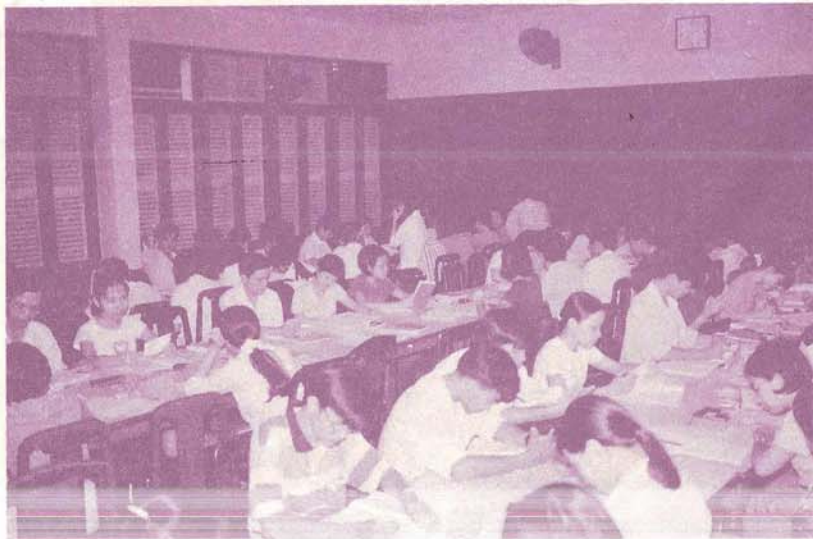


# QUALITY OF HUMAN RESOURCE IN VIETNAM AND FINANCIAL SOLUTIONS

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**E**xperience from foreign countries, especially from NICs, shows that the human resource plays an important role in the economic development. This resource, however, could only produce good effects when it is developed well enough to absorb new technologies and apply them into domestic production. The Vietnamese labor force, however, has many weaknesses, and many efforts should be made to improve its quality in preparation for the integration into the world knowledge-based economy in the twenty-first century.

## 1. Human resource in Vietnam

According to the census conducted in April 1999, the Vietnamese population is 78 million, ranking the second in Southeast Asia (after Indonesia with a population of 204 million), and the 13<sup>th</sup> among some 200 countries in the world. The Vietnamese working population is also the second biggest in the region (after Indonesia with a working population of 93 million). Every year, from 1.5 to 1.7 million citizens enter the working age, and up to July 2000, the working population amounted to 46.2 million, representing 59% of the population). It is predicted that in the first two decades of the twenty-first century the Vietnamese population will stay the same while its working population increase and reach a 70% mark by 2009. This is a great potential for the economic development and also a great challenge to the education system that is responsible for producing an army of skilled laborers for the industrialization and modernization program.

In Vietnam today, there are many problems with the employment of human resource.

Firstly, the quality of human resource is too poor to meet the market demand in spite of many efforts have been made in recent years in this field: the number of skilled workers



is small, investment in education isn't big enough, structure of graduates isn't reasonable, and a strategy for the education system is still lacking.

Although Vietnam is a big exporter of rice, some 30% of the under-fives are undernourished. This percentage is even higher in mountainous and remote areas. Average height and weight of 15-year-old children are 147 cm and 34.3 kg as compared with 149 cm and 40.5 kg of their counterparts in Thailand; 155 cm and 49.0 kg in India; and 164 cm and 53.0 kg in Japan. The average height of the Vietnamese youth increased slowly (from 160 cm in the 1930s to 162 cm in the 1980s) as compared with the average increase of 1 cm and 1 kg every 10 years in developed countries.

Vietnam has prospects of better human resource. According to an UNDP survey in 1999, the literacy rate among adults in Vietnam was 91.9% as compared with 94.7% in Thailand and 82.9% in China. The structure of trained labor force in recent years, however, is worrying: the number of university graduates increased faster than that of graduates from technical schools and vocational training centers. In 1979 the labor force included 2.2 graduates from technical schools and 7.1 technical workers besides 1.0 university graduate. However, this structure was 1.5: 1.7: 1.0 in 1997 and 1.16: 0.95: 1.0 in 1999 (in certain provinces, the ratio of university graduates to well-trained workers was 4:1). Generally, Vietnam has more officials than workers. The ratio of officials to workers is 1:10 as compared with the ratio of 1:0.95 in Vietnam.

Distribution of the small number of trained workers among zones and sectors is also uneven. Most technical workers concentrated in big cities while there were more manual laborers than technical workers in rural and mountainous areas. The main reason was unreasonable salary scales (according to 1998 statistics, the basic salary rate was VND455,300 for the education service, VND438,700 for agriculture and forestry sector, and VND488,400 for health care service and social work) that equaled only 30% - 40% of rates offered by the private and foreign sectors. This is also the reason for brain drain from the public sector. The absence of development strategies for the future labor force and key industries leads to imbalance between sectors and a great waste of time and money.

Many laborers, after graduating

from their training colleges, couldn't find suitable jobs and had to take any others and spend more time and money on necessary refresher courses.

An increasing number of laborers have worked in foreign countries as guest workers. They were accepted by employers as hard working and studious laborers (they are working in over 40 countries now), but they usually lack expertise, knowledge of foreign languages and team spirit. Regrettably, the vocational training system in Vietnam has no long-term plan to train laborers to help them meet the demand by employers in regional countries.

At present, some 27 million laborers, representing 73% of the working population are living in rural areas, and from 94% to 95% of them are untrained. The unemployment rate in rural areas increased from 3.28% in 1989 to 3.9% in 1998. In 1997, 25.47% of the working population in rural areas fell into hidden unemployment and this percentage rose to 28.19% in 1998. These areas suffer great shortage of trained laborers. The ratio of laborers with university degrees to the working population is very small: laborers with postgraduate degrees represent only 1.25%, those with university degrees 3.26% while the technical laborers account for only 8% of the working population in rural areas.

Although thousands of laborers have taken training courses in agriculture, forestry and fishing businesses, their knowledge isn't good enough to make any difference to the agricultural production and changes in the structure of industry. The gap between knowledge from training courses and ability to apply it, especially new technical advances, to reality is still wide.

## 2. Financial solutions

We are in the transition to the knowledge-based economy where some 70% of the GDP will be determined by activity of laborers with professional expertise. That is why the task of preparing a high-quality labor force and distributing it reasonably among industries is very important to the process of integrating into the world knowledge-based economy.

To make long-term preparation for a better labor force, the Government had better spend more money on goods and services needed for the good of the community, such as building of schools and hospital, health care for mother and children, programs to reduce undernourishment rate, sports for students and workers,

etc.

Predictions of future demand for labor and master plans to meet the demand are also much needed. Vocational training and guidance should be diversified and enhanced. Priority should be given to development of training centers in rural areas with a view to changing the structure of labor force.

Salary is the most important factor in employing effectively and improving quality of the labor force. Ensuring an acceptable living standard for laborers is the wisest investment. Experience from foreign countries shows that this is the best measure to prevent corruption, embezzlement and brain drain. In this recession period when the Government is trying to stimulate the market demand by increasing public investment and expenditure, reforming the salary scale is one of the strongest measures to achieve this aim. The Government can allow local governments more autonomy in attracting graduates and well-trained workers from big cities by ensuring them high salaries and other benefits and giving them jobs appropriate to their professional expertise. This attitude can save a lot of time and money for the society.

The Government had better increase its investment in the agriculture sector where employs 70% of the working population and accounts for 40% of the GDP, especially in rural infrastructure and vocational training centers. The banking system should reform its lending procedures to make credits available for peasants in remote and depressed areas. New policies to encourage investment in rural areas by all sectors, especially the foreign one, and accumulation of capital and land are also needed. Tax incentives could be given companies, research and training centers engaging in the development of rural areas and agricultural production.

The public investment in vocational and technical schools should be increased with a view to enhancing the quality of education service, especially in training laborers for hi-tech industries. The Government could concentrate on different programs in turn: training laborers for key industries, giving courses in foreign languages to laborers that are to work as guest workers in foreign countries, expanding the system of technical and training colleges, supplying information and facilities to vocational centers with a view to orienting them towards national programs, etc ■