



Ministry of Labour,
Invalids and Social
Affair

NEWSLETTER FOR VIETNAM'S LABOUR MARKET UPDATE 2nd Quarter–2014⁽¹⁾



General statistics
Office

1. Overview

Table 1. Key economic and labour indicators

	2013				2014
	Q1	Q2	Q3	Q4	Q1
1. GDP Growth rate* (%)	4.8	5.0	5.5	6.0	5.0
2. Export growth rate*	21.1	16.8	15.1	15.8	14.1
3. CPI* (%)	6.9	6.7	6.3	5.9	5.5
4. Total investment (% GDP)	29.6	29.6	31.2	28.8	28.4
5. Labour force participation rate (%)	77.3	77.5	77.9	77.5	77.5
6. Share of trained workers with certificates/degree (%)	18.2	18.0	18.2	18.4	18.6
7. Share of wage workers in total employment (%)	34.7	34.6	34.3	35.6	34.9
8. Share of agricultural, aquacultural and forestry workers in total employment (%)	47.5	47.1	46.8	45.8	47.5
9. Unemployment rate(%)	2.27	2.17	2.32	1.90	2.21
In which:					
- Urban unemployment (%)	3.80	3.66	3.59	3.19	3.72
- Youth unemployment (aged 15-24) (%)	6.15	5.58	6.95	5.95	6.66

Source: GSO (2013, 2014), Monthly statistic data and quarterly labour force survey

* % compared to the same period of last year

The economy showed signs of progress and stabilization in the first quarter of 2014, but some targets have not been achieved as expected

The GDP growth rate in the first quarter of 2014 reached 5.0%, higher than 4.8% in the same quarter in 2013.

Export turnover growth rate showed decline at growth rate of 14.1% in the first quarter of 2014, against 21.1% in Q1/2013

Total investment rate (of GDP) also declined compared to the 1st quarter of 2013.

The increase in consumer prices index remained relatively low in the first quarter of 2014 at 5.5%, lower than 6.9% in the first quarter of 2013.

Labour market experienced some changes, but not significant.

The labour force participation rate has been stable and stood at 77.5% in Q1/2014, slightly higher than 77.3% in Q1/2013.

The share of labour force with technical certificate/ degree expanded to 18.6% in Q1/2014, slightly higher 18.2% in Q1/2013.

The unemployment rate remained low at 2.2%, a decline compared to 2.3% in Q1/2013 but higher than in Q4/2013. Youth unemployment rate in Q1/2014 was 6.7%, higher than 6.2% in Q1/2013.

Restructuring in the labour market has been slow. The share of agricultural, forestry and aquacultural workers in total employment slightly increased in Q4/2013 but remained unchanged at 47.5% compared to Q1/2013.

(1) This newsletter is a joint publication of the Ministry of Labour, Invalid and Social Affairs (MOLISA) and the General Statistics Office (GSO) with the technical and financial support of ILO

2. Labour supply

Working age population (age 15 years and above) in the Q1/2014 reached 69.2 million people, a drop of 76.9 thousand people compared to Q4/2013 but an increase of 669 thousand people (1%) in comparison with Q1/2013. Female working age population increased by 323 thousand people (accounting for 42.3% of the increase); working age population in urban areas increased by nearly 155 thousand people (accounting for 23.1% of the increase).

Labour force (economically active population aged 15 years and above) was 53.6 million people in the 1st quarter 2014, a decline of 118 thousand people compared to the 4th quarter of 2013 but an increase of 592 thousand people compared with Q1/2013. Female labour force increased by 258 thousand people (accounting for 38.6% of the increase); those in urban area increased by 112 thousand people (accounting for 19% of the increase).

Table 2. Population aged 15 years and above and labour force by gender and urban-rural area

Unit: million people

	2013				2014
	Q1	Q2	Q3	Q4	Q1
1. Population aged 15 +	68.5	69.0	69.2	69.3	69.2
2. labour force	53.0	53.4	53.9	53.7	53.6
- Male	27.2	27.4	27.7	27.7	27.5
- Female	25.8	26.1	26.1	26.1	26.1
- Urban	15.9	16.1	16.3	16.3	16.0
- Rural	37.1	37.4	37.6	37.4	37.6

Source: GSO (2013,2014), Quarterly labour force survey

Labour force of the statutory working age (15 -54 for women and 15-59 for men) was 47.4 million people (accounting for 88.4% of the total labour force (aged 15+) in the first quarter of 2014, an increase of 260 thousand people (0.6%) in contrast with Q1/2013. The elder labour force (over statutory working age) increased by 332 thousand people

(5.6%) in comparison with Q1/2013, reaching 6.2 million people.

The labour force participation rate of population aged 15 years and above remained unchanged compared to Q4/2013, and slightly increased from 77.3% in Q1/2013 to 77.5% in Q1/2014. The labour force participation rate of male and female was 82.0% and 73.2%, respectively, in Q1/2014. The labour force participation rate in urban and rural areas remained steady at around 81.0% and 70.3%, respectively.

Table 3. Labour force participation rate of population aged 15 years and above by gender and urban-rural area

Unit: %

	2013				2014
	Q1	Q2	Q3	Q4	Q1
General	77.3	77.5	77.9	77.5	77.5
Male	81.9	81.7	82.5	82.6	82.0
Female	73.1	73.6	73.5	73.3	73.2
Urban	70.3	70.2	70.6	70.6	70.3
Rural	80.8	81.1	81.5	81.5	81.0

Source: GSO (2013,2014), Quarterly labour force survey

The share of workforce with technical skills: by the first quarter 2014, there were 25.6 million trained workers in the workforce, of which 15.7 million without qualification certificate and 9.9 million with certificate/degree. Of those labour force with certificate, 2.7 million of people possessed technical vocational training, 2.0 million people graduated from technical secondary school and 5.2 million people with college/university attainment and above.

The share of labour force by expertise level continued to improve. In Q1/2014, skilled labour constituted 47.8% of the total labour force, an increase in comparison with Q1/2013 (46.3%). However, the share of labour force with certificate/degree increased slowly, from 18.2% in Q1/2013 to 18.6% in Q1/2014. Notably, the skilled labour force possessing vocational skill from formal training system dropped from 5.5% Q1/2013 to 5.0% in Q1/2014.

The share of skilled workers was uneven among economic sectors. The highest share was found in the “service” industry (38.9%), followed by “industry-construction” (19.2%) and the lowest was agriculture, forestry and fisheries (3.6%). By ownership, the highest share of workers with certificate/degree was in the State-owned sector (80.7%), followed by the private sector (42.9%), collective sector (34.1%), and FDI sector (23.0%). The lowest share was found in the household economic sector.

Table 4. Number and share of technical skilled labour

	2013				2014
	Q1	Q2	Q3	Q4	Q1
1. Total number (million people)	24.5	24.6	25.3	25.5	25.6
2. Share (%)	46.3	46.0	47.0	47.4	47.8
In which:					
- Share of skilled workers without certificate (%)	28.1	28.0	28.8	29.0	29.2
- Share of skilled workers with certificate (%)	18.2	18.0	18.2	18.4	18.6
In which, share of skilled workers trained by formal training system (%)	5.5	5.3	5.3	5.3	5.0

Source: GSO (2013,2014), Quarterly labour force survey and MOLISA's data

Box 1: Streamlining secondary and high school students

Up to now, the streamlining of post-secondary school student is still facing limitations. The rate of students graduating from secondary and high school and enrolling in vocational training and professional secondary school is still very low (in the last 5 years, only about 27%). This rate is especially low in the Mekong Delta and South Centre region (5.7% and 5.8% respectively).

As a result, the human resource structure did not reach the target. In 2012, for every 1 person with college-university degree, there was only 0.43 person with professional secondary level and 0.56 person got vocational training.

Source: General department of vocational training

2. Employment

The total employment in Q1/2014 was 52.53 million people, an increase of 620 thousand people (1.2%) in comparison with Q1/2013. However, compared to Q4/2013, it dropped 25 thousand people (by 0.5%). Of the year-on-year increase, employment in the urban area increased by 14 thousand people (accounting for 22.6%), and employment of female increased by 28 thousand (accounting for 45.2%).

In the first quarter, employment growth rate was 1.2%, higher than the labour force growth rate (1.1%). That was the reason for low unemployment rate.

The employment elasticity of GDP growth in Q1/2014 reached 0.23 (1% GDP growth led to 0.23% employment growth), higher than Q1/2013 (0.13). It suggests that economic growth contributed to improving employment opportunities on the one hand, but it also reflects continued reliance of the economy on labour intensive sectors on the other hand.

Table 5. Employed labour

Unit: million people

	2013				2014
	Q1	Q4	Q1	Q4	Q1
General	51.9	52.4	52.7	52.8	52.5
Male	26.6	26.9	27.2	27.2	27.0
Female	25.3	25.6	25.6	25.6	25.6
Urban	15.4	15.5	15.7	15.8	15.5
Rural	36.6	36.9	37.0	37.0	37.5

Source: GSO (2013,2014), Quarterly labour force survey

Employment changes in comparison with 4th quarter 2013:

- Largest reduction:

Between Q4/2013 and Q1/2014, there were reductions of 488 thousand jobs in “construction” sector, 257 thousand jobs in “manufacturing and processing” sector, and 218 thousand jobs in the “retail and wholesale” sector. However, quarter-on-quarter changes in employment between Q3/2013 and Q4/2013 show that all these three sectors experienced an increase in

employment with 139 thousand, 128 thousand and 108 thousand jobs, respectively.

By occupation, the largest decline was found in “individual service, social security and professional sale” with 430 thousand jobs (although it is reported to have experienced an increase of 228 thousand jobs between Q3/2013 and Q4/2013). “Technical craftsmen and other related worker” declined by 387 thousand, much higher than the decline observed between Q3/2013 and Q4/2013 (28 thousand people).

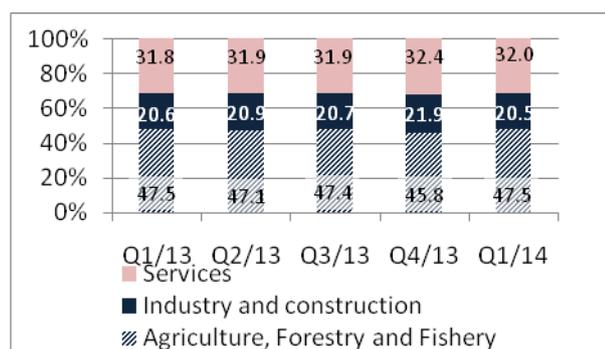
- The largest increase:

Due to economic slowdown and the labour flow back to home town, employment in the “agriculture, forestry and fisheries” sector increased by 814 thousand people in Q1/2014 (despite the decrease of 517 thousand jobs in Q4/2013). This resulted in an increase in the share of this segment, from 45.8% in Q4/2013 to 47.5% in Q1/2014.

However, there is a positive change, with an increase of skilled workers in agriculture, forestry and aquacultural sectors in Q1/2014 by 374 thousands of people compared to Q4/2013, resulting in growth of this occupation from 11.6% to 12.4% in the same period.

Figure 1. Employment structure by main economic sectors

Unit: %



Source: GSO (2013,2014), Quarterly labour force survey

The ratio of wage labour in total employment remained low, at 34.9%, a slight decline compared to Q4/2013. Notably, the ratio of household workers rapidly increased compared to the Q4/2013 (from 16.2% to 21.9%). This reflects hardships in the labour market during period of economic slowdown.

Table 6. Share of employment by employment status

	2013				2014
	Q1	Q2	Q3	Q4	Q1
Business owner	2.8	2.5	2.4	2.2	2.2
Self-employed	45.4	45.3	45.7	45.9	41.0
Household worker	17.1	17.5	17.6	16.2	21.9
Wage labour	34.7	34.6	34.3	35.6	34.9
Member of collective group	0.03	0.02	0.02	0.01	0.01

Source: GSO (2013,2014), Quarterly labour force survey

Labour dispatching abroad to work on labour contract: in Q1/2014 a 23.3 thousand people sent abroad to work (in which there were 8.9 thousand female labour, accounting for 38.2%), a decline of 2 thousand people in comparison with Q4/2013. Taiwan remains the largest destination, with almost 13.7 thousand people, accounting for 58.6%.

4. Wage

Average monthly income of wage workers in Q1/2014 was 4.8 million VND (for the main categories of employment), an increase of 534 thousand VND in comparison with Q4/2013 due to bonuses during Tet holiday.

Table7. Average income of wage labour

	2013					2014
	Q1	Q2	Q3	Q4	Q1	
General	4.3	4.3	4.1	4.3	4.8	
Male	4.5	4.5	4.2	4.5	5.0	
Female	4.1	4.1	3.8	4.1	4.6	
Urban	5.3	5.3	4.8	4.7	5.3	
Rural	3.5	3.5	3.5	3.7	4.1	

Source: GSO (2013,2014), Quarterly labour force survey

By occupation, average monthly income in Q1/2014 of “managers” was highest (8.2 million VND), followed by workers with “high level expertise” (6.9 million VND). The lowest was “unskilled worker” (3million dong). The difference in the average monthly income between the highest-earning and the lowest-earning occupation was 2.8 times.

By mode of ownership, average monthly income of worker in the State-owned sector was the highest (6 million VND, and 6.8

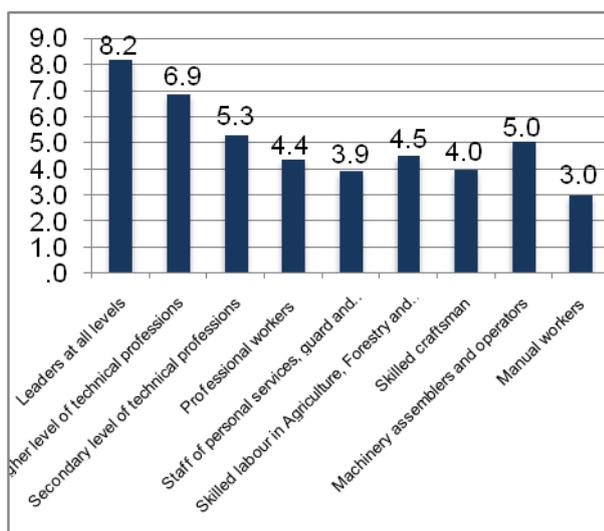
million VND for workers in the State-owned enterprise). The private individual sector had the lowest average monthly income at only 3.2 million VND and this is sector with the lowest wage growth rate in comparison with Q4/2013.

Average monthly income of worker Q1/2014 in the agriculture, forestry and fisheries sector was still the lowest at 3.2 million VND. Average monthly income was 4.5 million VND in the “industry-construction” sector and 5.4 million VND in the “service” sector.

Average monthly income in Q1/2014 for labour in finance, banking activities and real estate business was the highest (8.1 and 7.6 million VND) and experienced the highest increase from Q4/2013 (an increase of 1 million and 1.7 million VND). This rise may be related to the recovery of the real estate market.

Figure 2. Average monthly income of wage labour by occupation, Q1/2014

Unit: million VND



Source: GSO (2013,2014), Quarterly labour force survey

5. Social insurance

a. About social insurance(SI) participation:

By the end of Q1/2014, according to the Vietnam Social Insurance Agency, there have been more than 11 million SI participants, accounting for 20.6% of the labour force, an increase of 498 thousand people in comparison with the same quarter in 2013. By category, there were 10.9 million members of compulsory SI and 177.9 thousand members of voluntary SI.

The total revenue of compulsory SI in Q1/2014 was 26.2 thousand billion VND, an increase of 24.2% compared to Q1/2013 as the result of the adjustment of contribution rate, as stipulated by the new Law on social insurance since 01/01/2014 from 24% to 26%. However, the compliance with SI law remains a challenge. The compulsory SI debt was still high, at 7,425 billion VND, an increase of 17.4% in comparison with Q1/2013, and increased by 56.3% since the end of 2013.

b. Status of SI benefits:

From the start till the end of the first quarter, there were 1,276 thousand people receiving SI benefits, in which:

- 26 thousand people benefited from monthly SI, an increase of 2% in comparison with the same quarter in 2013.
- 109.2 thousand people benefited from lump sum benefit, an increase of 3.1% in comparison with the same quarter in 2013.
- 1,141 thousand people benefited from illness, maturity, health recovery policy, a decline of 10.8% in comparison with the same quarter in 2013.

The growth rate of people receiving monthly and lump-sum SI benefits was likely to be higher than the growth rate of SI participation (5.1% compare with 4.7%). This trend directly led to SI fund imbalance. As forecasted by MOLISA, with the current status of SI fund and policy, SI revenue shall not be enough to cover the expenditure in 2021 and the fund will be insufficient to pay benefits by 2034.

6. Working safety and Occupation health

According to the report in 63 provinces/cities, in 2013 there were 6.7 thousand working accident cases (decreased by 1.2% in comparison with 2012) with 6.9 thousand injured people (decreased by 1.2% in comparison with 2012).

Although the number of cases and injured people decreased, the seriousness tended to increase. In particular, 562 accidents caused death, an increase of 1.8% since 2012; 627 dead workers, an increase of 3.5% since 2012; 113 cases with 2 and more injured

people, an increase of 19% since 2012; 153,658 days off due to working accident, an increase of 79% since 2012.

Labour accident occurred mostly in localities with high concentration of industrial zones, including Đồng Nai (1,690 cases), TP. Hồ Chí Minh (822 cases), Bình Dương (621 cases), Quảng Ninh (528 cases) and Hà Nội (126 cases).

The industries that are most at risk include construction (accounting for 28.6% of the total cases of accidents and 14.3% of the total number of deaths); mineral mining (15.4% of cases and 14.3% of deaths); producing and distributing electricity (6.3% of cases and 5.8% of deaths); mechanical manufacturing (5.1% of cases and 4.8% of deaths).

The status of reporting on accident at work slowly improved. In 2013, there was only about 5.3% of the enterprises nationwide which submitted the working accident report to the local Labour, Invalids and Social Affairs departments. This was a very low reporting rate, making it difficult to assess the status of working accident in the whole country.

7. Unemployment /underemployment

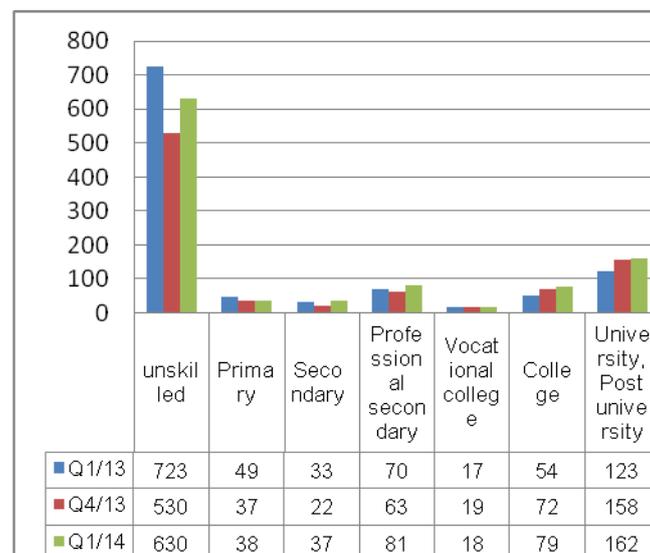
a. Unemployment:

In the 1st quarter of 2014, there was a national total of 1,045.5 million unemployed people in the labour force, an increase of 145.8 thousand people compared to the 4th quarter of 2013. This represents a decrease of 22 thousand people compared with Q1/2013. Of unemployed people, 493 thousand were female (47.2%) and 546.7 thousand people (52.3%) were in urban area.

By ratio, in the Q1/2014, the unemployment rate was 2.21%, higher than in Q4/2013 (1.9%) but lower than in Q1/2013 (2.27%). Female unemployment rate was 2.25%, higher than that of male (2.17%). Urban unemployment rate was 3.72% - 2.4 times higher than rural one.

Figure 3. Number of unemployment by qualification

Unit: 1,000 people



Source: GSO (2013,2014), Quarterly labour force survey

Workers with higher skills/qualification

find it harder to get employment. In the first quarter, there were 162.4 thousand of unemployed people with university qualification, representing 4.1% of the segment of the labour force with this qualification level. This reflects an increase of 4.3 thousand compared to that in Q4/2013. Another 79.1 thousand people at college level were unemployed (accounting for 6.8%), a rise of 7.5 thousand people compared to Q4/2013.

Youth unemployment is an issue of central concern.

Number of unemployed youth (age group from 15-24) was 504.7 thousand people in the 1st quarter of 2014 (accounting for 6.66%), an increase of 17 thousand people since Q1/2013 and 54.4 thousand people since Q4/2013.

Especially, there were 21.2% of unemployed youth in the 20-24 year old labour force with university level and above. The unemployment rate of urban youth remains high, at 12.3%. The unemployment rate of female youth was 7.86%, higher than 5.66% for male. This reflects the fact that female youth experience more difficulties in finding a job.

Table 8. Unemployment rate by gender, area, age groups and expertise level

	2013				2014
	Q1	Q2	Q3	Q4	Q1
<i>Unit: %</i>					
1. By sex					
Male	2.23	2.14	2.25	1.85	2.17
Female	2.31	2.21	2.4	1.95	2.25
2. By area					
Urban	3.8	3.66	3.59	3.19	3.72
Rural	1.58	1.49	1.74	1.3	1.53
3. By technical expertise					
unskilled	1.89	1.76	1.8	1.39	1.66
Primary	2.85	2.4	2.07	2.26	2.61
Secondary	3.82	4.73	3.19	2.6	4.42
Professional secondary	3.85	3.25	4.82	3.48	4.53
Vocational college	8.09	6.44	7.45	7.68	8.56
College	5.29	6.73	7.69	6.74	6.81
University/Post university	3.5	3.65	4.36	4.25	4.14
4. By age groups					
Youth (15-24)	6.15	5.58	6.95	5.95	6.66
Adult (>25)	1.48	1.48	1.37	1.13	1.27

Source: GSO (2013,2014), Quarterly labour force survey

By the length of unemployment, the rate of long-term unemployed people (12 months and above) in Q1/2014 was 14.1%.

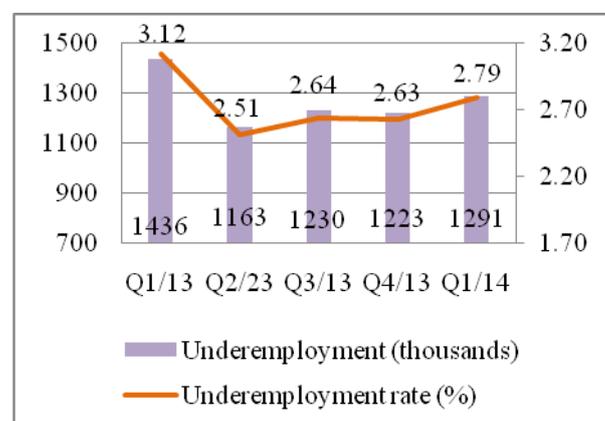
b. Underemployment

In the Q1/2014, there were 1,289.8 million workers affected by underemployment (working under 35 hours/week and willing to work more), accounting for 2.78% of total employment in the working age, an increase of 66.5 thousand people since Q4/2013. However, compared to Q1/2013, there was a decline of 146.3 thousand underemployed people. Underemployment rate tend to be higher at the beginning of the year and lower in the later part of the year.

Underemployment is concentrated in the rural area with the rate at 3.4%, 1.2 times higher than the overall rate. By industries, 4.7% of workers in agriculture, forestry and fisheries are reported being underemployed. By job position, the rate of underemployment among household workers group was 4.1% and among the self-employed group was 3.1%.

Real average working time of underemployed worker was 22.3 hours/week, equal to 53% of that of fully employed workers (42.3 hours/week), in which 42.2% worked less than 20 hours/week.

Figure 4. Number and rate of underemployment in statutory working age



Source: GSO (2013,2014), Quarterly labour force survey

8. Unemployment insurance

a. About UI participation

In Q1/2014, the whole country had 8.6 million people participating in unemployment insurance, an increase of 0.4 million people since Q1/2013, but compared to Q4/2013, there was a decrease of 41 thousand people.

b. Status of UI benefiting

Number of registered unemployed in Q1/2014 was 86.7 thousand people, a decline of 11.9 thousand people (12.1%) in comparison with Q1/2013, and a decline of 18.3 thousand people (17.4%) in comparison with Q4/2013. This suggests that many enterprises have somehow overcome the business difficulties and maintained employment.

By the end of Q1/2014, number of unemployed people receiving benefits was 75.3 thousand people, an increase of 29% in comparison with Q1/2013 and a decline of 30% since Q4/2013. The proportion of female beneficiaries of the monthly benefit accounted for 57.3%. Number of people receiving lump-sum benefit was 5.6 thousand people (accounting for 7.4% of monthly benefit beneficiaries). The proportion of unemployment benefit beneficiaries aged 25 to 40 years old remained at a high level

(64.8% for male and 64.2% for women). This reflects the fact that this group is more likely to be affected by the changes in the labour market.

Number of workers who registered as unemployed receiving counseling and job introduction services in Q1/2014 was 75,010 people (accounting for 99.6% of monthly unemployment benefit beneficiaries, 86.5% of the registered unemployed people). In which, number of people receiving employment introduction services was 15,653 people, growing by 31% in comparison with Q1/2013 (nearly 12 thousand people).

Table 9. Performance of unemployment insurance

Unit: Thousand people

Indicators	2013				2014
	Q1	Q2	Q3	Q4	Q1
Unemployment registrations	98,6	137,5	135,1	105,0	86,7
Number of unemployed people receiving monthly beneficiaries	58,4	149,8	138,6	108,1	75,3
Number of unemployed people receiving lump-sum beneficiaries	7,1	8,0	10,9	8,2	5,6
Number of unemployed people received job counseling	80,8	102,3	118,4	96,5	75,0
<i>In which:</i> introduced to new employment	12,0	33,2	34,9	25,1	15,7
Vocational training supported	1,9	2,6	3,0	3,1	2,3

Source: Department of Employment

9. Labour demand and supply matching

After Tet Holiday, enterprises still faced problems of worker scarcity due to job shifting among workers. However, this problem seems to be better addressed this year. According to

the reports of Employment service Centers of Labour – Invalids and Social Affairs, these institutions have provided counseling and job introduction services to 380 thousand people, an increase of 11.7% compared to Q1/2013. The total number of people who found jobs via these offices stood at 164 thousand (a rise of 7.9% in contrast with Q1/2013).

In Q1/2014, there were some 346.3 thousand jobs generated, of which 323 thousand of domestic jobs and 7.7 thousand of people became employed after receiving the loan for Job Creation from the National Fund for Employment

10. Labour market prospects

In 2014, macro economy continues to recover, resulting in positive changes in the labour market. There will be more demand for recruitment which focuses in provinces with many industrial processing zones. The result of the survey on the status of labour usage, wage and labour demand of enterprises in 2013 showed that the demand for new recruitment will be about 600 thousand people, in which labour that need to be replaced shall be about 100 thousand people. The highest demand is expected in “processing, manufacturing “industries (288 thousand people), “construction” (50 thousand people), “service activity” (125 thousand people), “expertise, science and technology activity,” (7 thousand people), “transportation, storage” (12 thousand people).

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