

CHANGES IN VIETNAM LABOR MARKET AFTER COVID-19

Tran Ngoc Hang, MA

Banking Academy

DOI: <https://doi.org/10.5281/zenodo.8013537>

Published Date: 07-June-2023

Abstract: The COVID-19 epidemic has so far had a serious impact on all areas of social life. On the basis of analyzing the Vietnamese labor market under the impact of the COVID-19 epidemic, the article points out the changes in the Vietnamese labor market in the post -COVID - 19 period, thereby making some recommendations to limit the impacts of the pandemic and restore Vietnam's economy in the coming time.

Keywords: COVID-19, labor market, change.

I. INTRODUCTION

The COVID-19 pandemic is impacting and having major effects on all areas of life in ways that are unknown to us, unprecedented in the history of human development. In that context, Vietnam's labor market was also strongly affected. Loss of jobs, reduced incomes, and changes in the structure of economic sectors... have greatly affected workers in particular and the Vietnamese economy in general. Therefore, it is necessary to study the changes in the Vietnamese labor market in the post-COVID-19 context.

II. CONTENT

1. Labor market

There are many views, interpretations, and concepts about the labor market. A labor market is a place where people who need to find jobs and people who want to use labor exchange, buy and sell labor services through the form of determining prices (wages, salaries) and other agreed conditions (working time, working conditions, social insurance...) on the basis of a written or oral labor contract, or through other forms of contract or agreement other agreement.

The labor market is made up of four basic groups of factors: Labor supply (Quantity, quality, and structure); labor demand (jobs maintained, job vacancies); labor relations (Wages, wages, labor prices, social insurance, working conditions...), institutions (Policies, laws).

The labor market is formed and developed in the market economy and has an organic relationship with other types of markets such as capital, science and technology, information, and currency...

The COVID-19 outbreak has brought unprecedented challenges and will have enormous impacts on the development of all areas of social life. COVID-19 has created a global labor market crisis, including in Vietnam. In that context, the Party and State have come up with specific, practical, and appropriate guidelines, policies, and measures for the socio-economic development of the country.

2. Vietnam's labor market before and after the COVID-19 pandemic

Unemployment rate

Before the COVID-19 pandemic: In 2018, the national unemployment rate was 2%, of which the urban unemployment rate was 2.95%; the rural area is 1.55%. In 2019, the unemployment rate of working age was 2.17%, of which it was 3.11% in urban areas and 1.69% in rural areas.

When the Covid-19 pandemic broke out, it directly affected the labor and employment situation in all industries and in all regions of the country from rural to urban areas. In particular, the most obvious effect is in the second quarter of 2020 when the situation is complicated, many dangerous infections in the community and especially the application of social distancing regulations make the rate of infection worse. unemployment increased. The outbreak in April 2021 caused the unemployment rate to spike in the third quarter of 2021 to 3.98%.

The economy was stagnant, many businesses had to stop, relax or quit. This makes the unemployment rate of working age increase to a record in the last 5 years, along with many workers leaving the labor market.

Workforce

Before the COVID-19 pandemic: The labor force of working age in 2019 was estimated at 49.1 million people, an increase of 527.7 thousand people compared to the previous year (of which it was 17.1 million in urban areas) people, accounting for 34.8%); the female labor force of working age reached 22.4 million people, accounting for 45.6%. Laborers who have been trained from the "beginner" level or higher in 2019 were estimated at 12.7 million people, accounting for 22.8%.

After the COVID-19 pandemic: The workforce has been significantly affected by epidemics. The peak was the fourth outbreak of the COVID-19 epidemic in the second quarter of 2020 when the implementation of social distancing was implemented, and in the third quarter of 2021, and the rate of labor participation dropped sharply. The fourth long and complicated epidemic caused many businesses to no longer support and have to leave the market, and tens of thousands of workers lost their jobs. Employed workers in the third quarter of 2021 continued to decrease by nearly 2.6 million people compared to the previous quarter and by 2.7 million people compared to the same period last year. The number of employed workers in the third quarter was 49.1 million, down to the lowest level in many years. By the fourth quarter of 2021, this rate is 67.7%, an increase of 2.1 percentage points compared to the previous quarter and a decrease of 2.6 percentage points compared to the same period last year.

Employed and unemployed workers:

Before the COVID-19 pandemic: The number of employed workers aged 15 and over in 2019 was estimated at 54.7 million people, an increase of 416.0 thousand people compared to 2018 (of which, in urban areas, 18,00,000 people were employed). 1 million people, accounting for 33.1%), the labor restructuring took place strongly in the direction of reducing the proportion of laborers working in the agriculture, forestry and fishery sectors and increasing the proportion in the industrial sector, construction and services. In 2019, laborers aged 15 and older with jobs in the agriculture, forestry and fishery sectors were nearly 19.0 million people, accounting for 34.7%; the Industry and Construction sector is 16.1 million people, accounting for 29.4%; the service sector reached nearly 19.6 million people, accounting for the highest proportion of 35.9%, higher than the labor force in the agriculture, forestry and fishery sectors. Occupational structure has a parallel shift with industry restructuring. The proportion of unskilled and skilled workers in agriculture, forestry and fishery decreased compared to 2018 (34.6%, and 7.5%) respectively; the group of leaders/high-level and middle-level technical experts, the group of craftsmen and technicians increased sharply compared to 2018 (12.5%, and 25.7%, respectively).

After the COVID-19 pandemic: The number of employed people and the number of underemployed people in the fourth quarter of 2021, after widespread coverage of the second dose vaccine and social distancing measures were eased, the number of people aged 15 years and over. or more employed in the fourth quarter of 2021 was 49.1 million people, an increase of 1.82 million people compared to the previous quarter and a decrease of 1.79 million people compared to the same period last year. Employment in urban areas was 17.9 million people, an increase of 890.1 thousand people compared to the previous quarter and an increase of 498.9 thousand people compared to the same period last year; the number of employed people in rural areas was 31.1 million people, an increase of 934.5 million people compared to the previous quarter and a decrease of 2.3 million people compared to the same period last year. The number of underemployed workers in the third quarter of 2021 is the highest at 4.46%. The number of underemployed people in the fourth quarter of 2021 is nearly 1.5 million people, down 381.1 thousand people compared to the previous quarter and up 635.9 thousand people over the same period last year. The underemployment rate of workers in the fourth quarter of 2021 is 3.37%. The underemployment rate of working-age workers in urban areas is higher than in rural areas (4.06% and

2.95% respectively). This is the third quarter in a row that the labor market has witnessed a higher unemployment rate in urban areas than in rural areas.

3. Changes in Vietnam's labor market in the post-COVID-19 period

3.1. Vietnam's labor market under the impact of the COVID-19 epidemic

The outbreak and complicated developments of the Covid-19 pandemic have comprehensively and deeply affected all countries around the world, becoming a shock to the economic and labor markets, not only affecting the supply (production of goods and services) but also demand (consumption and investment). According to the report on the impact of the Covid-19 epidemic on the labor and employment situation, in the third quarter of 2021 the General Statistics Office. Gross domestic product (GDP) in the third quarter of 2021 is estimated to decrease by 6.17% over the same period last year, the deepest decrease since Vietnam has calculated and announced quarterly GDP to date [3]. The labor market is facing a serious crisis with a series of negative records being set, millions of workers have lost their jobs and their incomes have been cut. Employment opportunities for workers have become more difficult than ever. Specifically:

Impact of the Covid-19 epidemic on Vietnam's workforce: The labor force aged 15 years and over in the second quarter of 2020 was 53.1 million people, down 2.2 million from the previous quarter and down 2.4 million people compared to the same period last year. This is the year that recorded the deepest decline in the labor force ever, the second quarter of 2020 marked a decrease in the labor force of more than 2 million people - an unprecedented decrease in the past decade... [2]

Impact of the Covid-19 epidemic on Vietnam's employed workers: The number of employed workers aged 15 and over in the second quarter of 2020 was 51.8 million people, a decrease of 2.4 million people compared to the previous quarter and decreased by nearly 2.8 million people compared to the third quarter of 2019, which is the largest decrease in the past 10 years in which labor decreased mainly in rural areas and female workers, the number of employed people in rural areas decreased by 1.8 million people compared to the previous quarter and female workers decreased by 1.2 million people compared to the previous quarter previous quarter. [2]

Employment in the second quarter of 2020 decreased in proportion to the decrease in the labor force. This shows that the COVID-19 epidemic has caused the majority of unemployed workers to temporarily leave the labor market during the spread of the disease, especially in April 2020 when social distancing measures were taken is strictly and thoroughly applied. Some industries had a sharp decrease in the number of employees compared to the same period last year, such as the processing and manufacturing industry (down 324.6 thousand people); accommodation and food service industry (decreased by 156.9 thousand people); education and training sector (decreased by 122.7 thousand people); wholesale and retail, repair of automobiles, motorcycles and motorbikes (reduced by 120 thousand people) [1]

In the second quarter of 2020, the number of employed workers who have received training from the "beginner" level or higher is estimated at 12.3 million people, accounting for 23.8% of the employed labor force of the entire economy. The proportion of trained workers in the second quarter of 2020 increased by 0.4% compared to the previous quarter and by 1.3 percentage points over the same period last year. Occupations requiring only simple labor attract the most workers in Vietnam's labor market, accounting for 32.9% of employed workers nationwide. The proportion of people doing simple jobs is still high in the context of professional and technical training (from the level of "Primary Vocational" and above) for employees is still low (about 24.0% for the labor force) and 23.8% for employed workers). Nationally, there are about 1% of employees working as "Leaders in industries, levels and units", equivalent to about 526.1 thousand people. This proportion in men is 2.3 times higher than in women (1.4% compared to 0.6%), in urban areas it is more than 3 times higher than in rural areas (1.4% respectively). .9% versus 0.6%) and most of these people have had professional and technical training (98.3%). [1]

Impact of the COVID-19 epidemic on unemployment and underemployment: Underemployed labor: the number of people aged 15 and over underemployed in the second quarter of 2020 was nearly 1.5 million people, an increase of 363.9 thousand people compared with the previous quarter and increased by 726.6 thousand people over the same period last year. Compared to the first quarter, underemployed male workers increased higher than underemployed women: an increase of 250 thousand underemployed men and an increase of 113.9 thousand underemployed women; compared with the same period last year, the corresponding increase was 412.4 thousand men and 314.2 thousand women [2].

Unemployment rate The unemployment rate of working age in the second quarter of 2020 was 2.73%, of which, the unemployment rate of working age in urban areas was 4.46%, the highest in the world. over the past 10 years, 1.36 percentage points higher than the same period last year [2].

Unemployed workers aged 15 years and over in the group of workers with intermediate or higher professional and technical qualifications in the second quarter of 2020 decreased compared to the first quarter of 2020. Meanwhile, unemployed workers aged 15 and older workers with low professional and technical qualifications (primary) or without professional and technical qualifications both increased compared to the previous quarter and compared with the same period last year (Table 4). This shows that when the economy is in shock, low-skilled or unskilled workers face more difficulties in job opportunities than workers with medium and high-level technical qualifications [2]

The COVID-19 pandemic poses many challenges to the Vietnamese labor market but also creates great opportunities for the labor market to develop. It is an opportunity for businesses to arrange and structure their production and business in line with the Industrial Revolution 4.0, an opportunity to adjust and reallocate labor among regions and economic sectors, contributing to improving productivity productivity, promoting digital economic transformation, and green economy. At the same time, this is an opportunity to develop forms of job transactions and innovate vocational education and training in association with the needs of businesses and the labor market.

3.2. Vietnam's labor market in the post-COVID-19 period

With flexible response solutions along with unremitting efforts to restore and develop the economy of the entire political system, from the central to local levels, the Covid-19 pandemic is under control, and most activities production, and business returned to the normal state as before the Covid-19 epidemic appeared. The basic labor market has returned to the trajectory, following the development trend of the labor market as before the COVID-19 Pandemic, specifically:

The number of people aged 15 years and older returning to the labor market continues to increase rapidly, contributing to the development of labor supply: The labor force in the first 6 months of 2022 is 51.4 million people, an increase of 400 thousand people compared to that of the labor force. in the same period last year. The labor force increased mainly in urban areas (an increase of 719 thousand people), and the labor force in urban areas was 19.1 million people (accounting for 37.2%). The labor force increased in both men and women (increased males: 283,000 people; females increased: 76,000 people). The labor force participation rate was 68.3%, up 0.6% in the fourth quarter of 2021 showing that once the epidemic is under control, workers have gradually returned to participate in the labor market. The rate of workers with degrees and certificates in the first 6 months of 2022 is 26.2% (up 0.1%) [4]

The number of employed laborers increased rapidly following the recovery direction of the country's socio-economic development: The number of employed workers in the first 6 months of 2022 was 50,288 million people, an increase of 417 thousand people compared to the same period last year. Although the number of employed workers has not returned before the pandemic, it shows the recovery of the labor market when the number of employed workers started to be higher than at the beginning of 2020 (50.1 in 2020). million people). The number of employed workers increased the most in urban areas, increasing by 762 thousand people. [4]

The number of employed employees increased in both enterprises and individual production and business establishments: 13.3 million employees in enterprises, an increase of 522 thousand people compared to the previous quarter; The number of employees in individual production and business establishments is 16.8 million people, an increase of 533,000 people compared to the previous quarter.

The job market had a sustainable recovery when the number of employed workers in the formal sector increased higher than that in the informal sector: The number of workers in informal employment was 21.4 million, an increase of 54,5 thousand people; the number of office employees was 17.1 million people, an increase of 449.3 thousand people compared to the previous quarter and an increase of 1.6 million people compared to the same period last year.

The trend of labor restructuring has returned to a positive development trend: reducing the proportion of employees in the agricultural sector and increasing the number of employees in the service and trade sectors: in the first six months of the year, 13.9 million people were employed in the labor force. working in agriculture, forestry, and fisheries; industry and construction 16.8 million people; 19.6 million people in the service industry (respectively: 27.7% - 33.4% - 38.9%). Compared to the same period in 2021, the number of employees in the agriculture, forestry, and fishery industries

decreased by 27.1 thousand people. The service industry has the strongest recovery when in recent quarters, each quarter has welcomed nearly 900 new employees. [4]

Improved income of employees: The average income of employees in the first 6 months of 2022 is 6.5 million dong, an increase of 326 thousand dong, up 5.3% over the same period last year, in which the average monthly income of workers in urban areas is 1.43 times higher than in rural areas (8 million versus 5.6 million VND).

The number of unemployed and underemployed workers is gradually decreasing: The number of unemployed workers of working age in the first 6 months of 2022 is 1.1 million people (equivalent to 2.39%), a decrease of 47.6 thousand people compared to the number of unemployed workers in the same period last year, in which the urban unemployment rate was 2.93%, a sharp decrease compared to the same period last year (down 0.35%). The underemployment rate was 2.4% (down 0.02% over the same period in 2021). [4]

4. Some solutions to recover and develop the Vietnamese labor market in the post-COVID-19 period

Firstly, focusing on socio-economic development, economic restructuring, improving the business environment, and attracting investment to attract and create jobs for workers... In the past time, with strong solutions to strongly transform the economic structure, improve the business environment, attract investment capital, and develop production and business, it has contributed to restructuring the labor force, increasing the number of employees, and increasing the number of employees. The number of employees working in enterprises and production and business establishments makes an important contribution to the development of the labor market in Vietnam in the post-COVID-19 period. However, these solutions need to be implemented synchronously, positive, effective.

Second, implement policies on human resource development. Review, evaluate, arrange organizational arrangements, and invest in capacity building of the system of vocational training and education institutions, especially training high-quality human resources; vocational skills assessment organizations. To organize the implementation of measures to solve the local labor shortage, and labor supply-demand imbalance; develop modern forms of job transaction on the basis of digital technology.

Third, accelerate the effective implementation of policies to support businesses and production and business establishments to restore the economic activities of all industries, especially those heavily affected by the COVID-19 epidemic. 19 such as processing and manufacturing industries; Wholesale and retail; accommodation and food services, transportation... Maximum support for businesses to develop, considering removing barriers and difficulties for businesses as a top political task. Clearing bottlenecks, mobilizing and freeing social resources for development investment. Uphold the spirit of companionship, sharing side by side with the business community. Ensure equal rights for all businesses, regardless of type and economic sectors, in opportunities to access resources and policies.

Proactively develop policies and prepare necessary resources to support businesses to proactively adapt to future fluctuations and promote innovation. Boldly pilot, and deploy policies and solutions to develop new business models based on innovation, digital economy, sharing economy, green economy, and sustainable business on the principle of following the situation practices and international practices.

Supporting key businesses; keeping abreast of new business trends; developing new business models based on innovation, digital economy, sharing economy, green economy, and sustainable business; promoting the formation of enterprises capable of leading in a number of potential industries and fields to create new growth engines and realize sustainable goals.

Fourth, implement policies and solutions to support employees and employers facing difficulties due to the COVID-19 Pandemic and ensure social security and support training in the Recovery Program. and socio-economic development: Continue to research and soon issue policies to support those negatively affected by the COVID-19 pandemic in the direction of clarifying the subjects and fields appropriate to the actual situation. and viewpoints and strategies on epidemic prevention and control, economic recovery, and social security assurance in each period, such as: Reducing corporate income tax to ensure the right target, hitting the target audience. enterprises and cooperatives are reducing or not making profits due to the negative impact of the epidemic, bringing practical effects, expanding the audience to be micro, small, and medium-sized enterprises; continue to implement and expand the subjects eligible for an extension of tax payment and land rent; continue to reduce money, extend the deadline for paying excise tax on cars manufactured or assembled in the country; supplementing the value-added tax reduction policy for production and business activities in the fields

heavily affected by the COVID-19 epidemic, ensuring the goal of reducing the selling prices of goods and services, reducing investment costs. into other business fields, ensuring that consumers are the beneficiaries, avoiding the situation that enterprises do not reduce the selling prices of goods and services to benefit from the policy; supplement the policy of exempting late payment interest arising in 2020 and 2021 directly affected by the COVID-19 epidemic for production and business organizations and individuals that incur losses; support testing costs for businesses; expand the beneficiaries of electricity bill reduction and electricity price reduction to support production and business activities; reduce the deposit for tourism businesses; consider policies to support production and business premises; free road maintenance; increase the time limit for vehicle inspection; develop a general support plan for aviation enterprises; allow the extension and postponement of payable debts for enterprises that borrow to build social houses, commercial houses with an estimated selling price of less than 25 million VND/m² and tourism real estate projects; consider easing requirements on credit risk management at commercial banks; continue to implement the loan interest rate support package for subjects conducting production and business activities; reducing the level of trade union contributions from 2% of the salary fund to 1% of the salary fund for enterprises; allow enterprises to arrange overtime for employees to work more than 40 hours/month to deal with urgent and backlog tasks; adopt policies to support fees and freight by air and sea for key markets (the US, Europe, the Middle East) to increase competitiveness and reduce costs for businesses; soon reopen flight routes to/from countries considered safe from COVID-19, facilitating trade activities and contributing to economic recovery; completing the new entry process, creating a green entry stream for experts entering Vietnam to operate production and business; reviewing, supplementing and clearly defining policies to support cooperatives..

III. CONCLUSION

The COVID-19 epidemic causes damage and affects all areas of social life, including the labor market. In Vietnam, the COVID-19 epidemic has involved and created a huge transformation in the labor market. Studying the above problem to gain more experience and flexibility to adapt to fluctuations and changing needs and tastes of the market, and at the same time find some solutions to recover and develop the labor market in Vietnam. Vietnam in the post-COVID-19 period is a strategic task so that Vietnam can overcome difficulties and take advantage of opportunities to create a breakthrough in its socio-economic development strategy.

REFERENCES

- [1]. General Statistics Office (2020), Labor and Employment Survey Report Q2 2020, https://www.gso.gov.vn/wpcontent/uploads/2020/08/BCLDVL_Q2.2020_fialf.pdf
- [2]. General Statistics Office (2020), Report on the impact of COVID-19 on labor situation in Vietnam, <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2021/01/bao-cao-tac-dong-cua-dich-covid-19-den-tinh-hinh-lao-dong-viec-lam-quy-iv-va-nam-2020/>
- [3]. General Statistics Office Report on the impact of the Covid-19 epidemic on labor and employment situation, third quarter of 2021, <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2021/10/thong-cao-bao-chi-tinh-hinh-lao-dong-viec-lam-quy-iii-va-9-thang-nam-2021/>
- [4]. General Statistics Office, reports the recovery of the labor market after the covid-19 pandemic, the second quarter of 2022.