

Employment Strategy Papers

**Youth employment in Viet Nam:  
Characteristics, determinants and policy  
responses**

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## **Preface**

This working paper is a contribution to the Employment Policy Unit's research programme, being undertaken in the 2004-05 biennium, on youth employment in developing countries. The research programme is intended to (i) gather strong empirical evidence on the characteristics and determinants of youth employment in developing countries; (ii) based on this sound empirical base, derive policy recommendations appropriate to the developing country context; and thus (iii) enhance the capacity of the member States and the social partners to design and implement policies and programmes for promoting youth employment. The research programme includes 7 country case studies from all over the developing world. These studies will be used as the basis for the major output of the programme, a synthesis report on youth employment policy in developing countries.

The transition to a market economy in Viet Nam involved a drastic modification of young men and women's transition from school-to-work. Today, many youth enter the labour market out of economic necessity. Even though the potential to benefit from the country's socio-economic successes of the past 15-20 years is great, youth in Viet Nam face a series of new challenges. For example, inequality, polarisation and unemployment have appeared. The down-sizing of the public sector with disappointing levels of foreign direct investment mean that job opportunities are confined to the predominant agricultural sector where underemployment and poverty, though declining, are widespread. In that context, the Vietnamese government has made the creation of decent jobs, the upgrading of skills and the fight against unemployment its priority, with a special focus on youth.

The authors show that youth unemployment (at 5.7 per cent in 2002) is mainly linked to educated unemployment among middle income households. They argue in favour of a mismatch between education and labour market demand. Government policies have so far failed to redirect resources from general higher education to vocational training and greater technical skills. The linkages between the education and training system and the labour market have to be strengthened to close the gap between the skills in demand and the skills offered on the labour market.

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## I. Introduction

Viet Nam is experiencing an increase in the proportion of 'youth'. Those aged 15 to 24 already make up around 24 per cent of the population. The young population will take the country into a new social and economic age. Young people move through the complex transition periods known as 'adolescence' and 'youth' as they grow older, defined inclusively as 'transition' periods after childhood, and before a more settled adulthood.

Youth development is one of any society's major concerns. Such concerns are magnified during a period of social and economic change, such as that taking place in today's Viet Nam. The increased standard of living and participation in higher education mean that young people might not have to move directly into work from primary or secondary school as their parents previously did. Social change in Viet Nam also places new stress on young people, who find themselves caught between traditional values and emerging new ones. The process of market transition and globalization has eroded some traditional values in Viet Nam as outlined in Table 1 below.

Longer periods of education, later marriage and the requirements of a more technical career are just some of the ways in which the lives of today's youth differ from those of their parents. Major generational gaps and differences exist between the young and the old, which can result in new conflicts in daily life, within families, communities and at the workplace. These conflicts represent the transitional nature of Vietnamese society with mushrooming new challenges and opportunities for young people who have every right to expect a brighter future and the means with which to achieve it. The policy challenge is how to ensure decent and productive employment for young people who participate in the labour force. At present, the labour force is still growing at a faster pace than the population, reflecting the more rapid population growth of the past.

Given the association between the new dimensions of youth under market transition, globalization and specific aspects of social change (see Table 1), tackling the issues and understanding the concerns regarding youth employment is very essential for the future benefit of today's youth and the country. While other youth issues are of importance to the future of Viet Nam (e.g. sexuality, injuries, mental health, drug use, prostitution, HIV and migration), reducing unemployment rates, providing employment services and enhancing the employability of youth are currently of the utmost importance for national development.

## II. Research objectives

Although a considerable amount of information including statistics now exists for youth and employment in Viet Nam from various surveys and other sources, there is no comprehensive and systematic analysis of national-level data. Although recognition of the seriousness of the youth unemployment, underemployment and vocational training problem has prompted a special study, there is limited information about the trends, characteristics and determinants associated with Vietnamese youth, youth employment and the labour market. To fill the gap, this national study is prepared with the following objectives:

- to outline the trends and characteristics in youth employment and the labour market.
- to identify and assess the determinants of employment, unemployment and underemployment among young people in Viet Nam.
- to review the national policy framework for youth employment giving particular attention to policies and programmes targeted to young people.

**Table 1: Key social issues and transitions for youth in Viet Nam**

**Marketplace and globalizing forces**

- Under *Doi Moi* Renovations, the opening up of Viet Nam to a competitive world wide marketplace, with rapid changes in information technologies, capital flows, mass media and culture
- Globalization encourages the development of more independent identities and values such as individualism, competitiveness, entrepreneurship, increased tourism and transnational movements
- More and more youth exposed to mass media and IT that raise expectations of a higher standard of living and consumerism
- Social status is increasingly linked with the consumption of brands
- Rapid industrialization in Viet Nam with political stability and expectations of increasing living standards
- Entry into the world of full-time work comes at a relatively young age, somewhat earlier for females than males
- Rapid increased unemployment and underemployment among youth
- Growing gap between the rich and the poor – a growing contrast in the lifestyles between worse and well-off youth...resentments arise
- Emphasis on earning money, consumption and expenditure

**Traditional traits**

- Viet Nam retains commitments and restrictions related to its community history although the growth of the urban population results in the waning of traditional values
- A certain degree of ‘insulation’ from the international current mainstreams of globalization occurs in Viet Nam e.g. nostalgia for the past, nationalism, a turn to nature and superstitions, anti ‘social evils’ campaigning
- Tensions between the traditional mode of life and new cultural values raised in each of the families
- Anxiety caused by peer pressure, the selection of a career path, job search, changing sexuality
- Traditional ties with kinsmen, communities and certain markers of social status (e.g. older age) are challenged
- Emergence of interesting hybrid forms of culture e.g. consumption, community-based customs, Confucian, popular and youth culture.

**Youth trends and characteristics**

- Those aged 10 to 24 make up 30 per cent of the population
- Youth aged 15 to 24 make up around 23 per cent of the population
- Nearly one in four youth in Viet Nam live in urban areas and the proportion is rising due to rapidly increasing rural-to-urban migration and urbanization
- Higher number of young males than young females in rural areas but vice-versa in the urban areas
- Post-war generations, especially those born during 1970s and 1980s, know very little about the past, wars, loss. They expect more than did the youth of yesterday
- Delay marriage and family formation and raising desire for more material goods
- The school-to-work transitions are never easy for the bulk of the youth population
- Young people are expected to make up the largest group in the population over the next ten years. Youth truly represents the future of Viet Nam
- It is necessary to protect and invest in young people for the future prosperity of Viet Nam

Source: Adapted from Nilan, P. (1999) “Young people and globalizing trends in Viet Nam” *Journal of Youth Studies*, 2, 353-370; Dang Nguyen Anh et al. (2004) “Youth as a Social Demographic Group.” *Annual Research Report*, Institute of Sociology, Hanoi.

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### III. Data sources and methodology

The analysis of employment and unemployment in developing countries is a particularly difficult task. Viet Nam is not an exception. It is largely due to problems associated with the different definitions of the concept, measurement and age groups applied. Our major concern is the lack of comprehensive, detailed and accurate data on youth employment and vocational training.

In the present study, we draw heavily on the *Viet Nam Living Standard Surveys* (VLSS) conducted in Viet Nam during the 1990s. The VLSS project was designed to provide a source of data on households to be used in policy design, monitoring of living standards and evaluation of policies and programmes. Two surveys, conducted in 1992-93 and 1997-98 were “highly representative of Vietnamese households”.<sup>1</sup> A multi-stage cluster sampling procedure was used for the sample design. In total, there were 4,800 households (23,839 individuals) in the first survey in 1993 and 5,999 households (28,623 individuals) in the second survey in 1998.

In 2002, the Government of Viet Nam conducted a third survey known as *Viet Nam Household Living Standards Survey* (VHLSS). Different from the earlier two VLSS surveys, the 2002 VHLSS covered much wider samples. One big sample (45,000 households) concentrated on income of households to assess living standards at the national, regional and provincial levels; a smaller sample (30,000 households) was used to collect information on both income and expenditure to evaluate living standards at the central and provincial levels. With the prime focus on income and expenditure-based estimates of living standards, the 2002 VHLSS questionnaires were shortened and modules were simplified, with different definitions and questions from the two VLSS questionnaires in the 1990s.<sup>2</sup> Although basic indicators in the 2002 VHLSS can still be compatible with the two previous surveys, the difference has created difficulties for comparisons across the surveys. Given this limitation, readers should interpret the results from the 2002 VHLSS with care. It is highly recommended that future surveys in Viet Nam should be designed and carried out on the basis of the past and current surveys to produce comparable data and reliable information which can be used for policy, planning and research purposes.

In addition to the Living Standard Survey data sets, the present report also employs youth data collected recently by the 2003 Survey Assessment for Vietnamese Youth (SAVY). This national baseline survey of youth and youth issues, the largest and most comprehensive one undertaken in Viet Nam, was undertaken by the Ministry of Health in collaboration with several UN agencies and international organizations. It involved a national representative sample of 7,584 persons aged 14 to 25 years living in households across Viet Nam. The sample was drawn from a sub-sample of 45,000 households included in the 2002 VHLSS with a multi-stage and stratified design. The survey included a number of indicators for youth health, schooling, employment, marriage and other issues of social development as well as determinants of youth well-being. The survey questionnaires contained a wide range of topics relating to the youth population which can be explored by using multivariate regression models and which allow, in the present analysis, for a detailed assessment of the determinants and factors associated with youth employment in Viet Nam.

Although the Ministry of Labour, Invalids and Social Affairs (MOLISA) in collaboration with the General Statistical Office (GSO) have conducted annual surveys on labour and employment, the raw data sets were not accessible for this in-depth analysis. Noteworthy the labour and employment surveys use different definitions of unemployment and underemployment which do not allow a meaningful comparison with the VLSS data. For this reason, the present report refers to the last census data and some national statistics published on labour employment to supplement data from the SAVY and VLSS. There are other data limitations for research and statistics on youth in Viet Nam. For example, we would like to include in the present report a number of indicators on working conditions, unpaid work and time-use data

<sup>1</sup> Houghton, Jonathan. 2001. “Introduction: Extraordinary Changes” in D. Houghton, J. Houghton and N. Phong (eds): *Living Standards During an Economic Boom: Vietnam 1993-1998*. United Nations Development Programme and Statistical Publishing House: Hanoi.

<sup>2</sup> For instance, some modules were not included in the 2002 VHLSS such as anthropometrics, migration, and savings and credit.

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for young people which would allow us to explore youth employment in a more comprehensive fashion, but statistics are not available.

In this analysis, we use the VLSS data collected for each of the household members included in the surveys, who were 15-24 years at time of the surveys, covering teenagers aged 15-19 years and young adults aged 20-24 years. The adult population aged 25 and over was compared to the youth population with regard to a number of issues of employment and the labour market. The analysis will include basic tables, graphs and key indicators regarding youth employment covering various characteristics of young people broken down by teenagers and young adults, women and men, ethnic origin, marital status, family socio-economic status, rural-urban differences and others. These breakdowns are particularly important for understanding the issues and for the formulation of youth-specific policies and programmes on labour and employment.<sup>3</sup>

While many researchers have used these data sets as cross-sectional surveys for analyses on different themes, very few have used their potential as time series data, particularly at the individual and household levels. The use of time series data provides new insights and robust findings that could not be obtained otherwise with any cross-sectional data analyses. To our knowledge, this is the first study to overcome the limitations of previous work by looking at trends in youth employment. Moreover, the strength of the study, despite data constraints, derives from the multivariate analysis of youth employment that allows us to simultaneously control for the many factors that may affect labour market outcomes.

#### **IV. Profile of the Vietnamese youth population**

Following the UN definition, in this report, youth are defined as those aged 15-24. This age range differs significantly from those of youth ages identified by the Ho Chi Minh Communist Youth Union and the Vietnamese Youth Federation.<sup>4</sup> The distinction between the young labour force (15-29) and youth (15-24) should not be confused. The former refers to the young work force while the latter defines the youth population.

In this section, the size and structure of the youth population is examined to provide an overall picture of youth in Viet Nam. In general, the available statistics show that the absolute size of the youth population and the proportion of young people as a percentage of the total population has been growing over the past decades. After the country's reunification in 1975, the first national population census conducted in 1979 revealed that the total youth population between the ages of 15 and 24 was 10,487,536 people (Table 2). The number increased considerably over the following ten years before the 1989 Population and Housing Census at an average rate of 2.3 per cent per annum. By 1999, the Vietnamese youth population aged 15-24 reached nearly 15 million and is projected to be about 24.5 million people in 2010.<sup>5</sup> According to a more recent national Survey Assessment on Vietnamese Youth (SAVY), the total number of young people was estimated at 18.7 million in 2003, reflecting the growing number in the youth population in Viet Nam.

The statistics show a significant increase in the size of the Vietnamese youth population over the last 25 years. Between 1979 and 2003, the youth population itself increased by about 7.8 per cent per year while the share of the youth population also increased significantly from 20.7 per cent in 1979 to about 23.2 per cent of the total population in 2003.

In terms of population structure, the youth population is roughly equally divided by sex, although the females constitute a slightly higher proportion of the youth population (for example, 51 per cent females and 49 per cent males in 1999). In the same year, teenagers accounted for 55 per cent of the total youth in Viet Nam. Thus, young adults accounted for a relatively smaller proportion or 45 per cent. Noteworthy, the proportion of both teenagers increased steadily over time. As seen in Table 2, teenagers accounted for the bulk of the youth population in 2003 (62 per cent), a much higher proportion than it was

<sup>3</sup> To compare with VLSS data, youth aged 15-24 were consistently selected from the SAVY data set in this analysis.

<sup>4</sup> It should be noted that the definition of Vietnamese youth extends the youth age bracket to 29 years of age to include the age group 25-29 in addition to the youth age defined by the UN (15-24 years). Most of the previous studies treated 'youth' as those of 15-29 years old. The Vietnamese Youth Federation can even extend its membership to 35 years of age.

<sup>5</sup> General Statistical Office (GSO). 2000. Population projection in Viet Nam for the period 2001-2010. Statistical Publishing House: Hanoi.

25 years ago (48 per cent in 1979). These statistics are useful in explaining how the youth population participates in schooling and the labour market.

**Table 2. Profile of the youth population in Viet Nam (15-24)**

Characteristic	Year			
	1979	1989	1999	2003 *
Youth population (prs)	10,487,536	12,849,841	14,983,205	18,741,586
• By sex (%)				
Male	5,054,992 (48%)	6,254,108 (49%)	7,406,602 (49%)	9,295,827 (50%)
Female	5,432,543 (52%)	6,595,733 (51%)	7,576,603 (51%)	9,445,759 (50%)
• By age (%)				
Teenager	5,327,668 (51%)	6,805,682 (53%)	8,218,540 (55%)	11,563,558 (62%)
Young adult	5,159,868 (49%)	6,044,159 (47%)	6,764,665 (45%)	7,178,027 (38%)
• By location (%)				
Rural	8,578,805 (82%)	10,287,040 (80%)	11,361,911 (76%)	14,056,190 (75%)
Urban	1,980,731 (18%)	2,562,801 (20%)	3,621,294 (24%)	4,685,396 (25%)
Youth population/Total population (%)	20.7%	19.9%	20.0%	23.2%
Proportion of married youth (% of youth population)	21%	27%	23%	16%
Youth literacy rate (% of youth population)	91%	92%	93%	93%

Note: \* Derived from national sample survey on Vietnamese youth (SAVY)

Source: CCSC (1983, 1991, 2000); SAVY (2004)

Although a majority of the youth population still resides in rural Viet Nam, the proportion of the urban youth has significantly increased over the past 25 years. In 1979 only 20.7 per cent of the total youth population lived in urban areas. This figure increased to 24 per cent in 1999 due to the rapid rate of urbanization and reached 25 per cent in 2003. While these figures may mirror the general pattern of urbanization in Viet Nam, the increased proportion of the youth living in urban areas also reflects the dominance of youth adults in rural-to-urban flows of migration during the 1990s.<sup>6</sup>

In terms of marital status, less than one-fourth of the youth population is married. The share of unmarried youth in the youth population appears to have declined in past decades. In 1989, 27 per cent of the total youth population was married. However, in recent years this figure decreased sharply to 23 per cent in 1999 and 16 per cent in 2003 that indicates the evident trends in delayed marriage and family formation among Vietnamese youth. It is remarkable that desires for higher education and better material life have encouraged young people in Viet Nam to delay marriage. In 1999, the average age at the first marriage was 22.7 years and 25.3 years, for females and males respectively, according to the census data.<sup>7</sup> This indicates that young men married at a later age and have the chance of staying longer in school than women.

Regarding schooling, the literacy rates, knowing how to read and write, among the Vietnamese youth appear to be generally high at the level of over 90 per cent (Table 2). Over the past 25 years, the overall level of literacy rates among youth remained high despite the cut in the State subsidy in education and other social services, following the *Doi Moi* renovations. This reflects the substantial efforts that

<sup>6</sup> General Statistical Office and United Nations Development Programme. 2001. *Internal Migration and Urbanization in Vietnam*. Population and Housing Census 1999. Statistical Publishing House: Hanoi.

<sup>7</sup> General Statistical Office. 2001. *Fertility and Nuptiality in Vietnam*. Population and Housing Census 1999. Statistical Publishing House: Hanoi.

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Vietnamese families have made in keeping their boys and girls at school. This achievement, in turn, has its own impact on the structure of labour supply and performance of the labour market.

## V. Overview of the youth work and employment situation in Viet Nam

As explained above in Viet Nam, young people aged 15-24 are experiencing a number of transitions, from childhood to early adolescence, or early adulthood, and others. This generation of young people has great potential to build on the socio-economic successes of the past 20 years. Although young workers formed the economic backbone of Viet Nam's economic success throughout the decade, this is often hidden and hardly recognized. The young labour force has often been regarded as those without formal employment, characterized by low productivity and poor quality. However the country's market transition has brought about increased income opportunities for the working population of whom the majority are young people.

Of the social labour force in Viet Nam, youth aged 15-24 represented nearly 22 per cent in 2003. As a result, their expectations and perceptions about work diverge. A good job is not just a source of income, but also provides economic standing, self-esteem, social status and social capital. For girls, their bargaining power in marriage and over their fertility will remain limited if they do not have a proper income and good schooling. In addition to skills and educational achievement, the work participation of youth has significant implications for their development.

Employment remains a major concern for young people as youth unemployment increases in Viet Nam. According to an official data source<sup>8</sup>, the current rate of youth unemployment was over 14 per cent in 2003 with differentials by region and sex. Young people aged 15-24 find it more difficult to get jobs than adults (25 years of age and above). Youth unemployment accounts for 45 per cent of all unemployment in Viet Nam. For the country as a whole, youth in the labour force are twice as likely to be unemployed than the adult population.

However, the unemployment statistics reveal only part of the problem. The large size of the youth population and the increase in the working age population continue to put a heavy employment pressure on society. Each year Viet Nam must create 1.5 million new jobs. The number of youth entering the labour market is estimated at 1.4 million each year. This figure does not include those who were unemployed the year before but did not find a job.<sup>9</sup> These young entrants into the labour market confront serious competition in finding suitable job opportunities. In addition, there are large numbers of young adults who are leaving military service. Many of them have not received vocational training and with few skills, face difficulties in job search.

At the heart of the problem is the quantity and quality of work available to young people in Viet Nam today. About two-thirds (67 per cent) of youth aged 15-24 work on small family farms and in the informal sector with much of the work characterized by low quality, underemployment, insecurity and safety hazards. Many out-of-school youth are currently working to earn a living for their families in low paid jobs and petty trade. Apart from low-productivity, a lack of job opportunities can have significant social consequences. Unemployment can lead to a life of violence, drug abuse, vandalism, and other problems. Early school leavers without regular employment may turn to risky avenues of income and livelihoods such as prostitution and crime and find themselves at risk of HIV/AIDS and human trafficking.

It is useful to look at unemployment rates by age group to understand the situation of youth in the labour force. Using the most recent census statistics in Viet Nam, Table 3 shows unemployment by sex and age in 1999. The highest rate of unemployment is found among males and females at 15-19 years of age, followed by the age group of 20-24. In general, the gender gap in the unemployment rate is not large, although males generally experience higher rates of unemployment than females in all age groups. While

<sup>8</sup> MOLISA (Ministry of Labour, Invalids and Social Affairs). 2004. *Labour -Employment in Vietnam 1996-2003*. Center for Informatics, MOLISA. Labour-Social Publishing House: Hanoi.

<sup>9</sup> ILO (International Labour Office). 2002. *Employment for Vietnamese Youth: Situation and Solution*. Paper presented at the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, 27 February-1 March 2002, Bangkok.

the unemployment rate for the 15-19 age group is somewhat difficult to interpret as individuals in this group are often at school, the high figures shown in the table indicate that many young people cannot find jobs.

**Table 3. Unemployment rate by sex and age group: Viet Nam, 1999**

Age group	Total	Male	Female
15-19	10.95	11.91	10.09
20-24	6.58	7.22	5.93
25-29	3.50	3.73	3.24
30-34	2.31	2.55	2.03
35-39	1.90	2.44	1.32
40-44	1.78	2.41	1.11
45-49	1.70	2.37	0.99
50-54	1.97	2.77	1.11
55-59	1.81	2.40	1.17
60+	2.28	2.43	2.09
ALL	3.96	4.37	3.51

*Source: GSO, 2002*

**Table 4. Underemployment rate by rural/urban: Viet Nam, 2003**

Age group	Total	Rural	Urban
15-19	9.89	10.17	7.53
20-24	8.64	9.53	5.22
25-29	6.91	7.93	4.01
30-34	6.80	7.61	4.43
35-39	6.46	7.26	4.14
40-44	5.98	6.81	3.94
45-49	5.51	6.28	3.72
50-54	5.43	6.22	3.29
55-59	4.42	4.66	3.58
60+	2.29	2.20	2.78
ALL	6.69	7.48	4.42

*Source: MOLISA, 2004*

Significant attempts have been made by the Government of Viet Nam in the process of renovations (*Doi Moi*) to deal with problems related to employment, in general, and youth employment in particular. The issue of youth employment is addressed within general labour and employment policies aimed to reduce the numbers of unemployed in the labour force. To this end, initiatives currently taken by the Government to create employment for youth include direct investment to generate new jobs through various national socio-economic development programmes, provision of loans to start businesses, promotion of human resources, provision of boarding schools for ethnic minorities and extension of primary education and vocational training programmes.

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Viet Nam has been characterized by high proportions of agricultural workers, unskilled workers and manual labour.<sup>10</sup> The rural-urban gaps in technical qualifications are large and widening. According to a recent report, 93 per cent of the work force in rural areas has no formal training; 2.4 per cent of rural workers possess technical degrees, 2.3 per cent have certified technical skills and 1.7 per cent have a college or university degree.<sup>11</sup> Even in craft villages where handicrafts are a major source of employment and income, the proportion of local labour with vocational training does not exceed 10 per cent, only 1 per cent of which are highly technical professionals (*nghe nhan*). The current situation has obviously weakened the international competitiveness of the Vietnamese workforce and the economy. More critically, the distribution of the technically qualified workforce is skewed against the countryside. The agriculture-forest-fishery sector accounts for nearly 70 per cent of the workforce but only 14 per cent of total professional skilled workers. Even though this portion of the rural skilled workforce is concentrated in management jobs and not in directly productive activities.

These problems all affect youth as well. Too frequently, a lack of skills and opportunities forces Vietnamese youth to accept informal, temporary and inadequate jobs. According to census data for 1999, about 94 per cent of the total youth population had no vocational and technical skills at all. The situation is even worse for ethnic minorities. Initial results from SAVY show that only 5 per cent of young people from ethnic minorities have ever had vocational training, compared to 21 per cent of their Kinh majority counterparts.<sup>12</sup> Because of their geographical isolation, lower levels of education and training, and limited off-farm opportunities, rural and ethnic minority youth have little exposure to vocational training and employment generation initiatives.

Despite *Doi Moi*'s achievements, Viet Nam's growth rates over the past eighteen years have not yielded the expected quantity and quality of new jobs and stable employment. To a certain extent, youth unemployment is a reflection of the overall unemployment situation and poor quality of growth, which in turn is a reflection of the weakness of the economy in terms of international competitiveness. As aforementioned, there are many more new job seekers than the number of jobs created each year. Although privatization invites investment, increased competition continues to force both the State-owned and private enterprises to streamline their staff and lay off their workers. Despite policy reforms, the non-State sector still plays an insignificant role in the rural economy largely dominated by agricultural production.

While competition among young people for decent jobs has been increasing, there is a mismatch between the skills taught at schools and vocational training institutions and those needed by the labour market. This is a key policy challenge today. Employers are usually hesitant to hire young people who have little or no practical work experience. The costs to retrain and/or upgrade skills are often too high for them to hire workers without skills and experience. It is easier and cheaper to hire skilled adults than to provide unproven young people with new training. Where the work is skilled, recruitment is even more competitive and a large number of job seekers often fail to find work. While there is little demand for academic degree holders, young people with practical experience and appropriate skills are in greater demand. Several flaws exacerbate the problem in the current educational and training system. The search for academic titles, governmental jobs and higher education in Vietnamese society has kept many youth from obtaining the skills actually needed for the labour market. In addition, there has been a lack of coordination between education and training, on the one hand, and employers offering employment opportunities, on the other.<sup>13</sup>

Inadequate job counselling further limits the ability of young people to make informed and appropriate careers choices. Youth suffer greatly from a lack of information on the labour market, on both the supply and demand sides. Vocational guidance and job counselling rarely exist. Young learners select

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<sup>10</sup>ILO (International Labour Office). 2002. *Employment for Vietnamese youth: Situation and solution*. Prepared for ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific. Bangkok, 27 Feb-1 March 2002.

<sup>11</sup>Huyen Ngan. 2005. "Poor qualification of rural labour: We must foresee the danger of losing competitiveness" *Vietnam Economic Times*, No. 58 Wednesday, 23 March 2005.

<sup>12</sup>SAVY (Survey Assessment on Vietnamese Youth). 2004. *Draft SAVY Report*. The Ministry of Health and World Health Organization: Hanoi.

<sup>13</sup>MOLISA. 2004. *Labour-employment in Viet Nam: 1996-2003*. Center for Informatics. Ministry of Labour, Invalids and Social Affairs. Labour-Social Publishing House, Hanoi.

their education and occupation on the basis of the suggestions and capacity of their parents rather than a close communication and linkage between labour, employers and training institutions. These issues are a challenge that must be met by policies and programmes for youth employment in Viet Nam.

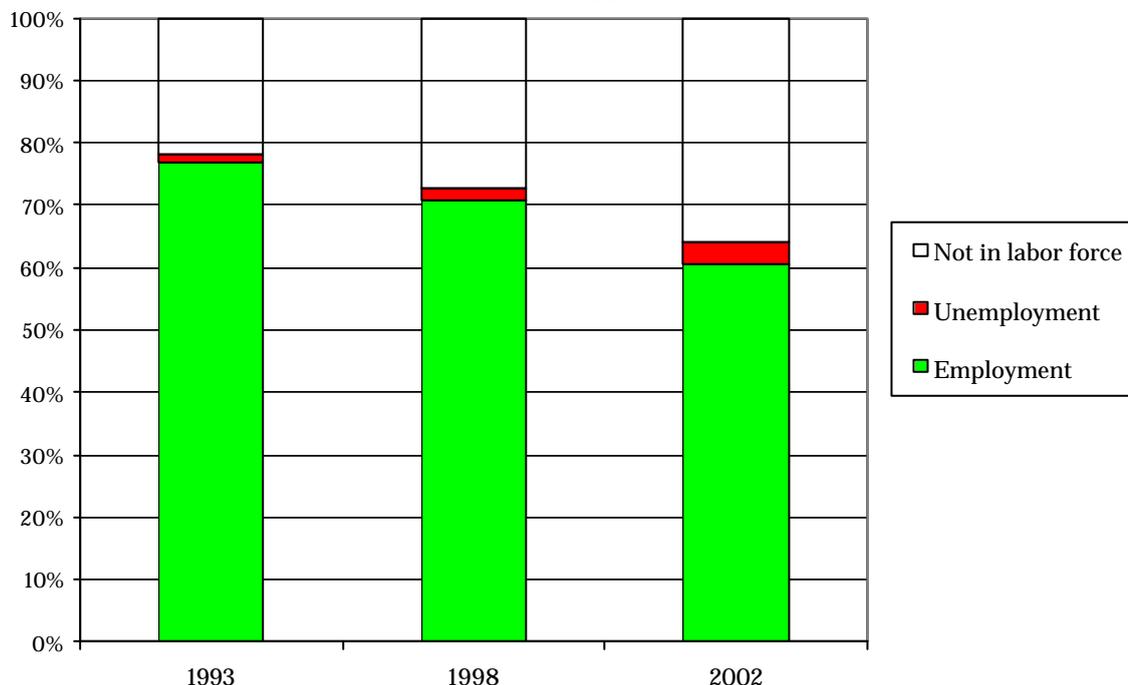
## VI. Youth employment and labour market characteristics

For most young people, participation in the labour force marks the transition from childhood to adulthood. However, in seeking decent and productive work, many young people find a very limited choice in terms of employment opportunities available to them, especially in the formal State sector. This leads many to remain dependent on their families for a longer period of time, often doing household chores as a form of work. In this section, we examine the trends and characteristics of youth employment and the situation of the youth labour market in Viet Nam.

### 6.1 Trends in youth labour force and youth employment

Figure 1 gives a summary of the youth population by labour force status. The figure shows that more youth are not participating in the labour force and youth unemployment rates were higher in 2002 than in 1993. About two-thirds of youth aged 15-24 participated in the labour force (64 per cent) in 2002. Data for the 10-year period from 1993 to 2002 indicate a decline in the youth labour force participation rate.

**Figure 1. Distribution of the youth population by labour force status in Vietnam: 1993-2002**



Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

As a whole, as Table 5 shows, labour force participation rates for youth decreased by 14 percentage points between 1993 and 2002, mainly as the result of an increasing number of young people attending school. Although these data do not show whether employment is decent or productive, it is

likely that during the 1990s, young people stayed longer in the educational system. However, the figures could also suggest the difficulties in finding work and some might have dropped out of the labour force because they were discouraged about the possibility of finding jobs since employment opportunities are limited for young people.

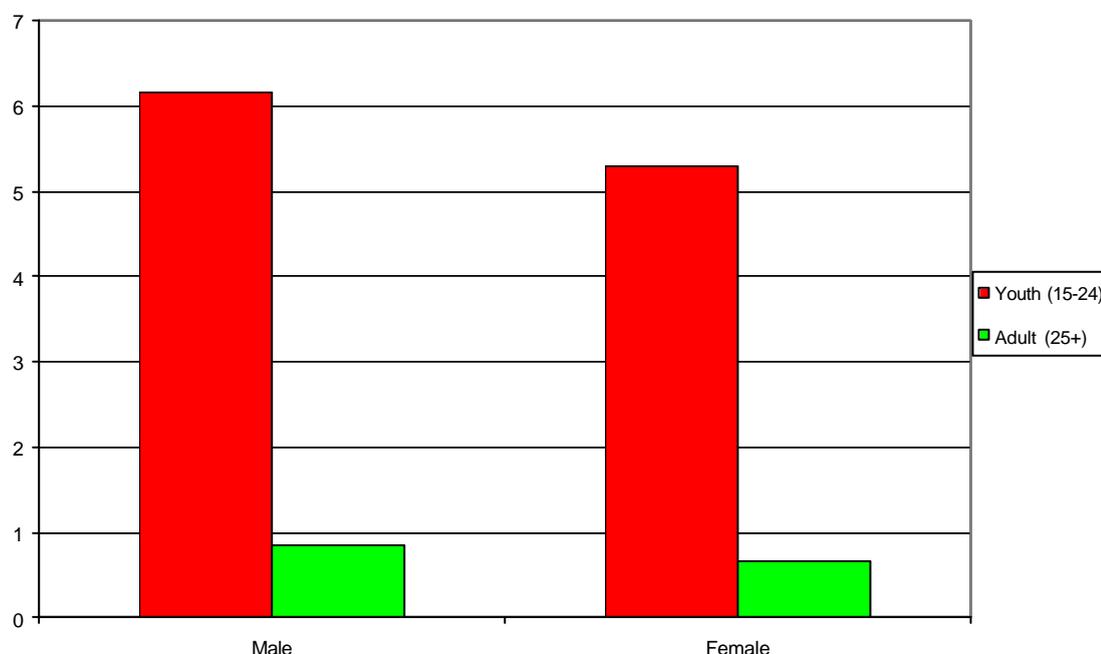
In contrast, the activity rate of the adult population has increased. The labour force participation rate of adults aged 25+ was higher in 2002 than previous years. Just under four-fifths of the adult population (76 per cent) was in the labour force. In recent years the labour force participation rate of adults exceeded that of youth. Fewer youth are in the labour force. Many are attending school and others may be discouraged workers.

**Table 5. Trends in youth labour force and employment: 1993-2002**

Indicators	1993	1998	2002
Youth labour force participation rate (15-24)	78.0%	72.7%	64.1%
Adult labour force participation rate (25+)	68.0%	71.8%	75.9%
Youth unemployment rate	1.7%	2.6%	5.7%
Adult unemployment rate	0.6%	1.1%	0.8%
Ratio of youth unemployment to adult unemployment	2.8	2.4	7.1
Share of youth unemployment in the youth population	1.3%	1.9%	3.7%
Share of youth unemployment in the unemployed (15+)	58.4%	48.5%	71.9%
Rate of disable youth in the youth population	0.48%	0.44%	0.90%

Note: Employment refers to the past seven days. Definitions provided by VLSS 1997-98 and VHLSS 2002. Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002.

**Figure 2.- Unemployment rates of youth and adults by sex: Vietnam, 2002**



Source: SAVY, 2003

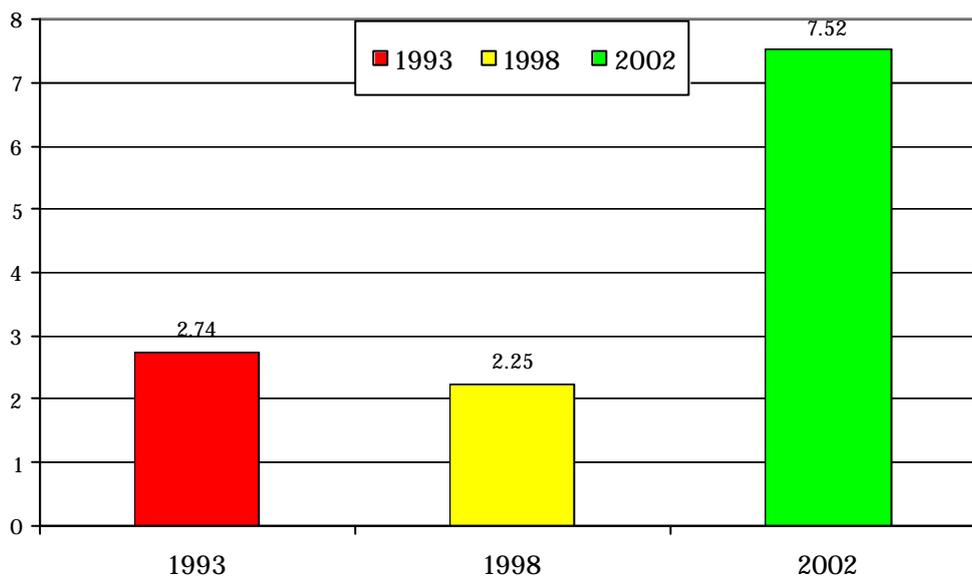
Unemployment rates are the most visible indicators of the youth employment challenge. According to VLSS data, a person is considered unemployed if he or she had actively looked for work and was not employed during the last seven days although he or she was available. Because of the hurdles

associated with obtaining the first job and a lack of skills and experience, the rate of youth unemployment has always been higher than the rate of general unemployment. During the ten year period, the adult unemployment rate rose only slowly, but in contrast, the youth unemployment rate increased from 1.7 per cent to 5.7 per cent, or 3.4 times.

As presented in Table 5, the youth unemployment rate is relatively high. Figure 2 shows the disadvantages that young people face in looking for jobs. In Viet Nam the gender gap in youth employment is not so great as some other countries due to more equal access to education and employment. The figure suggests that employers may be reluctant to hire new entrants to the labour force.

Another indicator of the youth employment situation is the ratio of youth unemployment to adult unemployment (Table 5, Figure 3). This indicator points to the enormous challenge that Vietnamese youth face in looking for jobs. In 2002, the ratio of youth unemployment to adult unemployment was 7.1 suggesting that for every adult that is unemployed there are seven youth looking for work. The rising ratio indicates that today more young people are unemployed compared with unemployed adults than ten years ago. There was a greater gap existing between youth and adults with regard to the proportion of the labour force unemployed and looking for work. The increasing youth to adult unemployment ratio could also point to the increasing scarcity of employment opportunities accessible for young people today together with a growing number of new entrants to the labour force.

**Figure 3. Ratios of youth unemployment rate to adult unemployment rate: 1993-2003**



Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

Another indicator used to highlight the youth employment situation, is the share of youth unemployment in the youth population. The share was 1.3 per cent in 1993, then increased to 1.9 per cent in 1999 and 3.7 per cent in 2002. Thus, the proportion of youth who are unemployed has increased sharply over the decade between 1993 and 2002, pointing to the increasing lack of decent employment opportunities for today's youth.

It is also important to look at youth unemployment as a percentage of total unemployment of the work force aged 15+. In 2002, it represented about 72 per cent of total unemployment in Viet Nam. An increase is the result of a change in unemployed adults relative to jobless youth as aforementioned.

Finally, youth with disabilities face special difficulties. According to VLSS data, the rate of disabled youth doubled over the decade from 0.4 per cent in 1992 to 0.9 per cent in 2002. Given data limitations, issues of employment and unemployment for the disabled youth population will not be considered in the present report. However, it would be useful to conduct new studies on youth with disabilities and carry out an in-depth analysis of this particular group.

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## 6.2 Characteristics of youth employment and the labour market

Young people as a whole face difficulties finding jobs in Viet Nam. Different groups of youth have different labour market characteristics based on key traits such as gender, age, marital status, ethnicity, etc. Examining a mix of youth employment indicators together makes it possible to highlight the employment situation of young people including disadvantaged groups. It is therefore important to assess the situation of youth employment by looking at different groups.

### ***Breakdown of the labour force participation rate by youth characteristics.***

Table 6 reveals significant differences in the labour force participation rates by key characteristics of Vietnamese youth. Like the majority of other countries, the labour force participation rate tends to rise with age. As the figures show, in Viet Nam the activity rate of teenagers was 54 per cent on average while it was 81 per cent for young adults in 2002. The labour force participation rate of teenagers dropped significantly during the 1990s due possibly to their longer stay at school and their pursuit of higher education.

Viet Nam has policies to promote gender equality. It is therefore not surprising that there are not great differences in the labour force participation of young women and young men. The activity rates were virtually equal between male and female youths but declined over time. Not surprisingly, labour force participation rates were relatively higher for married as well as rural youth than their single and urban counterparts (see Table 6 respectively). The results indicate the relatively higher need to work for survival among rural youth and the pursuit of education among single urban people. However it should be noted that the activity rates, both rural and urban, were on a downward trend showing that fewer youth

**Table 6. Labour force participation rate by youth characteristics: 1993-2002**

Characteristic	1993	1998	2002
Teenager	75.2%	64.0%	53.7%
Young adult	81.7%	85.8%	81.3%
Male	78.3%	71.8%	64.1%
Female	77.8%	73.5%	64.1%
Single	77.5%	69.7%	59.9%
Married	80.0%	91.4%	90.6%
Kinh	76.6%	70.8%	61.4%
Other	86.0%	83.1%	80.9%
Urban	61.9%	52.6%	48.5%
Rural	82.4%	78.6%	68.5%
Total	<b>78.0%</b>	<b>72.7%</b>	<b>64.1%</b>

Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

are in the labour market. Some may be at home working on domestic chores that are not properly counted as employed activities, or as mentioned above, many youth stay longer in school to pursue higher education instead of entering into the labour force.

Table 7 shows the serious nature of youth unemployment. Very significantly, over the decade the unemployment rates had increased for both female and male youths. In particular, teenage unemployment increased significantly according to VLSS statistics. In 2002, the rate of teenage unemployment was 7.8 per cent, more than two times greater than young adults of 19-24 years of age, who in turn had significantly higher unemployment rates than adults (aged 25 years and over). Similarly, the unemployment rate among Kinh ethnic youth is about three times higher than that of young ethnic minorities (6.5 per cent and 2.3 per cent respectively). The results indicate that ethnic minority youth are more likely to be pushed by economic difficulties and family circumstances to work. Their work engages, however, agriculture and forestry with a very low level of income rather than on non-farm activities.

The data in Table 7 also reveal significant differences in the unemployment rates across areas of residence. The results suggest that youth unemployment is more serious in urban areas than in rural areas. The unemployment rate was extremely high in recent years among urban youth, recorded as nearly 16 per cent in 2002, a significant increase from 4.5 per cent in 1993. In fact, the unemployment rate of urban youth far exceeds those of other groups.

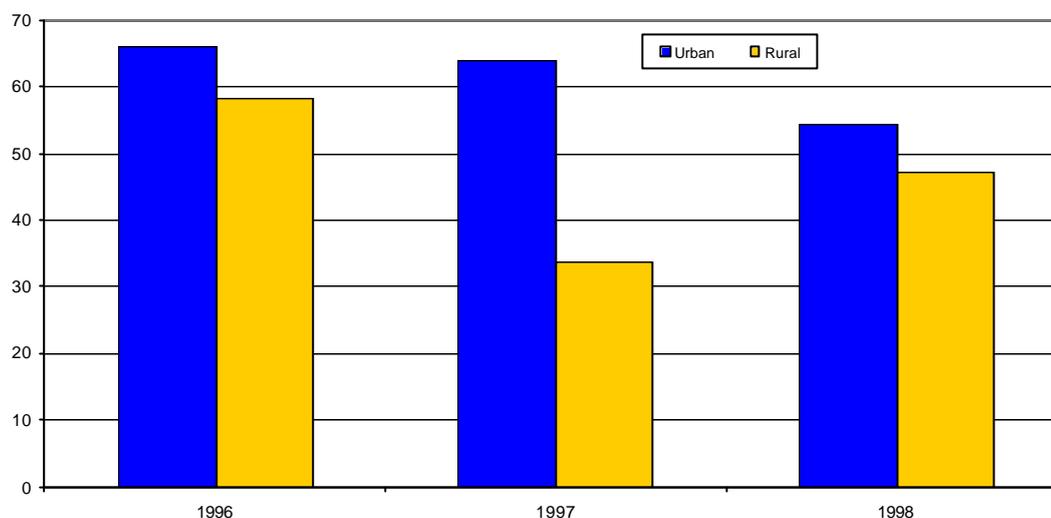
**Table 7. Youth unemployment rate by youth characteristics: 1993-2002**

Characteristic	1993	1998	2002
Teenager	1.9%	2.8%	7.8%
Young adult	1.3%	2.3%	3.6%
Male	1.6%	3.0%	6.2%
Female	1.7%	2.1%	5.3%
Single	2.0%	2.9%	6.8%
Married	0.5%	1.1%	1.2%
Kinh	1.7%	3.0%	6.5%
Other	1.1%	0.4%	2.3%
Urban	4.5%	8.7%	15.7%
Rural	1.1%	1.2%	3.8%
Total	<b>1.7%</b>	<b>2.6%</b>	<b>5.7%</b>

Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

Figure 4 displays the proportion of youth looking for jobs in rural and urban areas of Viet Nam. The results reveal that for all three years covered by the VLSS surveys, the proportions of urban youth looking for employment were higher than those of their rural counterparts. With about one-fourth of the youth population living in urban areas today, the exceptionally high rate of unemployment can pose a critical challenge for the future development and well-being of young people and the Vietnamese society.

**Figure 4.- Proportion of youth looking for jobs by rural-urban differences, Vietnam: 1996-1999**



Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

### ***Breakdown of the share of youth unemployment in the unemployed population aged 15+ and in the youth population***

As mentioned earlier in this report, the share of youth unemployment both for the unemployed population and the youth population increased significantly, though not steadily. Between 1993 and 2002, as the figures in Table 8 show, the increase in unemployment rates was greatest for teenagers and the Kinh ethnic group. In 2002, for every one hundred persons age 15+ unemployed, 72 were between the age of 15-24. This share is especially high for some groups such as single youth and in rural areas (Table 8).

Though at a much lower level, the share of youth unemployment in the total youth population varies significantly with youth characteristics (see Table 9). Young males had a relatively higher share of unemployment than young females in the youth population. The difference is, however, not large. Young people in urban areas experienced the highest share of unemployment with more than seven persons being unemployed for every one hundred young people. The results also reveal the rise of this share in the last decade. For every 100 youth, the number of unemployed rose from one in 1993 to four in 2002.

Insofar as the increase in jobs lags behind the increase in jobseekers in the formal sector, young people look to the informal economy for their livelihood. The existence of an already large “army of unemployed people” makes it even more difficult for youth to find employment with the formal State sector. Labour force participation rates have declined for youth relative to adults, reflecting the decrease in the activity rate of the youth population relative to the adult population. The youth unemployment rate increased more than threefold between 1993 and 2002 - from 1.7 per cent to 5.7 per cent. Unless measures are taken to create jobs and promote employment for young people, youth unemployment rates can be expected to continually rise.

Although the VLSS data do not show significant gender differences in youth employment and the formal labour market, the differentials in the unemployment rates among youth suggest that various disadvantaged groups are disproportionately represented among the unemployed youth population. As will be explained later the disproportionately higher unemployment rate of urban youth is partly due to the lack of employment opportunities in the formal sector. For the same reason that the unemployment rate increased sharply among the single Kinh ethnic majority is also a concern. The result overall reflects the increasing difficulties associated with the school-to-work transition in Viet Nam. The inexperience of young job seekers and the inadequate system of education and training continue to harm young people in the changing labour market today.

**Table 8. Share of youth unemployment in the unemployed population aged 15+ by youth characteristics: 1993-2002**

Characteristic	1993	1998	2002
Teenager	36.6%	28.0%	48.7%
Young adult	21.8%	20.5%	23.2%
Male	50.9%	48.5%	71.3%
Female	67.4%	48.5%	72.7%
Single	84.6%	73.8%	88.6%
Married	11.1%	9.5%	13.3%
Kinh	57.8%	51.3%	71.6%
Other	63.6%	47.7%	76.6%
Urban	51.9%	44.6%	64.2%
Rural	65.3%	54.5%	79.9%
Total	<b>58.4%</b>	<b>48.5%</b>	<b>71.9%</b>

Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

**Table 9. Share of youth unemployment in the youth population by youth characteristics: 1993-2002**

Characteristic	1993	1998	2002
Teenager	1.4%	1.8%	4.1%
Young adult	1.1%	2.0%	3.0%
Male	1.2%	2.2%	4.0%
Female	1.3%	1.6%	3.4%
Single	1.5%	2.0%	1.1%
Married	0.4%	1.0%	4.1%
Kinh	1.3%	2.2%	4.0%
Other	1.0%	0.4%	1.9%
Urban	2.8%	4.6%	7.6%
Rural	1.0%	1.1%	2.6%
Total	<b>1.3%</b>	<b>1.9%</b>	<b>3.7%</b>

Source: VLSS 1992-93; VLSS 1997-98; VHLS 2002

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### 6.3 School-to-work transition

It is necessary to examine education as another significant factor contributing to changes in the labour force. The education system and its quality have an important impact on the labour market. The VLSS provide data on the proportion of literate and illiterate youths. In 1993 just 12 per cent of the working youth had a diploma – defined as at least a secondary school diploma or a formal vocational qualification. By 1998 the proportion had risen to 14 per cent and by 2002 to 16 per cent. Despite better qualifications, youth still find themselves unemployed. This points primarily to a mismatch between the education of young people and the requirements of the labour market in Viet Nam. In addition, the number of jobs created may not be sufficient to absorb the young people entering the labour force. The situation can be partly explained by the employment challenge that young people face on a career path during their school-to-work transition.<sup>14</sup>

Viewing young people from human development and skill development perspectives calls for a close examination of their education. Youth are in school and employment. Others are out of the labour force for other reasons or unemployed. Young people are often an important source of household income and social security for their families. In this case parents may deploy youth for work.

Data from the 2003 National Survey Assessment of Vietnamese Youth (SAVY) include detailed information on this transition. According to SAVY data, about 20 per cent of the out-of-school respondents report that their leaving school was due to the obligation to work for family survival. At the time of the survey, 40 per cent of youth were in school, about 35 per cent were out of school but working, and another 25 per cent of the respondents were neither attending school, nor working. Compared to males, a much higher proportion of females belong to the last group (see Figure 5). Even accounting for the lack of quality data on youth employment, the fact that a large proportion of young people are not working and are out of school is a concern from a policy perspective.

Other SAVY results (not shown) indicate that the group of unemployed and out-of-school youth tends to be concentrated among young adult males between the ages of 18 and 25. They usually have a primary or lower secondary education, and a number of them even hold college or university degrees. The high proportion of university and college graduates in this group indicates a waste of human resources in Vietnamese society today.

### 6.4 Occupation and sector of work

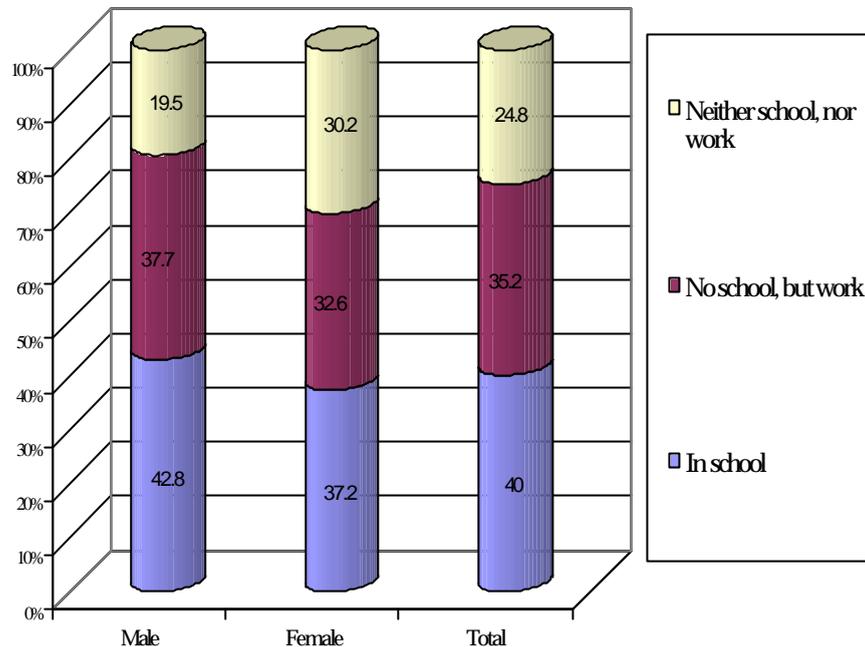
The structure of employment indicates opportunities for jobs. Although the *Doi Moi* reforms and economic growth have created new job opportunities in the manufacturing and service sectors, the distribution of employment in Viet Nam remains traditional with over 75 per cent of the work force remaining in the rural sector with low growth and low productivity.<sup>15</sup> In assessing youth employment it is useful to see whether girls and young women are disproportionately employed in low-income occupations and insecure jobs.

We now focus on the classifications for occupation and industry that young people reported in the SAVY survey. The information reveals sectors where young people are working for pay. About 46 per cent of the respondents who reported as not working for pay at the time of the survey are excluded from

<sup>14</sup> The concept of school-to-work transition may be defined as the passage of young person from the end of schooling to the first “career” job or “regular” job. *Career* job is a subjective concept, based on the self-assessment of the jobholder. It implies a job that the jobholder considers to fit his desired career path. The contrary is termed a *non-career* job, implying a sense of dissatisfaction about the job and the likelihood that the young person has taken it because he/she lacked a better option. *Regular* job is defined in terms of duration of contract or expected length of tenure. The contrary is a *temporary* job, or a job of limited duration of time.

<sup>15</sup> MOLISA. 2004. Labour-employment in Viet Nam: 1996-2003. Center for Informatics. Ministry of Labour, Invalids and Social Affairs. Labour-Social Publishing House, Hanoi.

**Figure 5. Schooling and work status of female and male youth in Viet Nam, SAVY 2003**



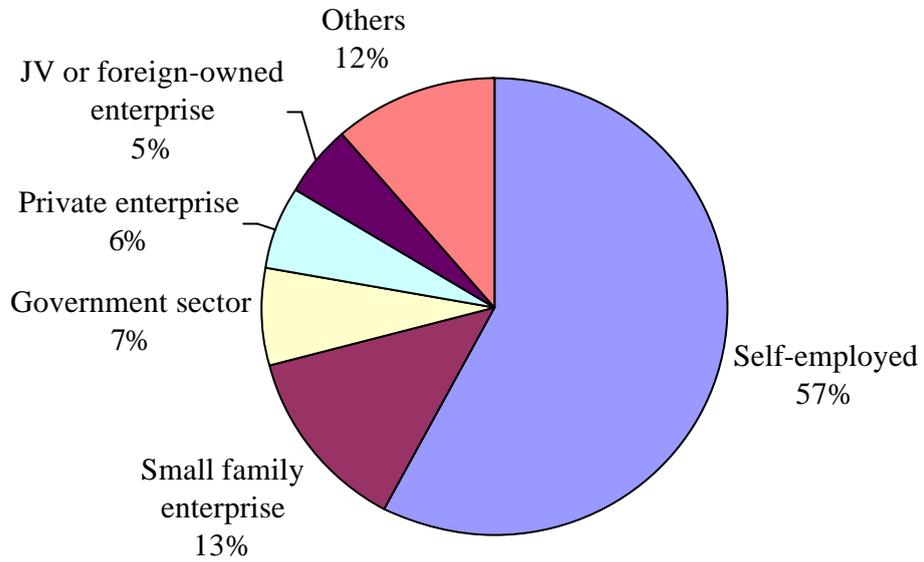
Source: SAVY, 2003

this analysis. Two-thirds (68 per cent) of working youth fall within the occupational categories of “simple” jobs” or unskilled labour in agriculture or non-agriculture. The second largest classification of young workers is “trained handicraft workers”. Most of the labour force in Viet Nam is in rural areas with agriculture the dominant economic sector. This structural characteristic is reflected in the pattern of youth employment reported in SAVY.

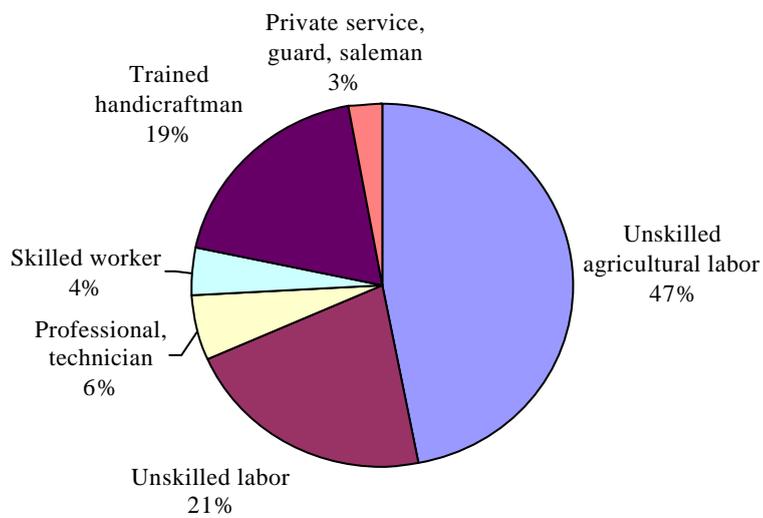
As shown in Figure 6, overall, the majority (57 per cent) of working youth are self-employed, mainly in farming, while 13 per cent of working youth are involved in small family enterprises. Additional information from SAVY data reveal that two-thirds of the self-employed youth worked as unskilled agricultural workers at the time of the survey. They were at the low end of the pay scale and faced the most disadvantages and hardships. The remainder of working youth are classified in other institutional sectors. Although the economic reforms have strengthened the role of the private sector, a very modest proportion (6 per cent) of the employed youth reported working in private enterprises. A lower proportion (5 per cent) of working youth was found in joint-venture or foreign-owned companies.

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**Figure 6. Current paid work of youth by occupation, 1999**



**Figure 7. Current paid work of youth by industry and sector, 1999**



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The results suggest the limited opportunities open to young workers in the non-State sector and the outdated division of labour and high proportion of agricultural labour in the economy. In most cases, the costs for retraining freshmen are too high to encourage enterprises and companies to admit young workers. This is a paradox as the export processing zones in the southern provinces still require more labour but fail to recruit a sufficient number of workers.<sup>16</sup> Perhaps, low-skills, poor qualifications and a prevalent share of manual labour among young workers have prevented them from finding employment in manufacturing jobs and the modern sector. Small and private enterprises, which can be regarded as an engine for job generation, have been confronted with a lot of difficulties in recruiting and training young workers with appropriate skills. Noteworthy, even the Government sector provides only 7 per cent of jobs for currently working youth. It appears that the life-time guarantee and various benefits associated with Government jobs are not open to most young people today.

The occupational classification of Vietnamese youth tell a similar story. Figure 7 demonstrates that a majority of young people in Viet Nam are engaged in farming and most young workers lack skills. Young people in rural areas are more likely to be unskilled workers with low incomes. This suggests that more resources are needed to engage young people in skill-training and jobs are needed to utilize the trained skills.

## **VII. Determinants of youth work, unemployment and underemployment: Multivariate results**

Although the above descriptive analysis has described trends and partly the relationship between youth characteristics and employment outcomes, our main goal in multivariate analysis is to identify key factors associated with youth employment, unemployment and underemployment and to gauge their net effects, controlling for confounding factors. There are two main questions involved here. The first is to assess if there are systematic variations in job outcomes among different groups of young people. The second is how family status affects work experience.

To do this the analysis we will explore the relationships between employment experience and other factors. We ask whether the effects of individual characteristics are shaped by family status. In this section, we present the regression estimates of the multivariate analyses on a number of logit models. The model specifications are presented in detail in Appendix 1. Readers unfamiliar with regression techniques might wish to skip the figures and proceed to the summary of the findings.

### **7.1 Determinants of youth employability**

The SAVY results show that of the youth population aged 15-24, 37 per cent were working for pay at the time of the survey.<sup>17</sup> Over 17 per cent of the surveyed youth were looking for suitable employment, of whom about 42 per cent were actively doing everything they could to look for jobs during the week before the survey. About 19 per cent of the surveyed youth, most of whom were still in school, had received vocational training at some time during their lives. Yet more than one-third of these youth could not find a job that they had been trained for.

Table 10 summarizes the results of a series of regression estimates that identify demographic, household and educational factors associated with the probabilities of work, job search and job training among Vietnamese youth as reported in SAVY. These indicators of youth provide an understanding of their employability. We will examine and discuss simultaneously these aspects from the multivariate results.<sup>18</sup> It should be noted that in the models estimated odd ratios are used with levels of statistical significance chosen at  $p < 0.05$ : a value of odd ratios greater than 1 indicates membership of the particular

<sup>16</sup> Huyen Ngan. 2005. "Poor qualification of rural labour: We must foresee the danger of losing competitiveness" *Vietnam Economic Times*, No. 58 Wednesday, 23 March 2005.

<sup>17</sup> Work for pay is defined as receiving cash for work.

<sup>18</sup> Refer to the Appendix 2 of this report for the concept of employability.

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sub-group of youth increased the likelihood that the young person participated in work, job search and job training. On the other hand, a value under 1 suggests that belonging to the particular sub-group decreases the probability that the youth would be working, seeking work or receiving training.

Overall, the probability of work is higher for males than for females. The probability increases significantly with age. Compared to teenagers, young adults are more likely to be currently working, but they are also more likely to look for work even though they are in employment. In this case they are looking for better jobs. Although marital status is statistically insignificantly associated with the probability of work, the young single youth are more likely to be looking for jobs than older married youth.

The multivariate results for variables representing education and training are interesting. The higher the education, the less likely it is that the young people are working. But educated people are more likely to look for better jobs or suitable employment. The greatest odd ratio of those young people with university degrees currently looking for suitable employment suggests that this group of university graduates significantly represents today's unemployment problem. Indeed, those with higher education are most likely to look for employment in the labour market which suit their training and degrees. The current supply of academic degree holders has actually exceeded the demand of employers and society. Ironically, the results further show that the group in high education has a higher probability of receiving vocational training as compared to the group in primary education in the regression model. As far as university education and vocational training do not prepare young people for employment, this can be interpreted as a waste of human resources in Viet Nam.

The regression results suggest that if a young person had ever worked as a child or as a migrant, he or she is more likely to be in employment at the time of the survey. Perhaps early child work and labour migration provide experience that makes it easier for them to find jobs. Youth with poor health, physically or mentally, are also more likely to look for jobs. As expected, ethnicity also significantly affects the probability that a young person is in training with *Kinh* youth being more advantaged than youth of other ethnic origins. The effects are statistically strongly significant.

Among the covariates describing the family characteristics of the young person, the multivariate results show that economic status is negatively associated with the probability to work. The higher the status, the lower the likelihood that a young person is working or looking for more suitable employment, other things being equal.

For example, people living in families with high economic status as measured by SAVY data are 30 per cent less likely to work for pay and 50 per cent less likely to look for employment than those from families with low economic status. This suggests that youth from better-off families tend to be in higher education and enjoy better living conditions, which do not require them to work. Not surprisingly, family economic status is also strongly associated with job training. The relationship proves to be direct in that the better the status, the higher the probability of the youth receiving job training.

Children of non-farming fathers are more likely to be trained and working, but are just as likely to be looking for suitable employment as those whose fathers are farmers. It is very possible that children of farmers find work on the farm that do not require substantial formal training. This kind of on-the-job training may not have been considered to be "training" by those who answered the questionnaire.

In contrast, the results show that youth with divorced parents are more likely to be working or looking for jobs. It is possible that parental divorce can result in children and youth dropping out of school and entering the labour market. This suggests that parental divorce can make the school-to-work transition more difficult.

Multivariate results show that the number of siblings is positively related to employment and job search. Children with many siblings have a higher probability of currently working and looking for a suitable job. They are, however, less likely than only children to participate in vocational training. Place of residence also significantly affects the probability to work -- with city youth being more likely to report working than youth in rural areas. However city youth are also looking for better jobs even though they currently work. Finally, there are no statistically significant differences between town youth and their rural counterparts in the probabilities of work or to look for better jobs.

**Table 10. Factors associated with the probabilities of youth work, job search and vocational training: Viet Nam, 2003**

Covariates	Sub-group	Odd ratios [ $\exp(\beta)$ ]		
		Currently working	Looking for a suitable employment	Ever received job training
Gender	Female ( <i>Ref</i> )	--	--	--
	Male	1.27 *	0.86 *	1.02
Age group	15-19 ( <i>Ref</i> )	--	--	--
	20-24	3.86 *	2.05 *	3.29 *
Marital status	Married ( <i>Ref</i> )	--	--	--
	Single	0.85	1.91 *	1.18
Educational attainment	Primary ( <i>Ref</i> )	--	--	--
	Lower Sec.	0.60 *	1.02	2.30 *
	Higher Sec.	0.36 *	1.44 *	2.51 *
	College/Univ	0.59 *	3.07 *	2.18 *
Ever worked as child labour	Yes	3.30 *	1.57 *	0.96
	No ( <i>Ref</i> )	--	--	--
Migrated to earn a living	Yes	2.91 *	2.37 *	1.58 *
	No ( <i>Ref</i> )	--	--	--
Poor physical or mental health	Yes	1.01	1.40 *	0.99
	No ( <i>Ref</i> )	--	--	--
Ethnicity	Kinh	1.72 *	1.20	2.71 *
	Other ( <i>Ref</i> )	--	--	--
Family economic status	Low ( <i>Ref</i> )	--	--	--
	Middle	1.03	0.75 *	1.29 *
	High	0.70 *	0.49 *	1.33 *
Number of siblings	1 ( <i>Ref</i> )	--	--	--
	2-3	1.27 *	1.19	0.90
	4+	1.16	1.34 *	0.82
Divorced parent	Yes	2.03 *	1.03	1.53 *
	No ( <i>Ref</i> )	--	--	--
Father's occupation	Professional	1.01	0.95	1.37 *
	Unskilled	1.32 *	1.16	1.36 *
	Agriculture ( <i>Ref</i> )	--	--	--
	Unemployed	1.32 *	1.14	1.19
Type of place of current residence	City	1.51 *	1.31 *	1.15
	Town	1.19	0.95	1.28 *
	Rural ( <i>Ref</i> )	--	--	--
	Constant	0.19 *	0.04 *	0.12 *
	N [number of cases]	6,304	6,304	6,304

Notes: (*Ref*) - indicates reference group; \* indicates  $p < 0.05$

Source: SAVY, 2003

## 7.2 Determinants of youth unemployment and underemployment

It would be important to further examine the factors associated with youth unemployment and underemployment from the SAVY data. Survey results show that virtually the same proportions of youth

**Table 11. Factors associated with youth employment & underemployment: Viet Nam, 2003**

Covariates	Sub-group	Odd ratios [ $\exp(\beta)$ ]	
		Unemployed	Underemployed
Gender	Female ( <i>Ref</i> )	--	--
	Male	0.67 *	1.13
Age group	15-19 ( <i>Ref</i> )	--	--
	20-24	1.58 *	2.27 *
Marital status	Married ( <i>Ref</i> )	--	--
	Single	1.89	1.64 *
Educational attainment	Primary ( <i>Ref</i> )	--	--
	Lower Sec.	1.63 *	0.76
	Higher Sec.	2.74 *	0.77
	College/Univ	6.29 *	1.16
Ever worked as child labour	Yes	1.03	1.95 *
	No ( <i>Ref</i> )	--	--
Migrated to earn a living	Yes	1.02	2.44 *
	No ( <i>Ref</i> )	--	--
Poor physical or mental health	Yes	1.22 *	1.52 *
	No ( <i>Ref</i> )	--	--
Ethnicity	Kinh	0.98	1.39 *
	Other ( <i>Ref</i> )	--	--
Family economic status	Low ( <i>Ref</i> )	--	--
	Middle	0.78 *	0.80 *
	High	0.60 *	0.43 *
Number of siblings	1 ( <i>Ref</i> )	--	--
	2-3	0.87	1.60 *
	4+	1.06	1.60 *
Divorced parent	Yes	1.11	0.92
	No ( <i>Ref</i> )	--	--
Father's occupation	Professional	0.98	0.92
	Unskilled	1.30 *	0.99
	Agriculture ( <i>Ref</i> )	--	--
	Unemployed	0.96	1.29
Type of place of current residence	City	1.52 *	1.12
	Town	0.86	1.06
	Rural ( <i>Ref</i> )	--	--
	Constant	0.03 *	0.17 *
	[number of cases]	6,304	6,304

Notes: (*Ref*) - indicates reference group; \* indicates  $p < 0.05$  Source: SAVY, 2003

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are unemployed and underemployed - 8.5 per cent and 8.6 percent, respectively.<sup>19</sup> The situation requires a detailed examination of the determinants of youth unemployment and underemployment in a multivariate analysis.

As figures in Table 11 show, controlling for other factors, males are much less likely to be unemployed suggesting the emerging gender gap in the labour market. The probability that a young person is unemployed increases significantly with age, and especially with education. As aforementioned, those with a higher education are more likely to be unemployed. This means that the educated unemployed are likely to be in a position to refuse jobs that are not suitable because they are less likely to come from poor families whose survival to “make ends meet” is desperately needed.

Among indicators of school-to-work transition and transition to adulthood, marital status and child labour experience are not significant factors determining youth unemployment, though many of them are currently underemployed. This suggests that many youth in Viet Nam are underemployed and looking for suitable employment or better jobs. As expected, those in poor health are more likely to be unemployed or underemployed. Youth having migration experience are also more likely to be underemployed. To some extent, the results reflect the poor quality of work and the wish to change jobs for young people who migrated to earn a living.

Finally the effects of family factors on job training are somewhat different from their effects on youth work and job search. Other aspects of households do not show statistically significant effects on youth unemployment and underemployment. As expected, controlling for other factors, city youth are more likely to be unemployed than their rural counterparts. The multivariate results make sense as they confirm the findings earlier obtained from the descriptive results.

### **7.3 Youth job satisfaction and attitudes to the labour market**

In addition to employment or unemployment per se, another important indicator of labour market outcomes concerns the job satisfaction of youth and their attitude about the labour market. The preceding findings have revealed the mismatch in the labour market with highly educated youth unable to find preferred jobs in the State formal sector. With very limited places in the State formal sector, new entrants into the labour market are looking for suitable positions.

The overall results from SAVY show that 42 per cent of currently employed young people in the survey sample were satisfied with their current jobs. However, at the same time, a majority (62 per cent) of the surveyed youth found it generally difficult to get a job in the labour market today. These aspirations and attitudes vary across different groups of youth. As shown in the multivariate results (Table 12), young males are less likely to be satisfied with the current job than females. The likelihood of job satisfaction increases with age, but it declines substantially with higher education. This may be due to the fact that better educated youth, with their better human resources, are more likely to look for better jobs, whereas those with low education are more likely to be satisfied with their current jobs.

Youth with poor health or migration experience are less likely to be satisfied with their current jobs. The effect of family economic status is as expected – as higher status is associated with a higher likelihood of job satisfaction. It is possible that high status is correlated with family “connections” that can be useful for youth looking for jobs in the formal State sector. Interestingly enough, there is no statistically significant difference in the likelihood of job satisfaction of young people by ethnic origin, paternal occupation, and number of siblings. In general, where the household is located is not an important factor in determining the likelihood of youth’s job satisfaction.

Similarly to the above results, the probability of perceiving it difficult to find jobs increases with educational level but decreases with family economic status. Not surprisingly, youth coming from a better-off family tend to see less difficulty in finding jobs. The other family factors have no significant effect on the labour market attitude of young people.

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<sup>19</sup> The youth employment figure appears higher than those produced by the 2002 VLSS. A proxy that is the proportion of youth who were working but still looking for another job serves as a measure for the youth underemployment level.

**Table 12. Factors associated with job aspiration and attitude to the labour market among youth in Viet Nam, 2003**

Covariates	Sub-group	Odd ratios [exp( $\beta$ )]	
		Job satisfaction	Difficult to find jobs
Gender	Female ( <i>Ref</i> )	--	--
	Male	0.85 *	0.99
Age group	15-19 ( <i>Ref</i> )	--	--
	20-24	1.21 *	0.97
Marital status	Married ( <i>Ref</i> )	--	--
	Single	0.72 *	0.94
Educational attainment	Primary ( <i>Ref</i> )	--	--
	Lower Sec.	0.71 *	1.79 *
	Higher Sec.	0.35 *	1.83 *
	College/Univ	0.48 *	1.70 *
Ever worked as child labour	Yes	1.23	0.87
	No ( <i>Ref</i> )	--	--
Migrated to earn a living	Yes	0.71 *	0.98
	No ( <i>Ref</i> )	--	--
Poor physical or mental health	Yes	0.63 *	1.16 *
	No ( <i>Ref</i> )	--	--
Ethnicity	Kinh	0.98	0.77 *
	Other ( <i>Ref</i> )	--	--
Family economic status	Low ( <i>Ref</i> )	--	--
	Middle	1.76 *	0.82 *
	High	3.33 *	0.75 *
Number of siblings	1 ( <i>Ref</i> )	--	--
	2-3	0.94	1.08
	4+	0.85	1.09
Divorced parent	Yes	1.04	0.79
	No ( <i>Ref</i> )	--	--
Father's occupation	Professional	1.01	1.01
	Unskilled	0.78 *	1.11
	Agriculture ( <i>Ref</i> )	--	--
	Unemployed	0.72	1.03
Type of place of current residence	City	1.37	1.09
	Town	1.02	1.01
	Rural ( <i>Ref</i> )	--	--
	Constant	8.08 *	2.74 *
	N [number of cases]	6,304	6,304

Notes: (*Ref*) - indicates reference group; \* indicates  $p < 0.05$

Source: SAVY, 2003

## Discussion

The data on youth employability and their school-to-work transition is quite limited. The strength of the study findings relied on the regression analysis. Despite the very limited scope of variable specifications, it does attempt to capture some of the complexity of the factors affecting youth work status

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and employability. The results are thus more robust than any descriptive analysis usually employed in other studies.

The results of our analyses strongly suggest that the family serves as an important factor in determining the employment experience of Vietnamese youth. In fact, the family in which a young person lives is the strongest predictor of his or her future in the job market. The significant effects of family economic status, paternal occupation, and parental divorce are notable in the analytical results. In a transition economy like that of Viet Nam where employment recruitment opportunities are based on connections and networks while less on merit and competence, families can provide significant social and financial support to enable the smoother transition from school to work for young people.

The probability that a young person is employed, unemployed or underemployed is reduced when young people live in better-off families. These young people are in a better position to enter into the labour market. Their likelihood to receive job training is enhanced when the father is in a professional or technical job, belonging to *Kinh* group and residing in urban centres. All these combine to make the placement and promotion of their employment easier in the labour market.

The strength of the analysis is also reflected in the significant effects of factors reflecting young people's transition from school to work and to adulthood. The educational attainment is also found to be one of the significant factors influencing youth employment outcomes. The higher the level of education, the less likely they are to be working at the time of the survey and the more likely they are to look for suitable employment. As high education is found to be an important factor in increasing the probability of unemployment, the results indicate the mismatch between supply and demand for labour services of young people. The results suggests that it would be important to look closely at and reform the current systems for education and training in order that resources of youth and society are not wasted. This waste of human resources will be very large and the costs borne by society will be enormous.

## VIII. Policy and programme responses

### 8.1 National policy framework

Employment policy is a fundamental social policy of the Vietnamese State. The Communist Party of Viet Nam and the Government of Viet Nam have constantly paid attention to nurturing the younger generation in job training, promotion of education and human resources so as to successfully achieve the course of industrialization and modernization.<sup>20</sup> The Vietnamese leaders deeply understand that investing in young people is investing in the future. The Party and the Government have enacted and institutionalized a number of policies on youth and youth issues in order to bring into full play the potential of youth and facilitate their role and contribution in the course of nation building. With the involvement of the Departments of Labour, Invalids and Social Affairs and various political mass organizations, the Government has played a key role in generating employment and securing livelihoods for the people.

Although youth specific employment policies do not exist, youth employment issues are addressed within general employment policies in Viet Nam. Youth employment soon became a great concern on the country's reunification. The issue has been mentioned in several Party resolutions, national strategies and socio-economic development programmes in which young people are the direct beneficiaries.

Parallel to the above political commitments, a legal framework regarding employment and youth employment has been in place. It includes a number of legal documents such as labour contract ordinance, the labour code, and labour dispute regulations. In addition, the enactment of the new enterprise law, cooperative law, and foreign direct investment law, and others drastically changed the situation of the

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<sup>20</sup> International Labour Office (ILO). 2002. *Employment for Vietnamese Youth: Situation and Solution*. Paper presented at the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, 27 Feb-1 Mar 2002. Bangkok.

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labour market and industry in Viet Nam over the past 20 years. As a result, youth employability has been enhanced.

Youth employment policy is one of the indispensable components of this national policy as a whole. The national policies on labour and employment include a number of measures and initiatives, focusing on the mobilization of the existing workforce, labour efficiency, early re-employment for the redundant within a balanced relationship between economic growth and employment generation. Within these programmes, are several policy measures pertaining to job and income generation, education and training, promotion of young talent and encouraging youth to improve their educational standards. Young people have been mobilized and actively participated extensively in these employment-related projects and programmes in common endeavours for poverty alleviation. They have covered broad sections of Vietnamese youth, including youth working in State management agencies, the business sector, rural enterprises who participated in the socio-economic development programmes and projects. The main beneficiaries can be young entrepreneurs, ethnic minority youth, youth working in the new economic zones, and rural youth in remote islands and bordering areas. Despite these policy efforts, the results in this analysis have indicated that there are inadequate opportunities for young people in the labour market in Viet Nam.

## 8.2 Policies and programmes targeted at youth employment

Over the past decade, the Government has invested capital and resources in the creation of new jobs in the national economy through socio-economic development programmes such as “programme for greening barren land and bald hills”, “programme for the exploitation and utilization of riverside and seaside alluvial banks”, “national target programme on hunger eradication and poverty alleviation”. There are especially the “national target programme on employment” and “programme on job training for the 1999-2000 period” with the promotion of self-employment or employment creation among the working population. Labour export is a priority in Viet Nam’s employment strategy. It is seen not only as a means to generate employment, but furthermore, a way to help workers learn technical skills and knowledge in service of the industrialization process in Viet Nam. Young workers have been able to establish local business and investment upon their return. Thanks to these efforts, job opportunities have been created annually for a million workers, of whom many are young people.<sup>21</sup>

In addition to the above large-scale national programmes, the Government has also carried out a number of specific or targeted projects on education and vocational training in order to provide workers in general and youth in particular with employment, bringing more jobs to the underemployed. These projects aim at stabilizing work with a better income in order to achieve decent and productive employment for workers in general and youth in particular. For example, there are projects of infrastructure construction, elimination of ‘monkey-bridges’ (*cau khi*) in the Mekong delta, projects to mobilize young medical doctors and young intellectuals to work in rural mountainous areas, the establishment and development of youth islands where vacant islands have been settled by a young labour force and so on. However, these projects are small scale and have not greatly improved the situation of youth employment.

As a part of the Socio-economic Development Strategy for Viet Nam (2001-2010), the *Viet Nam Youth Development Strategy by 2010* has outlined the Government’s approach to tackling youth issues.<sup>22</sup> The main objective of the strategy is to strengthen education and training and support for young people in Viet Nam. The first phase identifies five key programmes: (i) employment for youth; (ii) enhancing the education level and professional skill for youth; (iii) developing young scientific capability in order to upgrade the science and technology qualification for youth; (iv) fighting crime and social evils among

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<sup>21</sup> International Labour Office (ILO). 2002. *Employment for Vietnamese youth: Situation and solution*. Paper presented at the ILO/Japan Tripartite Regional Meeting on Youth Employment in Asia and the Pacific, Bangkok, 27 Feb-1 Mar 2002.

<sup>22</sup> Vietnam Youth Union (VNY). 2003. *Vietnam’s Youth Development Strategy by 2010* (issued as an attachment to Decision 70/2003/QĐ-TTg approved by the Prime Minister on 29 April, 2003). Hanoi.5

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young people; and (v) building up the political stance, revolutionary ethics, and socialist patriotism for today's young people.

In addition to the Youth Development Strategy, a number of other development strategies have been in place, which have an impact on youth development, employability and encouraging young talent. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS), the new enterprise law and the target programme on employment have aimed, directly or indirectly, at entrepreneurship, vocational training, job and income generation, and poverty reduction for people, including youth. These national strategies have made an important contribution to the restoration of vocational training for youth, improving on-the-job training, and especially creating small enterprises and rural credit activities which ultimately aim to generate income and jobs, and others (see Appendix 4 for a list of directives, decisions and inter-ministerial resolutions aimed at directly promoting youth employment and employability).

This year the Prime Minister has just enacted the Directive No. 06/2005/CT-TTg to facilitate youth roles and contribute to the new phase of the country's socio-economic development. Confirming the current success and shortcomings, the Prime Minister has directed the Youth Union and related ministries to develop plans with measurable targets, effective tasks, and proposed mechanism and resources for training of young talents as well as utilizing youth potentials as the solution to reduce youth unemployment. Following the earlier directives and decisions, Directive No. 06 also emphasizes the necessity of youth to participate in a number of national target-oriented programmes and key-focus projects at the central and local levels, with particular attention and priority given to young people working in remote islands, bordering areas and other extremely difficult regions. The State has helped the population in self-employment and job creation through providing credit finance, supporting vocational training and enacting policy measures for economic development.

Most of the programmes have been pilot initiatives and have limited impact on youth labour and employment. They are generally designed on a small scale, mainly for demonstration purposes and lack of sustainability. The implementation of the Government policies and national programmes requires the coordination, integration and linkages in the operation of several departments and ministries which have been fairly weak in Viet Nam. Within the situation of structural change and international competition, the implementation of policy measures, if any, to safeguard domestic production, the domestic local economy and the labour market from external shocks is often hindered by this administrative weakness. In this regard, it would be hard for Viet Nam to manage and cope with competition and changes occurring in regional comparative advantages.

To assist young people in having access to the labour market and decent jobs, acquiring technical skills and appropriate vocational training is strongly required to improve the quality of labour. However, due to a number of flaws inherent in the current education and training system and the requirement of the labour market, young students are left with few technical and vocational skills necessary to create their own jobs, and at the same time, stimulate them to look for State sector, managing and urban-based employment. As found in the above analysis, young people in Viet Nam are not prepared for the transition from school to work. The low proportion of vocationally and technically qualified youth is too far from meeting the requirement of Viet Nam's industrialization and modernization.

Recent policy reforms in education and training do not focus on enhancing technical skills and vocational practices but continue to promote the running for degrees and academic knowledge. The imbalance between the excessive quantity of university graduates and the inadequate number of technical workers and skilled labourers, while the former are often left unemployed, has shown the irrationality of youth employment in today's Viet Nam. The country's labour market characterized by "an excess of teachers and a shortage of workers" (*thua thay thieu tho*) has further aggravated both unemployment and underemployment in the population. Combined, these flaws have reduced substantially the employability for young people.

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## IX. Conclusions and policy Implications

The market transition in Viet Nam involved a drastic turn in young people's transition from school to work. Today, many Vietnamese youth generally enter the labour force out of economic necessity in order to help reduce the vulnerability of their households. They have great potential to build on the country's socio-economic successes of the past 15-20 years. However, together with the opportunities open to them, Vietnamese youth also face a series of new challenges. For example, high economic growth rates have brought higher inequality, polarization and unemployment rate; HIV/AIDS and drug use are spreading rapidly among young people in Viet Nam.

As a result of the economic renovations, the labour market has been recognized and has evolved in Viet Nam.<sup>23</sup> Overall, the Vietnamese youth labour market is growing in size but is limited, wherein supply always exceeds demand, and the quality of labour is low. A high proportion of agricultural labour, a prevalent share of manual labour with very low skills and poor training, a high rate of unemployment, and low labour productivity, characterize the market. The education and skills of youth are not always suitable for the labour market. The current high rates of unemployment and underemployment result from a greater supply than demand in labour, especially low-skilled and unskilled workers. Coupled with the State enterprise reform and equitization of those enterprises is the generation of laid-off workers who failed to retain their employment in the State sector and are out looking for new jobs. Although foreign direct investment has been an important area and the focus of the reform policies, the foreign sector has not been able to create decent and productive jobs for young workers. Many of these workers decided to leave factories and manufacturing areas due to low incomes, lack of social protection, poor working and living conditions. The comparative advantage of Viet Nam such as low labour costs and a hardworking and well-educated workforce has been declining rapidly.

A review of national policy and programme responses in the present report has indicated, that given such a situation and characteristics, the Party and the State consider it a central task to create jobs with stabilized income and to raise the quality of labour and solve the unemployment problem for the workers in general, and youth in particular. Despite a number of policies and laws, overall efforts to overcome youth unemployment and poverty are quite limited in scale, the impact of the programmes and projects on labour are not sufficiently strong to change substantially the current situation of youth labour and employment in Viet Nam.

The strength of the analysis presented in this report is twofold: First, we present a comprehensive analysis of time series data on youth employment and unemployment in the last decade. Secondly, the regression analysis, although limited in scope (as any multivariate model) does attempt to capture some of the complexity of the determinants affecting youth work status and employment. The results are thus more robust than any descriptive bivariate analysis usually performed in previous studies. The analysis results have confirmed many of the factors included in recent nationwide policy discourse and interventions regarding youth labour and employment.

The significance of a number of important social demographic determinants such as age, education, ethnicity, and especially family economic status, suggests that these factors are strong predictors of youth employment. To a large extent, they define the supply-side structure of the youth labour market. In fact, the family in which a young person lives is the strongest predictor of his or her future in the job market. The significant effects of paternal occupation, family economic status and youth educational level are notable in the analytical results. The probability to work is reduced when young people live in better-off families. Their likelihood to receive vocational training is enhanced when the father is in a professional or technical job, belonging to *Kinh* group and residing in urban centres. Families can provide significant social and financial support to enable the transition from school to work

<sup>23</sup> For a long period of time, labour was not considered as a kind of goods during the centrally planning system of Viet Nam.

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for young people. All these combine to make the placement in the labour market and promotion of youth employment easier in their school-to-work transition.

## **Key policy implications**

- (1) Results from the present analysis show that youth is a diverse social group with different characteristics such as age, gender, marital status, ethnic origin, levels of education, siblings and parents, family conditions, place of residence, etc. The conventional understanding of youth as a homogenous mass group represented by the Youth Union is no longer relevant. The differentials within youth and between young and adult populations in Viet Nam call for a new approach in policy-making. The formulation of policies for youth, including those of employment, should recognize that young people (between the ages of 15 and 24) include different social and demographic groups, have different needs, and are shaped by different sets of factors in their school-to-work transition. Their pathways to employment and health development are also diverse. It is very necessary for policy and programme planners to avoid considering youth as a homogenous group. Policies must be specific enough to meet the needs of each of these groups.
- (2) Given the disproportion of youth currently working in small family businesses and self-employed in the agricultural sector, it is important to work with local authorities and communities to help young people start and improve their own business with decent incomes. This includes the generation of job opportunities through small and medium enterprise development. For example, traditional craft production in the Red River Delta provinces should be developed and linked to international markets to create proper jobs with adequate incomes, ensuring non-farming income for rural youth and their families. It is also important to make it easy for youth to start enterprises and self-employment support projects through training and credit with low taxes to provide more and better jobs for young women and men. As young people are often the only form of social security of their families, the need of parents to deploy their young children to work is salient and critical. Too often availability of jobs is limited to the most educated and urban residents, sidelining young females, ethnic minorities and rural youths. Reducing socio-economic differences should be a policy priority for youth growth with equity. Efforts aimed at poverty reduction, employment promotion and income generation for families can limit the need for children to seek economic livelihoods and to work for survival.
- (3) The creation of decent and productive employment is one of the pressing social issues as it is one of the most important factors contributing to social stability and sustainable growth. The high rate of youth unemployment requires the improvement of the current low quality of the youth workforce and the strengthening of the macro-level linkages between the education system and the labour market. Education is only a means to an end and not an end in itself. The need to improve the quality of education, as well as renewing and adapting curricula in schools and vocational centres to meet the appropriate skills and job experience as demanded by employers and competitiveness of the labour market has already been discussed. Employability requires new sets of appropriate skills which are usable in labour markets. The current systems that provide appropriate skills to young people must be strengthened and linked to the demand side in order to meet the needs of the rapidly changing labour market. In order to address these issues, it will be necessary to build the capacity of employment services, job counselling, information sharing and improve the linkages of job training to labour market needs.
- (4) Minimizing skill mismatches and matching skills to demand is key to improving youth employability. As reflected in the study results, the high proportion of university graduates currently looking for jobs and the fact that only over half of them are in a job with the training they received, indicate the huge gap between supply and demand for education, training and experience in today's rapidly changing labour market in Viet Nam. A central policy issue is the mismatch between the expectations and reality of the labour market today in Viet Nam. At present, university education and obtaining academic degrees remain highly desirable to young people and their parents as the ticket to the future. Although practical skills rather than text book knowledge are required in

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today's labour market, vocational training is perceived as less prestigious, because it does not help young people to become State officials or to achieve upward mobility in society. As a result, those with university and higher education are more likely to be unemployed or work at jobs unsuitable to their education. The formal labour market tends to value experience over academic qualifications. Policy should consider lowering the investment in expanding or constructing new colleges and universities, and promoting development of the informal sector which can generate employment for the urban unemployed labour force. Effective messages, better information and job orientation should therefore be provided to young people, their peers and families in order to change their attitudes about education and vocational training. It is imperative to assist young people in proactively seeking or creating employment rather than waiting for an assignment. This also helps young people to achieve competitiveness at different levels of the labour market so as to provide them with opportunities for employment or self-employment.

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## Appendix 1: Model descriptions of multivariate analysis

Observed labour market outcomes (work, employment and vocational training, unemployment, underemployment, job satisfaction) are treated as dependent variables in the multivariate regression models. All these variables are binary, coded 1 with a positive response and 0 with a negative response. The independent variables may be classified into the following two groups: measures of demographic and family characteristics of the individual youth. Macro-level factors, such as for example current place of residence, act as control variables in the statistical models.

The analysis is applied to all surveyed young people who were interviewed under SAVY. Since the dependent variables are binary, logistic regression models can be used. The model to be estimated for each measure of youth labour and employment outcomes can be specified as follows:

$$\log [p/(1-p)] = a + \beta_i X_i + \epsilon_i \quad (1)$$

where:

$\log [p/(1-p)]$  is the log odds of the health care behavior which represents the dependent variable

$a$  is a constant

$\beta_i$  is the estimated regression coefficient

$X_i$  is the independent variable whose effect is examined

$\epsilon_i$  is regression disturbance term

The variables included in the model represent the effect of a wide range of factors influencing youth work and employment. We assume that  $X_i$  are statistically exogenous to  $\epsilon_i$  so that the equation (1) would produce consistent estimates of the  $\beta_i$  as well as their standard errors. This is a strong and potentially objectionable assumption. For categorical variables, a positive coefficient indicates an increase in the log odds for the particular category relative to a reference category, while a negative coefficient indicates decreased log odds. By exponentiating the coefficients we obtain estimates of the relative odds (odd ratios) associated with a particular category of a covariate of interest. We use  $z$  test to assess the significance of the impact of individual variables on the odds of being employed, looking for jobs or received vocational training as opposed to the reference category. Using the SPSS/Win, we have estimated the models as described by the above-described equation (1).

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## Appendix 2: Key concepts of labour and employment used in the report

**Employment:** According to Article 13, Chapter II of the Labour Code of Viet Nam, “any working activities which generate income and are not prohibited by law are recognized as employment.” Employment can be defined in the forms of: (1) employment which is paid in cash or in kind or by mutual help (2) self-employment to earn income for oneself (3) activities of production, business and service for one’s own family and no wage or salary is received.

**Employed:** The employed are all persons aged 15 and over in the labour force and those who are defined as being involved in one or more of the above-mentioned forms of employment in the last seven days. Employed youth refer to those aged 15-24 who are involved in employment in the labour force.

**Employability:** This concept refers to the ability of a person to be employed given his/her demand for jobs, skills, training and capability to work. The concept of employability has two major aspects: The competence and the access to employment opportunities. Vocational training is usually a means to help young people to achieve their career goals. Youth employability relates to the ability of young people in obtaining jobs in the labour market.

**Unemployed:** The unemployed are all persons aged 15 and over who were not employed during the last seven days and (1) had actively looked for work and (2) had been available. Because of lack of skills, and the hurdle associated with obtaining the first job, the level of youth unemployment has always been higher than the rate of general unemployment.

**Underemployment:** The state of employed persons who were employed but worked less than 36 hours in the last seven days and would have been available for work if the job had been available then.

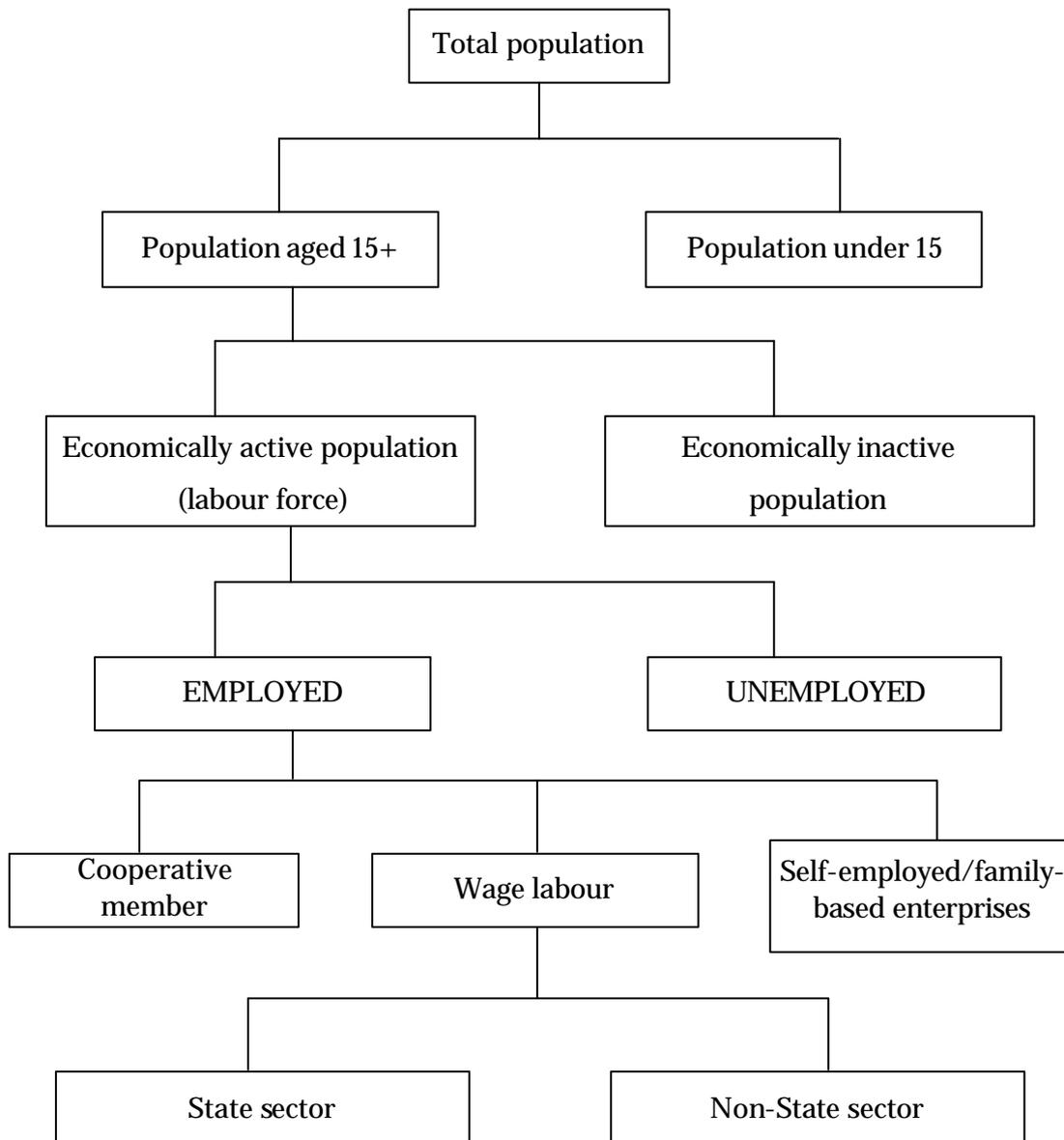
**Labour force:** Labour force or economically-active population includes all people who are of the age of 15 or above and employed, and those who are not employed but able to work and have a demand for a job. In this regard, those outside the labour force refer to the economically-inactive population who include all people aged 15 or above but who are excluded from the employed component and unemployed.

**Working age people :** People at the working age outside the labour force (equivalent to the economically-inactive population at the working age) include all people who are of the working age (men aged from 15 to 60 and women from 15 to 55) and excluded from the employed component and unemployed.

**Economically inactive people :** People who are economically-inactive include those who are going to school, serving as housekeepers for their own families, being old or ailing for a long time, being handicapped or unable to work.

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**Appendix 3: Labour and employment structure of the Vietnamese population**



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#### **Appendix 4: List of major policies directly promoting youth employment and employability**

- Directive No. 145-TTg dated 6 April 1993 of the Prime Minister on the participation of youth in the implementation of socio-economic programmes.
- Decision No. 770/TTg dated 20 December 1994 of the Prime Minister on organization and policies for Volunteer Youth.
- Decision No. 354/QD-TTg dated 28 April 2000 and Decision No. 149/2000/QD-TTg dated 28 December 2000 of the Prime Minister on the policy for young intellectuals voluntarily to develop rural and mountainous areas.
- Decision No. 1169/QD-TTg dated 30 August 2001 of the Prime Minister on the policy for young medical doctors voluntarily to develop rural and mountainous areas.
- Decision No. 50/1999/QD-TTg of the Prime Minister on the approval of vocational training plan for 1999-2000, including youth employment training.
- Decision No. 48/2002/QD-TTg of the Prime Minister on the approval of the pacification of the vocational training networks for the period 2002-2010.
- Directive No. 06/2005/CT-TTg of the Prime Minister on the facilitation of youth roles and contribution to the new phase of socio-economic development.
- Inter-ministerial resolution No. 01/NQLT/BNN-TUĐTN agreed between the Ministry of Agriculture and Rural Development and the Ho Chi Minh Communist Party Central Youth Union on “bringing into full play the role of young people in the course of rural-agricultural development 1996-2000”.
- Inter-ministerial resolution No. 02/NQLT/BNN-TUĐTN agreed between the Ministry of Agriculture and Rural Development and the Ho Chi Minh Communist Party Central Youth Union on “bringing into full play the pioneering and voluntary roles of young people in the course of industrialization and modernization of rural and agricultural sector 2002-2005”.
- Activity coordinating programmes No. 16/CTLT dated 16 March 1998 agreed between the Committee for Ethnic and Mountainous Affairs and the Ho Chi Minh Communist Party Central Youth on “bringing into full play the role of young people in the course of socio-economic development in mountainous regions”.
- Inter-ministerial resolution No. 01/NQLT and No. 02/NQLT agreed between the Ministry of Seafood and the Ho Chi Minh Communist Party Central Youth Union on “bringing into full play the pioneering and voluntary roles of young people in the development of seafood production”.
- Inter-ministerial resolution No. 03/NQLT and No. 02/NQLT agreed between the Ministry of Industry and the Ho Chi Minh Communist Party Central Youth Union on “training and bringing into full play the pioneering and creative roles of young State employees in the course of industrialization and modernization”.

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