

VIETNAM'S LABOR PRODUCTIVE: THE SITUATION AND ADVANCED SOLUTIONS

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Abstract. Vietnam has the potential to develop a relatively large and efficient integrated economy. However, so far, Vietnam's economy is still small, labor productivity and GDP per capita are still low compared to some countries in the ASEAN region. In 2021, GDP per capita will reach about 3,640 USD, equal to about 50% of Thailand, about 34% of Malaysia, 92% of Indonesia and only about 6% of Singapore. Improving national labor productivity is the most important task for the country's prosperity. In 2019, the Government organized the National Labor Productivity Improvement Conference for experts to give suggestions and plans to improve national labor productivity. The author's article wishes to contribute some more ideas for agencies and experts to have more reference information.

Keywords: economy, labor productivity, GDP/person, efficiency.

1. Introduction

Vietnam has a land area of 331,236 thousand km². Of which, there is about 11.49 million hectares of agricultural land, 14.94 million hectares of forestry land, and our country has an area of about 1 million square kilometers of marine area [1]. In 2021, Vietnam's population is about 98 million people, on the national territory, 18 coastal economic zones, 30 border-gate economic zones, 397 industrial parks have been established Vietnam has a stable political background and a dynamic state; capable of developing diversified and large-scale tropical agriculture and forestry; develop hundreds of seaports, develop large-scale industry. From 2010 to 2020 Vietnam's economy has made quite strong progress (GDP scale increased from 115 billion USD in 2010 to 346.6 billion USD in 2020) and GDP per capita from 1,333 USD in 2010 to 3,552 USD in 2020 [2].

However, if comparing Vietnam's GDP per capita with some ASEAN countries, there is a relatively large gap. To increase GDP per capita quickly, it is necessary to increase labor productivity. In order to increase labor productivity, the industry's economic structure must be modernized. That is, renovating the industry's economic structure towards the basis of modern technology. With that in mind, the author of the article wants to delve into the current situation of Vietnam's sectoral economic structure, and then find solutions to modernize the sectoral economic structure to increase GDP per capita in our country. in the coming years.

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2. Content

2.1. Research methods

In order to achieve the stated goal, the author has mainly used the following methods:

- Statistical analysis method: the author uses the calculation formulas and analysis of the statistics industry to analyze statistical data on economic structure, population development, labor and find out the relationships between the two countries. The organic relationship between economic structure development and labor productivity as well as GDP/person.

- Comparative method: used to compare and identify the level of economic restructuring, labor productivity, GDP per capita over the years as well as compare with some countries in the ASEAN region.

- Expert method: used to appraise or consult experts with deep understanding of economic structure and labor productivity for the author's comments and conclusions during this research.

2.2. Results of analysis and evaluation

2.2.1. Great potential and large population are conditions for the development of a large-scale economy in Vietnam

The most prominent feature is that Vietnam has natural resources, rich cultural values along with a relatively large population to develop a large-scale commodity economy with high added value. Vietnam has an extremely important geostrategic position, which many big countries always pay attention to. Our country is located on the coast of the East Sea, where there are the most vibrant freight routes in the world. In the coming years, Vietnam has about 10 million hectares of agricultural land, 15 million hectares of forestry land and is capable of large-scale seafood exploitation along with an area of about 1 million square kilometers of the sea with many precious resources, bringing many valuable resources. important for development. In 2030, the population is about 109 million people, which is not a small market [3]. In the world, urbanization will take place strongly, according to the United Nations report, by 2050 the world population will live in urban areas about 66%. Urbanization in Vietnam is not an exception to that trend. So non-agricultural development will have to be faster. That is the factor that requires economic restructuring towards fast and strong development of quality non-agricultural industries.

Table 1. Population and labor over the years of Vietnam

Main targets	Unit	2015	2019	2021
Population	1000 people	92.228	96.484	98.506
Urban demographics	1000 people	30.882	33.816	35.565
<i>Proportion to the general population</i>	%	<i>33,48</i>	<i>35,04</i>	<i>36,1</i>
Laborers working in national economic sectors (including people outside working age)	1000 people	53.110	54.659	49.072

Source: General Statistics Office, Yearbook 2020

2.2.2. Labor productivity is at a low level, improving national labor productivity becomes urgent

Looking at Table 2 shows that Vietnam's labor productivity is still at a low level. An average increase of 6.6%/year in the period 2016-2019 and despite being badly affected by the COVID-19 pandemic, labor productivity still increased quite well in the years 2020-2021 and considering period 2016-2021. The national labor productivity increased at a rate of about 6.2%/year at 2010 prices. Although labor productivity has grown at a good rate, due to a low starting point, in 2021 Vietnam's productivity will still lag behind productivity. The labor force

of ASEAN countries, let alone compared with developed countries in the world. In 2015, the World Bank and the Ministry of Planning and Investment jointly drafted the Vietnam 2035 Report, predicting that, if the economies of Vietnam and Thailand have the same growth rate as in 2015, then after 18 years (ie in 2033) Vietnam's GDP per capita will be equal to that of Thailand in 2015 [4].

Reality also shows that if labor productivity does not have a significant improvement over recent years, by 2035 Vietnam will be difficult to equal Thailand in GDP per capita. It is worth mentioning that in Vietnam, the consumption of electricity to generate 1 USD of GDP is increasing, and according to many experts, Vietnam will lack electricity by 2025. When talking with some economic experts from the Institute of Development Strategy, the electricity consumption to generate 1 USD GDP of Vietnam is 2.5-3 times higher than that of Singapore and Japan. That is, Vietnam's energy efficiency is low. If so, it will be difficult to improve national labor productivity.

Table 2. Labor productivity and GDP/person and electricity intensity of Vietnam over the years

Main targets	Đơn vị	2015	2019	2021
GDP, current price	10 ³ billions dong	5.191,3	7.767,2	8.479,7
GDP, price 2010	10 ³ billions dong	3.656,8	4.866,3	5.133,9
Labor productivity price 2010	Million dong	68,8	89,0	104,6
GDP/person, current price	Million dong	56,3	80,5	86,1
GDP/person in USD	USD	2596	3465	3.640
GDP/person, 2010	Million dong	39,6	50,4	52,1
GDP growth rate/person	%	6,0	6,3	1,9
GDP growth rate, price 2010	%	7,0	7,36	2,56
Electric intensity	KWh/1USD	1,061	1,277	1,301

Source: General Statistics Office, Yearbook 2020

On August 7, 2019, the Government held the National Labor Productivity Improvement Conference. At that Conference, the Minister of Planning and Investment said: in 2018, Vietnam's social labor productivity will reach about 102 million VND/1 worker at current prices, twice as much as in 2011 and only about 7.3% of Singapore, 19% of Malaysia, about 37% of Thailand, 44.8% of Indonesia, 55.9% of the Philippines [4]. The Minister of Planning and Investment also said that it is necessary to have the participation and outstanding efforts of the whole political system, the main goal of macro institutions, mechanisms and policies must take business as the center is the object of the policy's influence. The Prime Minister issued Directive No. 07/CT-TTg dated February 4, 2020 on solutions to boost labor productivity. In which, the Prime Minister assigned the Ministry of Planning and Investment to coordinate with ministries, sectors and localities to urgently implement: "i) Develop a plan to implement the "National Labor Productivity" Movement; ii) Formulate a national strategy for developing technology enterprises, giving priority to the development of digital technology enterprises and high-tech enterprises that design, create and manufacture in Vietnam; iii). Develop a strategy to attract foreign investment capital towards supporting the improvement of national labor productivity; iii). Formulate a strategy to encourage and support the development of private enterprises to reach out to regional and global markets and submit them to the Prime Minister in 2020".

2.3. Finding the main causes affecting the low state of national labor productivity

2.3.1. The sectoral economic structure has not created a premise for the economy to develop with quality

In GDP, the share of agriculture still accounts for a large proportion (while in developed countries this figure is only a few percent). The proportion of sectors with high-income thanks to the use of high technology (high-tech manufacturing and processing industry, high-tech agriculture, banking, telecommunications, high-class services, etc.) is about 29-30% of GDP. It is a very basic weakness that must be quickly improved.

Table 3. Vietnam's GDP structure over the years, at 2010 prices

Main targets	Unit	2015	2019	2021
1. GDP structure, price 2010	%	100	100	100
- Agriculture	%	14,5	11,8	12,6
- Construction industry	%	34,3	36,8	37,5
- Service	%	42,2	42,5	41,2
- Product tax minus product subsidies	%	9,1	8,9	8,7
2.The share of high-income sectors thanks to the use of high technology in national GDP	%	29,1	30,6	29,7
-Agriculture with high technology (1)		1,4	1,9	2,1
-Manufacturing industry (about 60% have high labor productivity)		16,4	17,7	17,6
-Financial banking		4,5	4,4	4,7
- Telecommunications, information media		3,9	3,7	3,6
-Premium tourist service		2,9	2,94	1,73

Source: General Statistics Office, Yearbook 2020.

Note (1) was discussed by the author with agricultural experts at the central level and in some provinces of Phu Tho, Son La, and Hanoi.

2.3.2. The correlation between the production of physical products and the production of products and services has not created a basis for the economy to develop quickly and sustainably.

In fact, when the relationship between the material production sector and the service production sector is at a reasonable level, the economy will develop quickly and efficiently (the correlation index is 1: 1.8- 2.5, that is, when the material production sector increases by 1%, the service production sector must increase by 1.8-2.5%. For this correlation index of the Vietnamese economy, it is too unreasonable (only 1:1,36). Therefore, the economy has not had a high growth rate and is not sustainable. Since then, the economy has still had low labor productivity.

Table 4. Structure of the material manufacturing industry and the production of products and services in Vietnam

Main targets	Đơn vị	2015	2019	2021
Industry-Agriculture	10 ³ Million dong	1.444,9	1.863,6	1.931,2
Service	10 ³ Million dong	1.665,9	2.513,8	2.619,5
Service vs Material Production		1:1,15	1: 1,38	1: 1,36

Source: General Statistics Office, Yearbook 2020

2.3.3. The business has not developed strongly and the quality of business is still limited

Both theory and practice have shown that, if there are few high-income sectors in the economy, national labor productivity is low and GDP per capita cannot be high. Small and medium enterprises account for a large proportion. In such conditions, low labor productivity of the enterprise sector is also common sense. The number of transnational and multinational economic groups entering Vietnam to do business is not many, even a small number (out of 500 large corporations, less than 100 have entered Vietnam to do business). According to the foreign investment cooperation strategy to 2030, Vietnam sets a goal by 2030 to attract 50% of the world's top 500 large corporations [5].

Table 5. Proportion of high-income industries in Vietnam

Main targets	Đơn vị	2015	2019	2021
Total number of businesses	enterprise	442485	758.610	857.551
Average number of people per business	People	208	127,2	114,8
Percentage of small and medium enterprises in total number of enterprises	%	98,1	96,3	96,7

Source: General Statistics Office, Yearbook 2020

2.3.4. Vietnam's GDP per capita is lower than that of some countries in the ASEAN region

The most remarkable thing is that in 2019, Vietnam's GDP per capita is still inferior to that of Thailand, Malaysia, Indonesia, and the Philippines, but in 2020, Vietnam's GDP per capita is only lower than that of Thailand, Malaysia, and Thailand. Indonesia but has already surpassed that of the Philippines. When labor productivity is low, GDP/person will also be low. To increase GDP per person, it is necessary to improve labor productivity. In order to improve labor productivity, it is necessary to renovate the sectoral economic structure, in which it is necessary to find ways to increase industries and fields with high-income jobs on the basis of using high and advanced technologies.

Table 6. Comparison of Vietnam's GDP per capita with some ASEAN countries

Unit: %

Main targets	2015	2019	2020
- Thailand	44,2	44,3	49,4
- Malaysia	26,1	30,3	34,1
- Indonesia	77,4	83,7	91,8
- Philippine	86,5	99,4	107,6

Source: General Statistics Office, Yearbook 2020

Vietnam needs to focus on implementing reasonable development and policy orientations to modernize the sectoral economic structure in association with the development of a reasonable territorial structure.

Firstly, Modernize the economic structure of the industry in the direction of increasing high-income jobs. Modernizing technology in the era of digital technology platforms has become popular. Digital economy development is an indispensable requirement. Know how to take advantage of the advantages brought by the industrial revolution 4.0 (Internet of things, cross-border technology platforms, big data, artificial intelligence, and automation develop strongly).

Accordingly, it is necessary to quickly have a solution to modernize the industry's economic structure. To do that, it is necessary to have big economic locomotives, capable of participating in big games in the world. First of all, it is necessary to quickly acquire many large

economic groups, especially Vietnamese economic groups, and attract many multinational economic groups, leading the value chains and global supply chains. Vietnam needs to strongly develop the processing and manufacturing industry using high technology, develop the cultural industry, develop hi-tech agriculture, develop high-class services, especially tourism services and at the same time, there is a long-term plan to develop quality urbanization on the basis of planning with a long-term vision and great knowledge. On the basis of determining the reasonable economic structure of the industry, advanced technology is used to quickly study the reasonable development plan of the regions of the country.

Second, Organize the economy with advanced forms. Quickly develop agro-industrial, forestry-industrial complexes so that Vietnam has highly specialized crop areas associated with deep processing factories (for rice, fruit trees, rubber, and coffee). coffee, thing...). To develop breeding complexes associated with the deep processing industry (for pigs, beef cattle, dairy cows, poultry, freshwater fish and fish raised in the sea). To develop port complexes - manufacturing and processing industries associated with the marine economy. First of all, it is necessary to consider and adjust the development planning of coastal economic zones and border gate economic zones. At the end of 2010, the author of this article recommended that Vietnam develop four special economic zones. The first stage is to develop three special zones (Phu Quoc, Van Phong Dai Lanh and Van Don special zones) and then need to develop a special zone in Vung Ang in the North Central region. At the same time, it is necessary to quickly develop tourist areas associated with modern and attractive resorts with many added values. The economy must necessarily be organized in a scientific manner, and develop in a balanced, harmonious and rhythmic manner.

Third, improve national governance capacity and perfect economic institutions conducive to economic modernization in the direction of developing digital government, digital economy and digital society. This is an important issue. Strengthening national governance capacity must go hand in hand with improving government accountability. First of all, it is necessary to improve national competitiveness on the basis of building a state with a reasonable apparatus with a contingent of cadres and civil servants who are skilled in their profession, have high responsibility and operate professionally. Building a socialist rule of law state with high accountability and transparency. Stronger administrative reform to create a solid basis for economic management and administration of governments at all levels from the central to the commune level. Vietnam needs to quickly build a successful digital government and digital government in localities; digital economy and digital society. Digital technology becomes a solid foundation for the development of the digital economy. Vietnam needs a de facto unified national database. It's time to stop shouting in general. Must act decisively and every action must be organized in reality.

Fourth, reform FDI attraction policies in the direction of attracting large, strategic FDI investors, leading global value chains and global supply chains, possessing high technology, and having a strong market share. school. In the coming years, it is necessary to increase the rate of FDI attraction from countries holding high technology, capable of large-scale investment from transnational and multinational economic groups from leading developed countries. such as the US, Germany, UK, France, Japan and South Korea, from where they account for about 44.9% of the total registered capital of foreign investors to over 55-60%. Vietnam has a strategic plan to make FDI more realized, accounting for about 65-70% of registered FDI capital. At the same time, bringing benefits to FDI investors should also consider minimizing the "tricks" of transfer pricing, tax evasion, and environmental pollution. It is time for Vietnam to calculate how much economic value our country has given FDI investors and how much benefit FDI investors actually bring to Vietnam. It is necessary to quantify the benefits of each party in order to have a better quality and internationally competitive FDI attraction strategy. The time has come when

Vietnam does not need quantity but quality to attract FDI. In the process of attracting FDI, it is necessary to take into account the attraction of supporting industrialists. Attracting supporting industry investors from developed countries to do business in Vietnam (following large assembly factories) is a necessary and wise way. While Vietnam does not have the technology to manufacture equipment, components and accessories for large foreign assemblers, it does not have the raw materials to produce such things, which if imported, it would take a lot of work to build machines. How can you compete? It is a problem that needs careful analysis and specific quantitative calculations to be able to make the right decisions. Only spirit and exhortation are difficult to actualize. Looking at Table 7 recently, Vietnam has attracted a small amount of FDI from the US and EU, mainly from Japan, Korea, and Singapore (48.6%), from Singapore alone accounted for 14.7%. But there are not many projects with high and advanced technology. According to the Ministry of Industry and Trade, up to 61% of Vietnamese enterprises are outside the industrial revolution 4.0 and 21% of enterprises have just started preparing to participate. According to the Vietnam Chamber of Commerce and Industry, 75% of enterprises in Vietnam are using depreciated machinery. Enterprises are using 2-3 generations of machines with outdated technology. In addition, up to 24% of enterprises are using technology at an average level and just over 1% of enterprises are using advanced technology [6]. To improve the technology level of enterprises, besides the efforts of existing enterprises, it is necessary to attract many FDI enterprises from leading developed countries in the world.

Table 7. FDI attraction of some countries to Vietnam (accumulated until December 31, 2020)

Unit: Million USD, Project

Nation	Project number	Registered capital	
		Million USD	%
Total	33.062	386.233,5	100,0
Korea	8.950	70.442,3	18,2
Japan	4.641	60.577,1	15,7
Singapore	2.630	56.856,3	14,7
Taiwan	2.789	35.742,0	9,6
China	3.134	18.633,0	4,8
USA	1.082	9.420,1	2,4
England	408	3.866,8	1,0
France	616	3.611,0	0,9
Germany	380	2.273,7	0,6
ASEAN (excluding Singapore)	1.427	25.535,8	6,1

Source: General Statistics Office, Yearbook 2021

In the coming years, attracting more FDI investors from the US, EU, Russia, Japan, Korea, Canada, Australia. There are solutions for the proportion of investment capital coming from these countries to increase and reach about 60-65% of total registered FDI capital, not stopping at more than 45% as at present. At the same time, strive to attract 65-70% of large economic groups in the Top 500 leading multinational economic groups in the world. However, careful consideration should also be given to each FDI investor taking into account globalization and international integration.

Fifth, to develop high-quality human resources to meet the country's requirements for renovating the country's sectoral economic structure. The author believes that, in the future, if the number of people per enterprise is reached like that of Thailand, by 2030 when our country's population is about 109-110 million people, Vietnam will and needs about 2.7- 3 million businesses. At that time, human resources for senior management (enterprise board of directors), middle managers (managers of workshops and departments) are very large, the demand for top-notch skilled human resources for enterprises is also very large, but not yet. talk about human resources a lot. It cannot be said in general that Vietnam needs to develop high-quality human resources as it has long ago without specific calculations. Once we know what Vietnam has developed (industry and field), we have enough grounds to build a human resource training plan from vocational education to university and postgraduate training according to a billion dollars. reasonable rate. To do so, it is necessary to re-plan the training system and prepare well the teaching staff for each field. If we do not have a solution to improve the quality of teachers, how can we get quality training results according to the development requirements of the country? Human resources to build a digital platform, and doing business on a digital platform is also very large, Vietnam also needs to calculate and have a specific plan.

3. Conclusion

A country that wants to develop quickly and with quality must build an economy with a reasonable and modern industry structure and in the industry structure, there must be a lot of high-income jobs. The policy should be given when it has been calculated and considered carefully. For Vietnam, the development of large-scale commodity agriculture must be placed in an organic relationship with the development of large-scale and high-quality processing, manufacturing and service industries. Developing a force of domestic enterprises in combination with attracting large multinational economic groups and leading value chains and global supply chains. Do our best to avoid becoming a technology waste dump of developed countries. Reality shows that the faster you want to go, the more methodical, cautious and calculated you have to do.

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