

Human Resource Quality and Employment Issue in the Southwest Region over 30 Years of *Doi Moi*^(*)

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Abstract: *Labor quality in the Southwest region has been improved over 30 years of Doi Moi. However, the ratio of trained laborers for the region remains the lowest in the country. Inadequate labor quality leads to low employment rate and contributes to the highest rates of unemployment and underemployment in the Southwest in comparison with other regions. This article focuses on describing changes of the labor force and labor quality and the relation between labor quality and employment in the Southwest after 30 years of renovation. Lastly, some suggestions to improve the labor quality and employment creation in the region are also provided.*

Keywords: Labor, Employment, Labor Quality, Southwest Region

1. Introduction

The Southwest region is a large delta, endowed with favorable geographical and natural conditions for economic development in comparison with other regions in Vietnam. The population of the region is 17,660.7 thousand (GSO,

2017b), accounting for 19.05% of the country's total population, of which the working age population makes up 59.56% with a labor force participation rate of 60.8% (GSO, 2017b).

Being often referred to as the largest granary and the most abundant source of fruits and aquatic products, the Southwest region produces 50% rice and 70% fruits for the country (The Governments of Vietnam and the Netherlands, 2013). Nevertheless, the regional per capita income only reaches VND 2,798 million, much lower than the country's average of VND 3,049 million, reflecting the comparatively low living

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standard of the Southwest people. With a poverty rate of 8.6%, the region ranks fourth among the poorest regions in the country (GSO, 2016c).

Low quality of labor is one of the reasons contributing to the modest socioeconomic performance of the region. Although a gradual improvement in labor quality has been observed in the region after 30 years of Doi Moi, particularly in the 10 years recently, the region scores lowest and highest respectively for the percentage of trained workers (12%) and the unemployment rate (2.89%) (GSO, 2017b).

2. Labor quality after 30 years of Doi Moi

The labor quality of the Southwest region is analyzed in three periods of 10 years, 20 years, and 30 years after the launch of Doi Moi, which are correspondent to the two Party's Congresses since 1986 - the landmark for the "renovation" in the country. A comparative analysis of the labor quality for the region is supported with the statistics for the whole country or other regions.

a. Size of the workforce

Within 30 years of Doi Moi, the labor force of the Southwest region has always accounted for more than half of the region's total population. The trend for working population continuously went up in the period before but started to fall after 30 years of Doi Moi. According to the Mekong Delta Master Plan towards 2010, the estimated size of the Southwest labor force was nine million after 10 years of Doi Moi (equivalent to 55.8% of the region's total population at the time). Ten

years later, the size increased to more than 11 million, making up 68% of the total population of the region (GSO, 2006). After 30 years since Doi Moi, however, the working population fell to nearly 10,4 million (60% of the region's population) (GSO, 2016a).

b. Labor force participation rate

The labor force participation rate constantly increased during 30 years of Doi Moi. The percentage of population involved in economic activities in 1995 was 63.13% (GSO, 1996), and increased by more than 10% in the following 10 years (to 73.25%) (GSO, 2002). According to the 2015 Report on Labor Force Survey, the labor force participation rate grew to 75.9% after 30 years since Doi Moi. By the time, big cities in the Southwest had been formed and drew laborers from rural areas with various job opportunities. The process of industrialization and modernization also helps to create more employment, producing great impacts on the regional labor market. As a result, the participation rate of the labor force rises.

c. Labor structure by economic sector

The region's labor structure has shifted gradually from agriculture to services. Within ten years after Doi Moi, 64.5% of the region's labor force remained in agriculture sector since the occurrence of industrialization and urbanization was insignificant. Accordingly, the proportion of workers in industry and construction and in services was only 10.5% and 25% respectively (MPI, 1996). Twenty years after Doi Moi, the agricultural labor increased slightly to 70.3% while there was a decrease in both the shares of people

Table 1. Percentage of trained workers in the Southwest and other regions

Region	Total	Vocational training	Intermediate level	College/university level and up
<i>10 years after Doi Moi</i>				
Red River Delta	11.3	5.23	4.5	1.7
Northern midlands and mountainous areas	13.12	6.51	3.96	2.89
Northern Central and Central Coastal areas	13.124	5.1	3.24	3.38
Central Highlands	-	-	-	-
Southeast	8.8.9	3.9	2.62	2.37
Mekong Delta (Southwest)	3.52	1.47	1.36	0.69
<i>20 years after Doi Moi</i>				
Red River Delta	13.4	2.3	6.3	4.8
Northern midlands and mountainous areas	21.2	4.1	7.1	10.0
Northern Central and Central Coastal areas	13.8	2.5	5.3	6.0
Central Highlands	11.0	2.2	4.1	4.7
Southeast	19.4	4.7	4.6	10.1
Mekong Delta (Southwest)	7.8	1.7	2.6	3.5
<i>30 years after Doi Moi</i>				
Red River Delta	20.3	5.1	4	11.3
Northern midlands and mountainous areas	17.4	4.1	4.9	8.4
Northern Central and Central Coastal areas	25.1	12.4	9.1	26.4
Central Highlands	13.6	3	3.5	7
Southeast	25.6	6	3.5	7
Mekong Delta (Southwest)	11.6	2.9	2.6	6.2

Source: GSO (1990, 2020, 2016b); Note: (-) no data available.

working in industry and construction (9.5%) and in services (20.2%). However, only ten years after, the economic structure shifted quickly from agriculture to industry and construction and services. The size of agricultural working force shrank from 70.3% to 49.3% in 2005, and the respective numbers of workers in industry and construction and in services were up to 18.6% and 32.1% (GSO, 2016a).

d. Labor quality

The quality of labor, within the scope of this article, is analyzed based on educational level of employed laborers. Despite an improvement over the time, the educational level of the workers in the region in general remains the lowest in the country. The ratio of trained workers over the total population in working age of the region for each period was always smaller than of other regions (Table 1). Specifically, in the first 10 years after Doi Moi, only 3.53% of employed laborers in the region were trained, of which workers with vocational training made up 1.47%, intermediate-level training 1.36%, and three-to-four-year college 0.69% (GSO, 1990). Twenty years after Doi Moi, the ratio of trained workers increased more than double (7.8%) with respective ratios for vocational training, intermediate-level training, and college education were 1.7%, 2.6%, and 3.5% (GSO, 2010). The number of employees with education continued to increase for the another following ten years, accounting for 11.6% with vocational training 2.9%, intermediate-level training 2.6%, and college education 6.2% (GSO, 2016b).

In brief, the change in labor quality in the Southwest after 30 years since Doi Moi is reflected through an increase in size of the labor force in the first 20 years then a decrease over the following 10 years. Although the size of the labor force tended to decrease, the labor force participation rate continued to grow due to high employment demand. The labor structure in the region was shifting from agriculture to services. The significant improvement of labor quality, especially in the recent 10 years, was owing to the Government's resources as well as mechanisms and policies to promote investment and upgrade the education system in the region. Noticeably, since 2012, the Government has created a special mechanism for the region in training high quality human resources. It is stipulated in Decision 1033/QĐ-TTg signed by the Prime Minister on June 30, 2011 with regard to the development of education and vocational training in the Mekong Delta in 2011-2015. The mechanism aims to comprehensively improve the education quality for a better labor supply in the process of sustainable socioeconomic development in the Southwest. Nevertheless, the investment in education has been widespread without priorities, leading to dissatisfactory results. Compared to other regions, the quality of human resources of the Southwest is still the lowest.

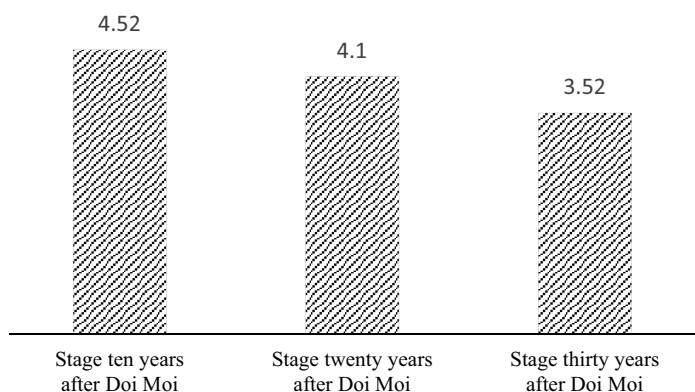
3. Employment issues in the Southwest

Employment in the Southwest remains the unsolved problem to the local and central governments. The Southwest

has abundant but unqualified human resources that do not meet the market requirements. In addition, the socio-economic conditions of the region are not attractive enough for skilled workers, leading to the redundancy of unskilled laborers and the shortage of skilled

workers at the same time. That are the reasons for lower employment rate in the Southwest than in other regions. According to the Report on Labor Force Survey Quarter 3, 2017, the over-15 people who are employed account for 64% of the region's total population, lower than the country's average rate of 70.1% (GSO, 2017a). The unemployment rate of the region, however, has been decreasing. If the unemployment rate of the region was 4.52% in the first ten years after Doi Moi, it decreased to 4.1%, and then to 3.52% after Doi Moi aged 30 years.

Figure 1: Periodical unemployment rate of the Southwest (%)



In Quarter 3, 2017, the unemployment rate of the region was only 2.92% but still the highest among regions in the country. Moreover, the underemployment rate of 3.23% is currently the highest compared to less than 2% in the other regions (GSO, 2017a).

The region's underemployment could be attributed to different causes but mainly due to the labor quality, to which the training

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Table 2. Unemployment and under employment rates in the Southwest

Region	Unemployment rate	Underemployment rate
Red River Delta	0.98	1.16
Northern midlands and mountainous areas	2.1	1.18
Northern Central and Central Coastal areas	2.48	1.47
Central Highlands	1.33	1.61
Southeast	2.69	0.57
Mekong Delta (Southwest)	2.92	3.23

Source: GSO (2017a).

to invest in the region due to the lack of high quality labor, particularly in high-tech agriculture.

4. Conclusion and recommendation

Vietnam in general and the Southwest in particular have enjoyed certain achievements during the process of socio-economic development since Doi Moi. However, compared to other regions, the development pace of the Southwest remains slow due to the problem of unskilled labor. The Vietnamese Government has put forward solutions to improve the quality of the region's human resources, focusing particularly on education and training. This has helped, to some extent, improve the labor quality in the Southwest but it is still at the bottom of the country's list for labor quality. Low quality of human resources leads to underemployment and high unemployment rate. Within 30 years, the unemployment rate of the region is always at the top.

There have been many studies of the factors which affect the human resource quality in the Southwest. Within the scope of this article, I agree with Hoang Manh Tuong (2015) on the following factors: (i) high poverty rate and low life quality, which directly affect the investment in the human resource development in the region; (ii) people's awareness of improving education level and ineffective performance at all educational levels; (iii) the quality of trained labor and unreasonable structure of training topics that could not meet the market demand; and (iv) the slow transformation of economic structure.

To promote further the regional economic development, it is necessary to focus on solving human resource problems with particular attention to some solutions as follows:

(i) Improving the people's living standards

It requires first of all to focus on socio-economic development for more job opportunities and increasing living standards. Economic development will help bring more employment, reduce unemployment, create motivation for education, and absorb the trained laborers from the region's educational and vocational training system. In addition, economic development will better the living standards of households, allowing people to reinvest in their children's education so as to improve the region's human resource quality in the future.

(ii) Improving the effectiveness of education and training

Improving the effectiveness of education is a key factor in enhancing the quality of human resources of the region. The training should emphasize on educational results, as well as creating a network of educational establishments based on local characteristics. Besides, it is necessary to have close cooperation between training institutions and local enterprises in order to provide training that meet their job requirements and to avoid trained-labor redundancy. Training methods should be also diversified with particular attention to on-the-job training. The training quotas should be allocated to schools to match with local demand. In addition, there should be cooperation in training between

local schools and training institutions in other regions. Training institutions should effectively make use of the resources from the Government, aided programs and projects, as well as the socialization of education to have right directions in accordance with the development of the region.

(iii) Improving management of education and training

Educational management plays an important role in guiding and achieving targets. There should be close coordination between ministries and agencies at the central level and provincial authorities in the Southwest region to well address the immediate and long-term issues of human resource quality improvement. Concerning authorities need to allocate training quotas based on the real demand of provinces. In addition, it is necessary to review, examine, and evaluate vocational training institutions under the management of provinces following criteria such as enrollments, training effectiveness, frequency of using facilities and equipment, number of teachers/instructors and administrative workers for planning and rearrangement of vocational training institutions. This would help ensure conditions as well as the training and educational quality to build up a marketable labor force. Also, quota allocation should be set for the training of high quality human resource to serve economic development in the new era.

(iv) Enhancing people's awareness of education and self-improvement

Apart from the measures taken by the Government, businesses, and educational institutions, it is necessary to enhance people's awareness of education and self-improvement. Only when the benefits of improving educational level and professional skills are recognized, should there be the motivation of learning and developing skills for the people.

(v) Mobilizing funds for education and training

An indispensable element is funds for education and training. Educational institutions should make full use of the Government's financial source in a proper and efficient way. In addition, another source of funding is from non-governmental organizations and businesses as a part of their social responsibility. It is also necessary to increase investment in building and developing the training system at enterprises for meeting better their demand of labor and encouraging their contribution to labor training □

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