

Impact of Covid-19 pandemic on the employment of migrant workers in industrial zones¹

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Abstract: *The Covid-19 pandemic has severely impacted the Vietnamese economy. The unpredictable spectrum and fast spread of its fourth wave, which started from April 27, 2021, hit hard industrial parks and export processing zones, so as the workers' employment and income. This article analyzes the secondary data that were sourced from previous studies and the General Statistical Office (GSO), focusing on (1) job quantity and job loss; (2) job quality through layoff, salary, and earnings; and (3) job security, particularly among vulnerable groups. It thereby contributes to explaining the impacts of Covid-19 on job security in industrial parks in Vietnam.*

Keywords: Covid-19, Employment, Industrial Workers, Migrant Workers

1. Introduction

Migration is a social phenomenon that concurrently drives social development and poses questions of social security. Migrants often seek employment in industrial parks and economic zones in large urban areas and supply both manual and skilled labor to fill the local gaps.

Covid-19 has affected communities and the workforce, particularly industrial workers. The most vulnerable groups include the disadvantaged, migrant workers, and the poor.

A study by Pacheco et al. (2020) confirms a worldwide employment and labor crisis caused by Covid-19. Job loss has occurred in all impacted countries, territories, and regions, resulting in financial and operational instability in industrial businesses. Workers, especially women and the disabled, face financial difficulties due to idleness and income loss. In brief, Covid-19 has lowered job security and exacerbated burdens of unemployed workers.

¹ The article is part of the 2021 ministry-level research project "Migrant workers and family relationships in the northern delta of Vietnam" led by Assoc. Prof. Dang Thi Hoa. In-depth interviews and group discussions were carried out with 42 migrant workers and their family members to aid a survey of 395 questionnaires to industrial workers in the two provinces of Vinh Phuc and Hung Yen.

In Vietnam, many social issues arise due to job loss, including the return of migrant workers to their hometown during the period from July until October 2021. Their home migration clearly shows a serious impact of Covid-19 on employment and the mobile workforce, which poses urgent requirements in addressing job and social security for migrants during and in the aftermath of the pandemic in industrial parks.

2. Situation of job migration in urban and industrial areas

The results of the 2015 National Survey of Internal Migration show nearly 30% of the respondents migrated to “seek employment opportunity”; 11.5% for “better working conditions”; 11.9% for “convenience of work”; and 12.6% for “improvement of life”.

The highest employed rate among migrants (89.5%) is in the Southeast region where the country’s large industrial parks are located, especially in Binh Duong and Ba Ria-Vung Tau provinces. Migrant workers are more present in industry and construction, accounting for 40.2%. Vietnam’s industrialization is one of the factors driving the demand and attracting migrants into the sector. (UNFPA and GSO, 2016).

Migrants looking for work are mainly the disadvantaged, including the poor, ethnic minorities, women, and even children. This tendency is increasing among migrants of ethnic minorities. A study by Care and Irish (2019) in ten communes of five provinces (Bac Kan, Tra Vinh, Dien Bien, Dak Lak, and An Giang) found an upsurge, compared to 2018, in the number

of migrant workers among the Tay and Nung in Bac Kan (148%), the Khmer in Tra Vinh (178%), the Thai and Muong in Dien Bien (198%).

Most of laborers working far from home are young and unmarried, earning about VND 4.5-10 million per month and living in the accommodation provided by businesses and in industrial parks. Less common are informal and casual jobs, such as domestic helpers, recyclable waste pickers, porters, builders, or carpenters - such work that allows “to go home at any time”. This group include people in their 30s - often with their spouses and children also. Their monthly earnings are about VND 6.5-13 million but unstable, so they live in groups at construction sites or rent cheap motels nearby (Care Vietnam, 2020).

In the Central Highlands, aside from a small group of laborers present in neighboring districts and provinces, workers migrate mostly to urban areas/industrial parks in other regions, among those the Southeast is their favorite destination (46.7%) (Nguyen Dinh Tan, 2020). Statistics in 2010-2020 show nearly 30% of the Southeast’s working population are ethnic minorities from the Central Highlands and the Southwest. They tend to increase in number owing to their marketable qualities, like honesty, diligence, and willingness to work overtime (Nguyen Do Huong Giang et al., 2021).

Industrial workers often live in cramped space due to room sharing in their lodging areas. Survey results reveal half of the respondents earned VND 4-5 million per month; others received a monthly salary of VND 6-7 million. Around 48% of them

spent VND 500-750 thousand on monthly rent, about 10%-20% of their wages. It is thus hard for them to afford housing without the government's support (MPI and JICA, 2016; Nguyen Do Huong Giang et al., 2021).

Most ethnic migrants working in industrial parks are direct and low-skilled employees, so their incomes are quite low. They also face certain barriers such as languages and cultural customs and are at higher risk of losing jobs if employment reduced (Nguyen Do Huong Giang et al., 2021) - like in the case of the Covid-19 outbreak.

3. Covid-19 impacts on employment of migrant workers in industrial parks

3.1. Job quantity and job loss

The fourth wave of Covid-19 has seriously threatened the lives of people and socioeconomic development in Vietnam. It quickly spread in industrial parks, particularly those in Bac Ninh, Bac Giang, Hanoi, Ho Chi Minh city, Binh Duong, and Dong Nai where hundreds of thousands to millions of workers are employed. Nearly 100 enterprises in Binh Duong, in August 2021, had to ease their production for social distancing and application of "three-on-spot" strategy (working, eating, and living at the workplace).

According to a GSO's report, unforeseeable development of Covid-19 had created adverse impacts on the employment in Quarter 3, 2021. The number of employees fell sharply compared to the previous quarter and the same period in 2020. The spread of the virus was faster and difficult to control, leading to a higher employment shortage in urban areas (2.8%) than in rural areas (2.49%).

In Quarter 2, 2021, the services sector saw the highest underemployment rate (35.8%), followed by the sector of agriculture, forestry, and fishery (35.6%) (GSO, 2021a). In the first nine months of 2021, the country's unemployment rate was 2.67% while the underemployment rate was 3.04% on average (GSO, 2021b).

The employment rate, however, differs significantly by locality (Table 1). From August to September 2021, the figure for An Giang province surged to 233.4% while a sharp decline to 59.6% for Tra Vinh province. Compared to the year 2020, employment in some localities was severely affected by the pandemic, like in Ho Chi Minh city (36.7%), Tra Vinh (22.1%), and Vinh Long (16.9%).

Since the fourth outbreak began until the end of September 2021, more than 1.3 million workers had been discharged or laid off; over one thousand enterprises and 84,000 workers had to operate in quarantine. Due to unstable employment, workers had no or low savings to maintain their fundamental needs (IWTU, 2021).

According to the GSO (2021a), there were 9.1 million laborers (aged 15 and above) affected by Covid-19, including 540,000 unemployed people, 2.8 million suspended jobs, and 3.1 million layoffs, as of September 30, 2021.

3.2. Wages and incomes

There are currently 50,000 enterprises and over 1.2 million migrant workers in Binh Duong province, where 29 industrial parks and 12 industrial clusters are active. The province is a labor magnet and a majority of laborers come from the Southwest, the Central Highlands, and the northern

mountainous region. Binh Duong also encountered high risks of infection during the fourth outbreak due to its close proximity to Ho Chi Minh city and Southeastern provinces of Dong Nai and Ba Ria-Vung Tau.

Table 1. Employment rate by locality

Locality	As of September 1, 2021 compared to the previous month	As of September 1, 2021 compared to the previous year
Hanoi	100.1	98.9
Vinh Phuc	101.6	102.7
Bac Ninh	102.6	100.3
Bac Giang	100.4	96.8
Binh Duong	102.3	75.2
Dong Nai	102.3	97.5
HCMC	99.6	36.7
Tien Giang	100.5	72.3
Ben Tre	151.4	47.9
Tra Vinh	59.6	22.1
Vinh Long	138.4	16.9
Dong Thap	102.6	40.5
Hau Giang	99.6	32.4
An Giang	233.4	95.7

Source: GSO, 2021b

The average monthly income of an industrial worker in Binh Duong province is VND 8.15 million, in the middle of the national range of VND 7-10 million per month (Nguyen Do Huong Giang et al., 2021). In the first six months of 2021, or during the pandemic, the average income of Binh Duong's workers declined by 60%; most of those who performed work shifts in groups for social distancing earned 40%-60% less than before. Only the "three-on-spot" workers remained their previous

income levels (wages plus overtime pay) (Binh Duong's Trade Union, 2021).

After multiple outbreaks of the pandemic, thousands of businesses had to halt their production, resulting in massive layoffs and unpaid suspensions. Migrant workers could not maintain their stay in industrial parks and big cities and had to move back home instead. Several home-returning waves of workers took place but the most significant ones were in July and September 2021, with similarities in terms of volume and magnitude: Tens of thousands of workers decided to go home despite efforts of local governments, businesses, and local people in retaining them. They brought their families and possessions with them, leaving the cities in the stormy season for a journey of hundreds or thousands of kilometers by motorbikes (or even on foot). They just wanted to seek safety and shelters for themselves and their families after all.

3.3. Job security

The Covid-19 pandemic has impacted greatly the job security of vulnerable groups, particularly those migrated to industrial parks from the Southwest, Central Highlands, Western Central, and Northern mountainous areas and then returned home after struggling during the pandemic¹.

Ethnic minority workers are often low-skilled and have limited choices of work (Nguyen Do Huong Giang et al., 2021).

¹ Thien Vuong (2021), "When workers migrate back home", *Nhandan*, <https://nhandan.vn/cung-suy-ngam/khi-cong-nhan-nguoc-dong-ve-que-668422/>; Thien Lam (2021), "Covid-19 to continue spreading without strict control of unorganized home returns of workers", *Nhandan*, <https://nhandan.vn/tin-tuc-y-te/khong-kiem-soat-chat-nguoi-dan-ve-tu-phat-dich-covid-19-se-tiep-tuc-lay-lan-668433/>, accessed on 8 October 2021.

They therefore were at higher risks of being unemployed during the Covid-19 outbreaks, especially those working in industrial parks. Migrant ethnic people who work for small-sized private enterprises appears to be more likely to lose jobs than those in multinational firms. *“I am a Hmong person from Ha Giang, with my countrymen living here we came to Binh Duong to live and work. The complicated outbreaks of the pandemic led to my termination but I am unable to return home”* (Vu Mi Ho, a Hmong migrant worker in Binh Duong province) (Binh Duong’s Trade Union, 2021). As a result, the Covid-19 impacts on employment are going to increase social inequality.

After the prolonged lockdowns, when businesses were allowed to reopen and receive workers back in accordance with the government’s “flexible adaptation” policy, many of them struggled to fill jobs as laborers were already back to their hometowns.

Our research results added further that employment was more stable in the localities less affected by Covid-19. In Vinh Phuc’s industrial parks, for example, workers still maintained their employment and earned steady income during the pandemic. Particularly in Dao Duc commune, Binh Xuyen district, Vinh Phuc province, all rental houses were occupied, mostly by migrants from northern mountainous areas who had been working in the province over the past five years. There were also some newly-arrived Hmong people who were not yet employed or still on probation. *“Workers here can easily find jobs. The Covid-19 pandemic has affected their*

lives and incomes but not too severely. Our children and family members can get employed easily, only few days to get offer from companies. Employment here is also accessible to migrants. They live in our area and tell many of their relatives to come here for jobs as well” (A village head in Vuon Quan hamlet, Dao Duc commune, Binh Xuyen district, Vinh Phuc province). *“I followed my friend here and have been employed for two months now. Finding a job in Binh Xuyen is quite easy. I used to be a worker in Bac Giang, but my friend asked me to come over to live with a Hmong group. I did not know anyone when I first came here from Lao Cai and found it easy to get hired, so last week I called my wife and younger siblings to ask them to come here for jobs and live with me”* (Sung S.T., b. 1998, from Bao Thang district, Lao Cai province).

The cases in Vinh Phuc province show job opportunities were available during Covid-19. Workers were even offered more favorable conditions to ensure their working hours to maintain operation of businesses.

4. Discussion and conclusion

An enlarging laborforce leads to vibrant exodus of labor migration among localities and regions to seek non-agricultural jobs in urban areas and industrial parks. Migrant laborers, particularly those of ethnic minorities from remote areas, are the disadvantaged as they have to work and live far from home and family members.

The Covid-19 impacts on laborers are obvious and more severe to migrant workers. Suspended businesses resulted in a large number of unemployed laborers,

among those who are migrants had been exhausted by the burdens of daily expenses. They had struggled for months to pay rent and living costs with their reduced incomes and low savings before they decided to return home. Some others were more fortunate to maintain their employment and incomes in less affected areas.

The current course of Covid-19 is unpredictable, especially when new variants, like Omicron, appear. Job gaps and labor shortage will likely to continue while unemployed returning migrants are quite common still. The Covid-19 crisis has also worsened pre-existing social inequalities (ILO, 2020). Only job vacancies are not enough to attract workers back and it requires to ensure their job security in order to prevent them, particularly those of ethnic minorities from remote areas, from falling back into poverty.

There have been no complete statistics up to now on the number of migrant workers terminated during Covid-19. Backed by secondary data and information, we identify some prominent issues as follows:

- There requires housing policy designated for industrial workers.
- It is necessary to have an employment insurance polic¹ for industrial workers to ensure their jobs and incomes. Workers with insecure jobs could then receive financial aid to maintain their living while awaiting work without having to return home.

¹ Employment insurance is a new policy considered by the Vietnam General Confederation of Labour (VGCL) for businesses offering employment on an irregular basis. This type of insurance is not necessarily job loss insurance but to ensure job-based income to retain employees.

The social difficulties surrounding migrant and industrial workers have exposed policy flaws in job security. It calls for better social policies to assure industrial laborers and migrant workers of their employment and their life in their migration destinations □

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