

AGGREGATE SUPPLY OF AND DEMAND FOR LABOR IN HCMC

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(continued)

3. Classification of labor sources available in HCMC

Labor sources supplied in HCMC could be classified according to:

- residency of laborers (local laborers, migrated laborers with, or without, permanent residency)
- skill level (unskilled and skilled workers, trained and well-trained laborers)
- features of labor (manual and intellectual labor, managerial labor, service and productive labor, etc.)
- sectors (formal and informal sectors)

According to recent statistics, labor employed by the formal sector represented over 55% of working laborers. The informal sector employed the rest together with many retired workers, children and housewives by providing them with part-time jobs.

Table 7: Skill level of HCMC labor force

Skill level	HCMC as a whole		Inner city		Suburbs	
	Number	%	Number	%	Number	%
HCMC Working population	1,619,953	100.0	1,177,305	100.0	442,648	100.0
Unskilled laborer	1,320,261	81.5	921,829	78.3	398,432	90.1
Technical laborer	136,076	8.4	114,198	9.7	21,878	4.94
Laborer finishing vocational high school	76,137	4.7	62,397	5.3	13,740	3.10
Laborer with university degree	87,479	5.4	78,881	6.7	8,589	1.95

Source: HCMC Service of Labor

bor was in surplus. For example, 27% of existing army of experts was needed (43.48% for locally-run state companies and 30% for non-public sector), along with 32% of existing army of technical workers (34% for centrally-run state companies, 35% for foreign-invested companies), while some 17% of existing un-

4. General estimates

HCMC is the biggest city of the country. Its population amounts to some 5 million, and 2.8 million of which are of working age (not including some 1.5 million workers or visitors from other provinces). Its population density is 2,332 persons per sq.km in comparison with the national average of 223 persons on a square kilometer. Its high personal income which is four times higher than the national average has attracted laborers from all over the country along with both foreign and domestic investment. The introduction of the market economy has allowed the formation of factor markets, including labor market, in HCMC. Our surveys of aggregate demand for and supply of labor in this city allow us to come to the following estimates:

(1) HCMC is the Vietnam's first locality where the market mechanism came into being and developed well, therefore both the supply of and demand for labor are great. In recent years, the supply of labor has become more reliable and constant while the demand for labor greater and greater.

(2) The supply side of the HCMC labor market includes laborers of different knowledge and experience from many provinces, and even from many countries. Most of them are young and have ability to adjust to new conditions and get accustomed to new occupations. However, there is discrimination against migrated workers (who haven't got permanent residency in HCMC), unregis-

Table 6: Structure of the HCMC labor force (%)

	Employed		Unemployed		Doing housework
	Total	Full-timer	Total	Being ready to work	
Total	100.00	100.00	100.00	100.00	100.00
Illiteracy	2.09	1.81	2.76	2.04	4.06
Literacy	3.72	3.28	3.73	2.89	6.76
Primary education	43.54	41.30	45.59	43.29	53.97
Finishing middle school	23.54	23.74	26.54	27.67	20.02
Finishing high school	18.74	20.21	17.24	18.13	13.30
Finishing vocational high school	3.00	3.43	1.72	2.67	0.81
University and college graduates	5.13	5.98	2.28	3.20	0.91
Postgraduates	0.10	0.13	0.01	0.01	-
Unknown	0.14	0.12	0.13	0.10	0.17

Source: HCMC Service of Labor

The education level has affected the skill level of the HCMC labor force. Statistics gathered in 1995 by HCMC labor authorities show that 81.5% of laborers had no technical skill (in suburbs, this percentage reached 90.1%).

One of our recent surveys of the demand for labor in 400 companies showed that there was a need for skilled laborers while unskilled la-

skilled laborers were in surplus (30% in locally-run state companies.) (See Table 8 next Page)

This survey also showed that governmental bodies and armed forces employed 1.75% of the working population; managerial occupation: 3.9%; experts and officials: 7.8%; technical occupation: 3% and manual work: 85.3%.

tered laborers or those who work in the informal sector. This discrimination usually puts laborers at a disadvantage and causes unnecessary disorder while local governments haven't had measures to control flows of labor or sources of supply. This situation affected badly the economic development and optimum

employment of human resources.

(3) The lack of governmental control and the unruly development of labor market have led to a serious imbalance between supply and demand. This imbalance shows itself in difference between the size and quality of the labor force: there have been too many unskilled laborers;

human resources haven't been well allocated and employed; and many graduates couldn't find suitable jobs while there is a great shortage of experts in certain fields such as informatics, economic management, and foreign languages. The shortage of skilled labor is particular serious in export processing zones and industrial parks

and becomes a great obstacle to the economic development of the city. Although many job creation schemes were carried in recent years, the unemployment rate is on the increase. Hidden unemployment has become common in many industries, especially in the public sector. Generally, the supply has exceeded the demand in the labor market and most rural residents are out of job.

(4) Competition in the labor market between different sources of supply is keener and keener: migrated laborers compete with workers with permanent residency for odd jobs, trained laborers compete with one another to avoid technological unemployment when industries become more technology-intensive.

Table 8: Employment in companies (1997)

	Centrally-run state company	Locally-run state company	Private business	Foreign-invested sector	Aggregate
Proportion of companies with the best employment of labor	42.65	45.00	40.97	48.89	42.75
Situation of labor employment					
Management					
In great shortage	.00	1.67	.00	.00	0.25
In shortage	14.71	16.67	3.96	2.22	7.50
Sufficiency	80.88	80.00	95.15	97.78	90.75
In surplus	4.41	1.67	0.88	.00	1.50
Total	100.00	100.00	100.00	100.00	100.00
Administration					
In great shortage		1.67	0.89	2.22	1.01
In shortage	27.94	23.33	18.22	8.89	19.60
Sufficiency	60.29	68.33	76.00	84.44	73.12
In surplus	11.76	6.67	4.89	4.44	6.28
Total	100.00	100.00	100.00	100.00	100.00
Technical labor					
In great shortage	3.32	.00	8.33	.00	3.48
In shortage	24.90	43.48	30.56	31.25	27.22
Sufficiency	70.95	52.17	61.11	62.50	68.04
In surplus	0.83	4.35	.00	6.25	1.27
Total	100.00	100.00	100.00	100.00	100.00
Skilled labor					
In great shortage	1.50	.00	1.92	.00	1.39
In shortage	34.08	26.09	23.08	35.29	32.03
Sufficiency	61.80	73.91	75.00	58.82	64.35
In surplus	2.62	.00	.00	5.88	2.23
Total	100.00	100.00	100.00	100.00	100.00
Unskilled labor					
In great shortage	1.19	.00	.00	5.88	1.17
In shortage	81.35	69.57	91.84	70.59	81.52
Sufficiency	17.06	30.43	8.16	17.65	16.72
In surplus	0.40	.00	.00	5.88	0.59
Total	100.00	100.00	100.00	100.00	100.00

Source: HCMC Institute of Economics, A Survey of Demand for Labor in Companies, 1997.