

SOLUTION TO IMPROVE THE SOURCE OF TRAINED WORKFORCE FOR ENTERPRISES IN NGHỆ AN PROVINCE

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Labor is an important factor input in production and trading, one of the factors that gives advantage to enterprises. The economic growth would increase the need for workers, especially trained ones, which would reduce the untrained workforce. Therefore, if we do not plan, develop, and train this workforce, the source of trained laborers could not meet the need of enterprises, and thus, we would lose a business advantage for the local enterprises.

1. General view of the workforce in enterprises in Nghệ An

a. Situation of the current workforce:

- Labor structure: In Nghệ An there has been a rather remarkable change in the labor structure in such a way that the labor force in agriculture, forestry, and fishery has been reduced, and that in industry, construction, trading and service has been increased. In 2001, agriculture, forestry, and fishery employed 17.5% of the working population in the province, but in 2007, this figure fell to 10.1%.

- Productivity: In general, productivity in all enterprises in recent years has continuously increased with an average growth of 8.1% annually. Productivity growth in trading and service is the highest, 8.5% annually, and in industry and construction, 5.6%. Productivity in agriculture, forestry, and fishery has decreased rather rapidly, around -9.8% annually during 2001-2007.

b. Labor structure in terms of professional skill:

- Kinds of labor: In enterprises, trained workforce accounts for about 60%; workforce with uni-

versity level accounts for 17.2%; with secondary education level, 25.5%; and workforce with technical advanced and primary levels, 10% (Table 1).

- Professional skill in terms of economic sectors: The trading and service sector employs trained workers the most, accounting for 84% of the total of employed workers; the workforce with high professional skill (college level and above) accounts for nearly 40%, and enterprises in agriculture, forestry, and fishery employ mostly untrained workers (above 60%).

c. Labor recruitment:

- Way of recruitment: Most enterprises use traditional ways of recruitment: want ads in the media and direct recruitment via tests and examination of dossiers. Another way is recruitment via job promotion centers. Transaction floor or job fairs are not yet in favor.

- Number of recruited workers: Untrained workers are the most in need and account for 90% of the total of the needed workforce (Table 2). Workers with primary level are in need the least and account for 8% of the total of the needed workforce.

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Table 1: Labor structure by professional skill and kinds of enterprise in 2008 (%)

Kind of enterprise	University level and above	College		Secondary		Vocational primary level	Others
		Total	Vocational advanced level	Total	Vocational secondary level		
State-owned enterprises	14.7	5.9	2.3	24	14.8	6.1	49.3
Collective enterprises	7.5	5.2	2.2	18.9	11.6	4.6	63.8
Foreign-invested enterprises	32.6	20.3	19.8	44.7	20.3	0	2.5
Private enterprises	19.6	12	6.2	26.7	16.4	10	31.7
General	17.2	9.9	5.1	25.5	15.5	8.2	39.1

Source: Survey of enterprises in 2009

Table 2: The need for recruited workforce in terms of professional level and the percentage of recruited laborers vs. the market demand (%)

Required	2007		2008		2009	
	Required	Recruited	Required	Recruited	Required	Recruited
University level and above	14.4	75.2	18.8	74.6	17.4	67.6
College level	8.9	75.1	9.3	69.9	12	61.7
Secondary level	17.4	82.4	17.9	79.2	12.1	88.4
Primary	7.9	81.8	8.8	85.2	9.4	70.8
Others	23.3	97.9	17.6	98.7	20.6	89.1

Source: Survey of enterprises in 2010

- Quality of recruited workforce: Enterprises in Nghệ An estimate that, in recent years, the quality of the recruited workforce is comparatively good and could meet the requirement of the job. The higher the level of the worker is, the better the worker could meet the requirement of the recruitment. However, according to over 10% of the enterprises, workers with secondary level and under could not yet meet the requirement of the job or could meet only under 50% of the requirement of the job.

d. Training:

In Nghệ An, up to 78.1% of the total of enterprises hold training courses for the workforce. Almost of these enterprises are state-owned and

foreign-invested ones. The training courses mainly consist of on-the-job training (83%), training at training centers (34%), and on-the-spot training within the enterprises (28%) as well as training at other enterprises (20.7%).

2. Forecast of the need for workers in enterprises in Nghệ An

a. Total need for workers in enterprises:

Given that, in the coming years, there would not be any breakthroughs affecting the economy and the policies of the central and Nghệ An provincial governments, it is estimated that from now to 2012 the need for laborers in Nghệ An enterprises is 119,934 workers working in different industries. Based on such a need for workers, the

annual average increase of the workforce would be 7.1% in the period 2001-2012. However, if the period 2009-2012 is taken into consideration, the average increase of the workforce is 8.7%, higher than the average increase during the period 2001-2007.

b. The need for labor in terms of professional level:

Enterprises in Nghệ An tend to reduce the workforce with low technical level and use more workers with high professional one. In 2009, 33.9% of the total of workers in enterprises is unskilled workers and only 16.95% are those with university level and above. It is estimated that in 2012 the need for unskilled workers would be 28% and the need for those with university level and above is 17.07%.

Table 3: The need for workers in 2009-2012 in term of professional level (%)

Professional level	2009	2010	2011	2012
University and above	1.95	16.97	17	17.07
College	5.73	6.17	6.6	6.97
Vocational college	5.74	6.28	6.96	7.49
High school	9.73	9.76	10.02	10.35
Vocational high school	18.57	19.3	19.26	19.6
Primary	9.39	10.29	10.53	10.52
Unskilled workers	33.9	31.24	29.61	28
Total	100	100	100	100

Source: Nghệ An Labor, War Invalids and Social Affairs Office- 2009

c. The need for workers by industry:

There has been a structural movement in the need for workers in many industries in Nghệ An province in the way that workers in agriculture, forestry, and fishery have been reduced and so have workers in industry and construction. This shows that in the coming years, trading and service enterprises would attract many more workers. In 2009, the need for workers in enterprises in agriculture, forestry, and fishery as well as in manufacturing and construction would account for 8.8% and 59.9% respectively of the total workers.

However, it is estimated that in 2012, the need for workers in agriculture, forestry, fishery, and in manufacturing - construction would fall to 8.1% and 57.0% respectively. The need for workers in trading and service would account for 31.2% in 2009 and 35.0% in 2012.

3. Situation of training facilities in Nghệ An

- Training scale: Almost training facilities are multi-training ones engaging in training in professional career and vocational career. The classification of technical high schools and colleges as facilities for professional and vocational training is only relative.

- Career training: Primary and vocational training centers have a widest range of training subjects (128) and while technical high schools can train in 71 subjects. In higher training level, the number of subjects decreases: advanced professional high schools offer courses in 28 subjects, vocational colleges: 10 subjects, and professional colleges: nine subjects.

- Structure of trainees: Training facilities mainly train secondary and primary levels (primary training and short-term training courses are major forms and account for 60% of the trainees in these facilities) (Table 4). University level is mainly under the form of associating with universities. This form of training consists of on-the-job training and joint training.

Table 4: Structure of trainees in terms of professional level (%)

Training level	2006	2007	2008
University	0.6	0.5	0.5
College	1.1	1.2	1.3
Vocational college	0	1	1.9
Professional high school	11.6	11.8	11
Vocational high school	11.8	11.9	14.7
Primary	44.2	43.7	42.9
Others	22.7	23.5	22.2

Source: Survey of training facilities in Nghệ An - 2009

- Recruitment: Training facilities often organize their own entrance examinations (via advertisement at training facilities and on the media...) in order to attract learners. Offering training courses on order placed by enterprises or job pro-

motion centers and other forms of recruitment is still scarce.

- Teaching staff: The teaching staffs of training facilities have increased very rapidly in recent years (30% in the period 2006-2008 for example). Most teachers have college level while teachers with university level (three years) are very few (0.9%) (2008).

- Development of training programs: Almost of training facilities say that the building up of training programs is based on the requirements of enterprises (84% of the total training facilities). However, these training requirements have not yet been estimated exactly and they are even based on unreliable statistical figures. Moreover, the forecast of requirements is mostly about the number of learners. For that reason, trained workers could not meet the requirements of enterprises. There is no agency to gather information about training capacity and the need for workers.

- Material facilities: The existing material facilities of training centers are still in shortage compared with the number of learners. Statistics show that from 80 to 90 learners on average share the same practice room. From 100 to 120 learners share a classroom for learning theory (during the period 2006-2008). Other learning facilities such as multi-functional rooms, seminar rooms or libraries are still limited in number. Only a few training facilities in Vinh city have material facilities temporarily appropriate in scale and quality to requirements of training professional workers. Others are facing with lots of difficulties in training the learners.

Table 5: Material facilities of training facilities

Year	Practice room	Theory room	Multi-functional room	Seminar room	Library
2006	81	100	537	887	1,364
2007	89	107	533	1,042	1,528
2008	91	117	580	1,118	1,437

(learner per room)

Source: Author's calculations

4. Evaluation of labor training for enterprises in Nghệ An

Most training facilities in the province offer courses in various subjects including both profes-

sional training and vocational training. There is no clear distinction between training facilities according to their specialization. Most training facilities train learners at secondary level and below. Learners with primary and vocational training level are of the greatest density. Local universities and a few training facilities engage in training college and university levels. The training facilities recruit learners by themselves and only a few ones recruit learners in association with enterprises. This shows that the co-operation between training facilities and enterprises is not close enough.

Training facilities have not yet been able to insure the standard ratio of teachers to learners and the professional level of the training staff of these facilities is still low. Most of this staff has college level and below and nearly 10% of this staff only have primary level. Training facilities are very concerned with the task of developing training programs but these programs are still not based on the requirement of enterprises. The reason is that the building up of programs is also dictated by subjective estimates. Training facilities have not yet ensured proper conditions for training. The survey shows that, in reality, no training facility has adequate material facilities for high-quality training. Training facilities, so far, have only met the very least requirement.

5. Solutions

a. Labor market:

- It is necessary to set up an agency responsible for information about labor market to limit the asymmetrical information about demand and supply of labor. Sufficient and timely information on the job market would help workers choose the right vocational direction suitable to their capacity. As for enterprises, adequate and precise information would help them direct their investment, choose and recruit workers effectively. For training facilities, good market information would be the important basis for determining the requirement of training and developing training activities in order to meet the requirement of the market. Experience from other countries shows that in order to set up good systems of information, governmental agencies should play the role of the builder of these systems via policies and action plans such as:

(1) Setting up a system of observation “stations” to observe the labor market in both demand and supply to collect information regularly and precisely.

(2) Setting up an information system to share and provide information about the market to all involved parties effectively and in the most transparent and favorable way (websites, transaction floors, and fairs).

(3) Adopting a mechanism for demanding, encouraging, and forcing enterprises to provide recruitment information, and to register information about workers.

(4) Building up an information processing system to provide enterprises with information on the market.

- Investigations on the job market aimed at setting up policies and disseminating these policies to enterprises should be carried out regularly. Information on wages is important information that would help workers apply for jobs as well as help enterprises make the right decision on recruitment. Information about employment, unemployment, and developments of various industries is very necessary for enterprises, workers, and training facilities. That information must be updated regularly and reliable.

b. Training facilities:

In reality, direct financial supports usually do not produce expected effects but lead to the ask-and-give mechanism. These supports could not help employ the labor source reasonably but could cause inequality among those that enjoy the support. Therefore, in the near future, the central government and Nghệ An province should carry out development-encouraging policies to:

(1) Promote investment in training the workforce by offering tax incentives, preferential land lease, and financial support for imports of training equipment, etc.

(2) Give financial support in forms of low-interest loans, public investments or soft loan with long grace periods, etc.

(3) Choose able facilities for intensive investment to train high-quality workers in specialized fields with competitive advantages of the province.

(4) Encourage training facilities by placing orders for training, promoting industrial extension

programs or subsidizing training courses for workers.

(5) Change the activities of the public training centers gradually and transform them into self-supporting agencies operating with governmental contribution.

(6) Invest in vocational centers: This investment of the province should be based on the fact whether the invested facilities have trained workforce or not, whether they are far from populated areas or not, and whether they have particular careers or not. Training facilities near the provincial center where there are already various sources of worker should not be favorably invested and should be left to the market mechanism to regulate■

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