), quarter 3 of 2017.
- Hayden, M., & Thiep, L. Q. (2015). A 2020 vision for higher education in Vietnam. *International Higher Education*, 44, 23–36.
- Ho, T. H. T., & Reich, A. (2014). *Historical influences on vocational education and training in Vietnam*. Available at https://www.avetra.org.au/data/Conference_Archive_2014/13_Tien_Ho_Paper.pdf.
- Huynh, N. L. (2012). Training for the employment market. Paper presented at the Workshop of Training, Research and Technology Transfer vs Enterprise Demands, Dong Nai, Vietnam (in Vietnamese).

- ILO. (2015). *Who are Viet Nam's 18 million wage workers?* Country Office for Viet Nam July 2015 ILO Geneva. http://www.ilo.org/wcmsp5/groups/public/—asia—ro-bangkok/—ilo-hanoi/documents/publication/wcms_384763.pdf.
- ILSSA-ManpowerGroup. (2014). *Trends of skill in the FDI sector*. Hanoi January 2014.
- ILSSA-ManpowerGroup. (2017, January). *Trends of skill in the FDI sector*. Hanoi.
- Jennings, R. (2017). Vietnam is losing economic ground to china due to lack of high-skilled workers. *Forbes*. Available at <https://www.forbes.com/sites/ralphjennings/2017/06/07/vietnam-is-losing-ground-to-china-because-it-lacks-skilled-workers/#2b32b99e6256>.
- Kuhlmann, S., & OrdoñÍez-Matamoros, G. (2017). *Research handbook on innovation governance for emerging economies: Towards better models*. Northampton, MA: Edward Elgar Pub.
- Kusakabe, T. (2016). *Education policy formation for school improvement practices at lower secondary level in Hanoi, Vietnam-new quality issue after the law on residence in 2006*.
- Lam, N. B. (2013). Solution to solve the problem of quality and quantity in Vietnamese higher education system. In *Higher education in Vietnam: Quality and management*. Hanoi: Vietnamese Education Publishing House.
- McGillivray, M., Carpenter, D., & Norup, S. (2012). *Evaluation study of long-term development co-operation between Vietnam and Sweden*.
- MOET. (2017). *Ministry of education and training. Report on the Conference on Annual Work of Academic Year 2016–2017 and Major Tasks of Academic Year 2017–2018 of University and College Sectors* (Unpublished report).
- MOET. (2018). *Education department. Ministry of education and training*. Available at <http://www.asef.org/about/organisation/education-department>.
- MOLISA. (2012, 2017). Ministry of labour, invalids and social affairs. <http://www.molisa.gov.vn/en/Pages/Home.aspx>.
- MOLISA. (2018). *Number of workers by technical expertise, quarter 3/2016 and quarter 3/2017*. Unit: million people. Hanoi {Source: GSO (2016, 2017), *Quarterly Labor Force*}. www.molisa.gov.vn/Images/FileAnPham/fileanpham201812591714.doc.
- Montague, A. (2013). Vocational and skill shortages in Vietnamese manufacturing and service sectors, and some plausible solutions. *Asia Pacific Journal of Human Resources*, 51(2), 208–227.
- Nankervis, A., Montague, A., & Verma, P. (2015). Scarcity in plenty: Skills shortages and HRM competencies in Vietnam. In M. F. Rola-Rubzen & J. Burgess (Eds.), *Human development and capacity-building: Asia Pacific trends, challenges and prospects for the future* (pp. 58–77). London: Routledge.
- Nguyen, H. T., Hamid, M. O., & Moni, K. (2016). English-medium instruction and self-governance in higher education: The journey of a Vietnamese university through the institutional autonomy regime. *Higher Education*, 72(5), 669–683.
- OECD. (2017). *Youth unemployment rate*. OECD Geneva. <https://www.data.oecd.org/unemp/youth-unemployment-rate.htm>.
- SarDesai, D. R. (2012). *Southeast Asia past and present* (7th ed.). New York: Westview Press.
- Thang, N. D., & Lan, N. H. (2013). Labour demand of enterprises and students' employabilities. *Journal of Economics and Development*, 197(2), 90–96.
- Tran, T. T. (2013). The perception of employability and the subsequent role of higher education in Vietnam. *The Journal of the World University Forum*, 6(1), 1–11.
- Tran, T. T. (2015). Is graduate employability the 'whole-of-higher-education-issue'? *Journal of Education and Work*, 28(3), 207–227.
- Tran, T. T. (2016). Building a close connection between higher education and industry for a better education outcome for Vietnam. *VNU Journal of Science: Education Research*, 32(4), 36–43.

- World Bank East Asia and Pacific Regional Report. (2012). *Putting higher education to work: Skills and research for growth in East Asia*. Manila: World Bank.
- World Bank. (2014). Vietnam development report—skilling up Vietnam: Preparing the workforce for a modern market economy. Hanoi. Available at <http://www.vietnamnews.vn/society/275276/labour-market-set-for-stiff-competition.html>.
- World Bank. (2018). *The World Bank in Vietnam*. Available at <http://www.worldbank.org/en/country/vietnam/overview>.
- Yang, J. (2012). An overview of building learning cities as a strategy for promoting lifelong learning. *Journal of Adult and Continuing Education*, 18(2), 97–113.

Nguyen Danh Nguyen is the Dean, School of Economics and Management at Hanoi University of Science and Technology in Vietnam. Nguyen is also the Director of the Monozukuri Program in training and applying Lean Thinking to various manufacturing enterprises in Vietnam. He is a senior lecturer and advisor in Human Resource Management and Manufacturing Management. His areas of research interest are performance management, employee training and career development, employee engagement, employability, lean management, service quality, productivity improvement and kaizen.

Nguyen Ba Ngoc is a Senior Researcher at the Institute of Labour Science and Social Affairs. He received his Ph.D. from the Warsaw School of Economics in Poland. He has more than 35 years academic and consulting experience at several universities in Vietnam. He was the Vice Rector of University of Labour and Social Affairs in Hanoi and the Deputy Director General of Institute of Labour Science and Social Affairs, Ministry of Labour, Invalids and Social Affairs of Vietnam. From 2017, he has been the senior researcher of the Institute of Labour Science and Social Affairs. He is also the Head of Technical Team of National Wage Council. Ngoc has published more than 80 books, book chapters, national and international journal articles, and conference papers, associated with his research interests including Employment and Labour market policies, Human resource management, Wage and Industrial relations, Comparative ASEAN Labour markets, Skills development, Social protection and Productivity in Vietnam.

Alan Montague joined Royal Melbourne Institute of Technology University in 1997 to manage the Apprenticeship and Traineeship program. Prior to this, Alan was a senior manager with a Federal Government Department, with expertise in government employment programs that boosted labour market participation. Alan's research has focussed on vocational skill shortages, government policies relating to the links between education and industry, employment/education program policy development, and critical commentary on the impact of artificial intelligence and corporate ethics through the lens of human resource management (HRM). While working in the RMIT TAFE division, Alan was called upon to lecture part time in higher education from 2001 to 2007 at postgraduate level developing the skills of career teachers and vocational counsellors. In 2007, Alan moved into higher education permanently and is now the Program Director for the Master of HRM.