

Job security for workers in industrial parks in Vietnam in the context of the Covid-19 epidemic¹

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Abstract: *Job security is an essential theoretical framework to ensure the fundamental rights of workers in organizations or businesses. Studying aspects of job security in industrial zones, especially in the context of Covid-19, should be paid more attention. Analysis of fieldwork data in some industrial parks in Vietnam in 2018-2019 as well as national survey results by Vietnam's General Statistics Office in 2021 and 2022 show that despite the negative impacts of the Covid-19 pandemic, workers' job prospects remain positive. However, more solutions from governments and companies should be required to ensure all aspects of job security.*

Keywords: Job Security, Workers/employees, Industrial Zones, Covid-19 Epidemic, Vietnam

1. Context

Job security could be defined as an employment status where workers have ongoing employment, are not treated unfairly, and are able to find alternative employment in a relatively reasonable

manner. Most workers in industrial parks (IPs) are manual workers from rural areas who lack technical and basic on-the-job skills. Therefore, it is very difficult for them to find new jobs after terminating a labour contract with the employer. Thus, it is important to conduct research on institutional and legal issues to prevent arbitrary layoffs as well as to ensure job security for workers at IPs (Huong, 2021). This article aims to shed light on what job security means for workers in general and workers in Vietnam's IPs in particular during the peak of the Covid-19 epidemic and in the subsequent period focusing on safe adaptation, flexible and effective control of the pandemic. From that basis,

¹ This article is backed by results of the 2018-2019 survey) as part of the state-level research project "Job security for workers in industrial parks during the modernization and industrialization period" (Project code: KX.01.39/16-20; Program KX.01/16-20) led by the author and managed by the Institute of Regional Sustainable Development. The survey was conducted with a sample size of 1,625 people in ten industrial zones in eight provinces (Can Tho, Gia Lai, Binh Duong, Dong Nai, Vinh Phuc, Ha Nam, Bac Giang, and Da Nang). The findings have been also updated based on results of the recent surveys and research.

the article will propose certain solutions to ensure job security for this labour group in the new normal.

2. Reality of work and job security of workers in industrial parks of Vietnam in recent years

2.1. Industrial parks and workers at industrial parks

As of August 2021, Vietnam has 563 planned industrial parks (IPs), of which 291/563 are already in operations and 106/563 are under construction. The occupancy rate of IPs that are already in operation or going to be in operation nationwide is about 52.5%; for those IPs that are already in operation, the occupancy rate is 71%. (Ministry of Planning and Investment, 2021; Le Nguyen, 2021).

Although Covid-19 poses significant impact to workers as well as employers within or outside of IPs, as of September 2021, revenues of IPs in Vietnam still reached 153 billion USD, an increase of 3.4% year-on-year, contributing about 102.9 thousand billion VND to the national budget (an increase of 2.5% year-on-year). In addition, there are about 4.07 million direct labourers (workers with labour contracts) at IPs nationwide, an increase of 90,000 workers comparing to the end of 2020¹ (Ministry of Planning and Investment, 2021).

Workers in IPs concentrate mainly in the Southeast and Red River Delta regions. These two regions account for over 73% direct labourers in IPs, where the

Southeast accounts for 47% and the Red River Delta accounts for 26% (Ministry of Planning and Investment, 2017). However, labour concentration in these two regions is uneven. Dong Nai province, Binh Duong province and Ho Chi Minh city, which belong to the Southern Key Economic Zone, take up 40.1% total IP workers nationwide and 87% IP workers in the Southeast region. Ha Noi capital, Bac Ninh province, Hai Duong province and Vinh Phuc province, which are in the Northern Key Economic Region, account for 17.6% total IP workers nationwide and 66.8% IP workers in the Red River Delta region (Huong, 2021).

Workers in IPs are mainly women, who make up 63% total IP workers. According to the survey results of the Research Project, almost all of the workers (97.8%) fall in the 18-35 age group. Among this, the 26-35 age group is the largest group at about 60%. There are some cases where workers are under 16. Despite being the majority, the 26-35 age group has a relatively high rate (at 60%) of workers with less than three years of experience working for their current employer, because they tend to move between jobs quickly and also because they join the labour market at a later age. Many workers are ready to abandon their current positions for another job at a different employer when they see better benefits or when there are conflicts. The job switch usually happens among employers in the same IP or in nearby areas. About one-third of surveyed IP workers are workers who have worked for their current employer for 3-10 years. Among this group, the number of workers

¹ Revenues and exports were able to increase thanks to the increase of Samsung Projects in Vietnam. However, because of the impacts of Covid-19 dragging down several investment and production projects in IPs, this additional rise is not as expected (Ministry of Planning and Investment, 2021).

who have committed over 10 years is insignificant (Huong, 2018-2019). For those who sign a labour contract with their employer, over 70% have contracts that are longer than 12 months. A few are casual labour, depending on the employer's orders. Some do not sign contracts but only have verbal agreements with the employer and do not have access to job insurance; this is because these businesses do not have regular production activities, do not have enough positions available or intend to change labour frequently to only need to pay the minimum wage and prolong the probation period (Huong, 2021).

Regarding labour quality, the survey results of the Research Project show that over 85% have attended junior and senior high school; almost 10% have attended vocational schools or community colleges, and this group usually hold management positions which are not directly involved in manual production processes. For those with education levels from high school and above, disregarding sector-specific attributes, there are large discrepancies among IPs. For the majority of IPs, this group takes about two third. However, IPs in the Northern and Central regions have a higher share of workers with qualifications comparing to the Southeast and Southwest regions. If we consider workers with qualifications lower than vocational colleges as manual labour, we could see that this is the group that is mostly likely to be hired by employers in IPs. However, the Research Project also distinguishes the types of businesses. Privately-owned enterprises and those with FDI have about 90% manual labour. However, for state-

owned enterprises, this figure is only about three-fourth.

Regarding domestic labour mobility and the role of IPs in distributing jobs and labour: The IPs have created a large numerous jobs, both direct and indirect, and help to absorb labour abundance. This source of abundant labour mainly come from the agriculture and rural sectors with leisure time available (time away from agricultural work). This is reflected in the survey sample, as most of the IP workers (89%) come from rural areas. About seven out of ten IPs have over 90% workers coming from rural areas. In addition, fresh graduates also make up a significant part. Wages of workers in IPs are a significant improvement from their main income in rural areas. However, taking into account the time, work intensity, and higher costs for consumer foods, the income improvement is still not adequate; it can only satisfy basic needs and is not enough for accumulation and savings. The survey results for instance demonstrate that about two-third of the workers have monthly income of just VND 5-7 million.

The IPs help to redistribute labour within the industry sector, some sub-sectors with higher competitiveness will attract more labour and better-performing enterprises will absorb labour from weaker enterprises. Because of this, many workers have moved between different sub-sectors or within a single sub-sector. Nowadays in Vietnam, most workers in IPs concentrate in labour-intensive sectors such as textile, electronic assembly, or shoemaking. However, because of the labour-intensive nature, most enterprises

only provide basic training for manual labour to perform simple tasks on the assembly line. Advanced training and offsite training opportunities are rare and are only offered by large FDI businesses. Most of the time the workers themselves will invest in trainings on specialized, technical and language skills to satisfy job requirements. It is notable to understand the life of migrant labours during the labour redistribution process between regions and sectors. Although development plans require that IPs dedicate certain areas to build housing for workers and employees but, in reality, the infrastructure of enterprises in IPs do not satisfy this requirement, either due to low profit or lack of available local land (Loc and Hiep, 2015).

2.2. Job security of workers in industrial parks based on survey results of 10 industrial parks in 8 provinces/cities

According to data analysis results from the survey of this research (for 2018-2019), job security of workers is determined if the mean of two factors - *Assurance of current employment* and *Worker's ability to find new jobs* - is above average (about 2.34 points)¹. Among factors impacting job security of workers, *Personal efforts to find opportunities*, *Employer's layoff policies*, *Employer's layoff policies for female workers*, and *Employer's policies on labour contracts* are evaluated by workers as favourable to them; while

Local government's vocational training policies, *Employer's skills training policies*, *Enterprise sector*, and *Unions that protect labour rights* are factors that score relatively lower than other factors. Other factors vary between 2-2.3 points, which is around the average.

Regarding the roles of stakeholders on job security of workers, the survey results show that factors pertaining to the employers are the most important, standing at 51%. Of which, working environment (sector, work location, labour relations) takes 32% while employer's policies take 19%. Factors pertaining to the workers' personal issues and support from their families rank second at 27%.

Regarding household living quality before and after the workers come to work at IPs, there is a statistical difference when evaluating current job security among the middle class, the average-income group and the near-poor group (27.3%, 23.2%, and 13.6% respectively)². There is also a statistical difference between the near-poor and poor group (13.6% and 19.3). However, there are no statistical differences among the other pairs.

There are no statistical differences in workers' evaluation of job security based on their time working for their employers. The only two groups with notable difference are those who have worked for less than 1 year and those who have worked from 1-3 years. On the other,

¹ The factors are measured based on the Likert scale from 1 to 5 points with "Strongly agree = 1; Agree = 2; Neutral (or not sure) = 3; Disagree = 4; Strongly disagree = 5". The closer the score is to 1, the more favourable that factor is for workers; if the score is closer to 5 then it is less favourable.

² Data analysis of survey results of Research Project (2019). This is the survey result of workers on current job security (the first factor). "Feels like current job is stable", evaluated in relativity to "Family living quality before coming to the IPs". The score is at "Strong agree".

there is no statistical difference among the other groups.

People working for state-owned enterprises feel like they have better job security than those working for privately-owned enterprises and those with FDI¹. There has high statistical significance at 1%. Meanwhile there is no statistical difference between those that work for privately-owned enterprises and FDI enterprises, although FDI enterprises score higher in terms of absolute values. (Huong, 2021).

3. Job security for workers (including for workers in industrial parks) during Covid-19 waves

Vietnam's labour market has been heavily impacted by Covid-19, especially the fourth wave which extended over a long period in an unpredictable manner. Lengthy social distancing periods put enterprises out of business, forcing thousands of workers to lose their jobs and have to come back to their hometowns. Labour supply for the market also shrunk, of which enterprises in the Southeast suffer from the worst labour shortage of 30.6% (General Statistics Office of Vietnam, 2021).

With vaccination coverage for those over 18 reaching 99% for 2 shots and 50% for 3 shots, the labour market as well as production and business activities are recovering (General Statistics Office of Vietnam, 2022a). As of Q2/2022, the country's working-age population (over 15 years of age) reaches

51.6 million people, an increase of 0.4 million people comparing to Q1/2022 and an increase of 0.6 million people comparing to Q2/2021. The working-age population that is currently employed also increase in all socio-economic sectors (comparing to Q1/2022) (General Statistics Office of Vietnam, 2022c).

While the labour market sees some uptick, as of Q2/2022, the number of workers impacted by Covid-19 nationwide is still high (8 million people, which has shrunk by had comparing to Q1/2022) (General Statistics Office of Vietnam, 2022b), most of them (6.5 million people) suffering from income reduction. The Red River Delta has higher rate of workers impacted by Covid-19 than other regions (13.9%) (General Statistics Office of Vietnam, 2022c).

Workers' income is also negatively affected by Covid-19. However, after 2 years under the impact of the pandemic, workers' income has changed in a positive way. The average monthly income of workers is only VND 5.2 million² in Q3/2021, but by Q2/2022 this figure has grown to VND 6.6 million (General Statistics Office of Vietnam, 2021, 2022b, 2022c). The average monthly income of workers in the Southeast sees the most improvement (VND 8.5 million), especially for workers in Ho Chi Minh City, Binh Duong and Dong Nai, where average monthly incomes are the highest nationwide (VND 9.1 million, VND 8.9 million, and VND 8.6 million respectively). The average monthly

¹ Because state-owned enterprises need to comply with Government's social policies more seriously than privately-owned enterprises. FDI enterprises also comply with regulations more than privately-owned enterprises.

² The average monthly income of workers is still lower than Q2/2020 (General Statistics Office of Vietnam, 2021).

income of workers in the Red River Delta is about VND 7.7 million; Ha Noi and Bac Ninh has the highest incomes in the region (VND 8.7 million and VND 8.3 million respectively) (General Statistics Office of Vietnam, 2022c).

Covid-19 has made unemployment rate in 2021 skyrocketed, with the Southeast and Mekong Delta regions seeing the highest-growing unemployment rate in Q3/2021 (General Statistics Office of Vietnam, 2021). These are two regions that were most heavily-impacted by the fourth Covid-19 wave. This has also made tens of thousands of workers leaving IPs in Dong Nai, Binh Duong and Ho Chi Minh City and returning to their hometowns because there were no employment opportunities or only unsecure jobs were available (Hoa and Tram, 2021).

Due to this situation, a new range of policies that loosen social distancing restrictions, facilitate economic recovery, support workers and businesses to adapt flexibly to the epidemic have been introduced with the goal of boosting the country's recovery and socio-economic development, so that certain groups of workers can return to the labour market.

After over six months implementing policies that support workers and businesses, unemployment has dropped. As of Q1/2022, the unemployed working-age population was 1.2 million people (dropped 489,5000 comparing to Q4/2021), of which unemployment rate in the Southeast dropped by 2.60 percentage point, while unemployment rate in Ho Chi Minh City dropped by 4.07 percentage point (General Statistics Office of Vietnam, 2022b).

4. Job security of workers in IPs in the new normal

The Vietnamese Government as well as responsible Ministries and agencies have made observations in line with the views of the World Health Organization, scientists and other countries that Covid-19 cannot be completely controlled before 2023; there may be new and more dangerous variants that could exacerbate the spread of the disease in unpredictable ways. However, vaccination coverage and the availability of treatment drugs have helped to bring down the numbers of serious cases and deaths as well as the rate of new infections; this has facilitated disease prevention measures and moved towards flexible and safe adaptation.

Government Resolution number 128/NQ-CP dated 11/10/2021 on Temporary Regulations for "Safe and flexible adaptation and effective control of the Covid-19 pandemic" with the goal of "Protect health and lives of the people; minimise infected cases, worsened cases, and deaths of Covid-19; restore and develop economy and society, guarantee social security, safety, and order; perform dual objectives, introduce the country to the new normal as soon as possible..." has been implemented widely in every locality across the country.

According to the Vietnam Industry Agency (Ministry of Industry and Trade), recent government support policies have made significant impact in resolving difficulties and challenges faced by enterprises (quoted in Phuong Minh, 2021). After Resolution No.128/NQ-CP was implemented, enterprises have gradually resumed

production and business activities. This positive impact is reflected in the Index for Industry Production (IIP) which in 11/2021 increased by 3.6% year-on-year (Ha Nguyen, 2021). Production and business activities in many provinces have accelerated and adapted to the “new normal”. In particular, many provinces report that 90% businesses have resumed operations and recovered production chains in 11/2021 (Phuong Minh, 2021).

To help the economy overcome challenges after 2 years under the heavy impact of Covid-19 and get on par with global recovery progress, on 30 January 2022, the Government introduced Resolution No.11/NQ-CP on the Socio-economic recovery and development Program and implemented Resolution No.43/2022/QH15 regulating tax exemption and reduction policies to support the Program. The Program has helped businesses and workers overcome challenges and difficulties during and after the epidemic, and has been a driving force for Vietnam’s socio-economic activities to resume in the new normal, contributing to strengthening job security for workers, including workers in IPs.

5. Conclusion and recommendations

At the moment, the Covid-19 situation is still not completely under control. The epidemic has also transformed several aspects of social and economic life, people’s consumption habits, leading to several difficulties and challenges for enterprises in forecasting the market and planning for production and business activities. As a result, government at all levels, sectors, and industry associations need to continue working to resolve problems for businesses

and recover production chains according to Government Resolution No.128/NQ-VP and Resolution No.11/NQ-CP, as well as National Assembly Resolution No.43/2022/QH15. Therefore, we suggest the following measures:

- (i) Perform measures to limit the spread of Covid-19 (there are now new variants that are more contagious), especially in big cities and provinces with a lot of IPs while continuing to implement the “Adapting safely and flexibly to Covid-19” approach.
- (ii) Design policies that provide the opportunities for workers to return to work, especially in large cities and industrial centres as soon as possible, ensure effective access to government social security support mechanisms for workers so as to recover labour supply needed for production. Continue to ensure effective implementation of Government solutions in tackling challenges and difficulties faced by businesses and workers (such as support in taxes, fees, land rent, electricity costs, credit and monetary support, social security costs, disease prevention costs support, labour recruitment support, etc.) to help enterprises recover their financial and labour resources.
- (iii) The Central Government needs to develop policies recommending local governments to establish official information and specialised insights channels to provide regular updates for businesses and workers on the economic development strategy, labour support and labour attraction policies, as well as disease prevention policies of the province so that businesses and workers could develop appropriate recovery and production plans.

(iv) Actively carry out unique support packages; diversify welfare support; expand vocational training programs for a wide range of target groups, especially for female labour, unskilled labour, and informal labour to ensure social security; motivate workers and overall contribute to the economic recovery and development process.

(v) Authorities that are responsible for implementing workers policies need to develop guidelines and specific measures to supervise and monitor enterprises during the process of raising the regional minimum wage for workers.

(vi) Enhance the role of unions at all levels in the supervision and monitoring the implementation of social policies regarding workers, such as insurance policies, labour contracts as well as to join in the development of salary scales according to new guidelines on raising the minimum wage.

(vii) Focus on controlling inflation and stabilising oil and petrol prices to ensure social security, contributing to improving workers' livelihoods, especially those who are most affected by the negative impacts of Covid-19 □

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