Interactions Between Education, Employers and Public Employment Services as a Key Factor for an Efficient LMI Process

THE VIETNAM’S CASE

Ngo Xuan Lieu
Director of National Center for Employment Services
Department of Employment – MOLISA
OUTLINE

1. SKILLS DEVELOPMENT IN VIETNAM

2. HOW VIETNAM’S PES REACT?

3. WHAT NEEDS TO BE DONE?

4. Q & A
SKILLS DEVELOPMENT IN VIETNAM
## MAIN LABOUR MARKET INDICATORS

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>1. GDP growth grate (%)</td>
<td>6.6</td>
<td>6.7</td>
</tr>
<tr>
<td>2. Export turnover growth (% compared to the same period last year)</td>
<td>6.7</td>
<td>8.6</td>
</tr>
<tr>
<td>3. Total capital investment per GDP (%)</td>
<td>33.10</td>
<td>33.0</td>
</tr>
<tr>
<td>4. Consumer Price index (% compared to the same period last year)</td>
<td>2.07</td>
<td>2.66</td>
</tr>
<tr>
<td>5. Labor force (million people)</td>
<td>54.44</td>
<td>54.56</td>
</tr>
<tr>
<td>6. Labor force participant rate (%)</td>
<td>76.65</td>
<td>76.82</td>
</tr>
<tr>
<td>8. Employment (million people )</td>
<td>53.27</td>
<td>53.41</td>
</tr>
<tr>
<td>9. Rate of salaried workers in total employment (%)</td>
<td>41.03</td>
<td>41.62</td>
</tr>
<tr>
<td>10. Rate of jobs in agriculture, forestry and fisheries industry in total employment (%)</td>
<td>41.61</td>
<td>41.54</td>
</tr>
<tr>
<td>11. Average income of salaried workers (million dongs)</td>
<td>4.93</td>
<td>5.08</td>
</tr>
<tr>
<td>12. Number of unemployed people at working age (thousand people)</td>
<td>1.117,7</td>
<td>1.110,0</td>
</tr>
<tr>
<td>13. Unemployment rate at working age (%)</td>
<td>2.34</td>
<td>2.31</td>
</tr>
<tr>
<td>13.2. Youth unemployment rate (aged- 24) (%)</td>
<td>7.86</td>
<td>7.28</td>
</tr>
</tbody>
</table>

Source: Labour Market Update, 3rd quarter 2017_MOLISA & GSO
The three dimensions of skills measured in the Skills Toward Employment and Productivity (STEP) survey

- A worker’s skill set comprises different domains of skills: cognitive skills, social and behavioral skills, and technical skills.

- These domains cover job-specific skills that are relevant to specific occupations as well as cognitive abilities and the various personality traits that are crucial for success in the labor market.

Job-related skills are viewed as the most important among blue- and white-collar workers

- Vietnamese employers are looking for a mix of high quality cognitive, behavioral and technical skills. Employers in greater Hanoi and Ho Chi Minh City surveyed for this report identified job-specific technical skills as the most important skill they are looking for when hiring both white and blue collar workers.

- Such technical skills include, for example, the practical ability of an electrician to do his or her job.

Source: Vietnam Development Report, WB
Labor market-related issues are less of a concern to employers than worker skills and experience

- This report argues that skills gaps, skills shortages and information barriers represent the main barriers to labor mobility in Vietnam today, and that labor market regulations play a subsidiary role compared with these other issues.

- Employers surveyed for the purposes of this report stated that they consider workforce skills and experience bigger obstacles to their business operation and growth than employment protection legislation, (minimum) wage levels or payroll taxes.

Source: Vietnam Development Report, WB
A shortage of workers with adequate skills is a key obstacle to firm activity

- A majority of employers surveyed report that hiring new workers is difficult either because of inadequate skills of job applicants (a “skills gap”), or because of a scarcity of workers in some occupations (“skills shortage”).

- Over 60 percent of international firms view the availability of labor with the right skills as an obstacle to their activity, and nearly half of these firms view it as a major obstacle.

Source: Vietnam Development Report, WB
Skills gap vs. occupational shortage: a tale of two occupations

- Many employers found it hard to hire craftsmen because there were no or few applicants. This means that the supply of craftsmen falls short of the demand, which may point to an underdeveloped vocational education and training system.

- This is a clear case of a skills gap. Workers have the diplomas (formal qualifications) required for the jobs that they apply, but they lack the actual skills they need to do their jobs. This may indicate that the quality of tertiary education does not keep up with employers’ expectations.

Source: Vietnam Development Report, WB
Many job applicants lack the required skills, particularly those applying for white-collar occupations

- Concern about missing skills is particularly pronounced among white-collar workers, such as professionals and technicians.

- A lack of required skills among job applicants is cited by approximately 80 percent of employers who were trying to hire professionals and technicians. By comparison, a lack of required skills is cited by only 40 percent of employers who were hiring craftsmen.

- However, the severity of the skills gap among blue-collar workers should not be underestimated. The percentage of employers who complain that blue-collar workers lack required skills is substantial: 25 percent of firms claim that workers applying for a position of machine operator lack the required skills.
Potential skills gap in science and technology

Share of students in tertiary education enrolled in STEM, 2015 or most recent year (%)

Source: UNESCO Institute for Statistics.
Young people’s of interest in Vietnam

Of the 462 students in Viet Nam, the top choice of study was business, commerce and finance (51%), significantly higher than the ASEAN average (29%).

STEM uptake in Viet Nam

<table>
<thead>
<tr>
<th>Male student</th>
<th>Female student</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Top career choice – Male
Business, commerce and finance (41%)
Engineering and architecture (21%)
ICT (19%)

Top career choice – Female
Business, commerce and finance (61%)
Humanities and education (8%)
Engineering and architecture (4%)

Source: ASEAN in transformation: Perspectives of enterprises and students (ILO, 2016)
Employer – education provider linkages are mostly focused on recruitment, and less on curriculum development

<table>
<thead>
<tr>
<th>Purposes of employers’ contact with education and training institutions</th>
<th>Percent of firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment</td>
<td>83</td>
</tr>
<tr>
<td>Participation in testing of students</td>
<td>3</td>
</tr>
<tr>
<td>Curriculum development</td>
<td>9</td>
</tr>
<tr>
<td>Further training of firm’s employees</td>
<td>38</td>
</tr>
<tr>
<td>Work experience for students (internships and apprenticeships)</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Vietnam Development Report, WB
Skills development system is not working as a system of connected actors

- Vietnam’s skill development system is not as responsive as it needs to be and is suffering from “disconnects” between actors. These disconnections are driven by: i) gaps in information; ii) poor incentives; and iii) weak capacity.

- An unresponsive, under-performing skills development system is a disconnected system in which actors make choices and act in isolation, and do not sufficiently interact with each other.

- Training actors may offer programs and produce graduates with skills that do not fully reflect the needs of the labor market.
HOW VIETNAM’S PES RESPONSE TO THESE GAPS?
PES FUNCTIONS

- Provide free-of-charge career guidance, job placement for workers and provide free-of-charge labour market information;

- Supply and recruitment of workers at the request of employers;

- Collect the labour market information;

- Analyze and forecasting the labour market;

- Implementing projects and employment programs;

- Providing the vocational training, skills development as stipulated by law.
LMI PROCESSED BY PES

VIET NAM LABOUR MARKET INFORMATION SYSTEM

Data Producers
- GSO
- MOLISA
- MOET
- DOLISA
- ESC
- Training Centers
- Viet Nam Federation of Trade Unions
- VCCI
- Mechanism and policy, LMIS operators

Inputs
- Population Census
- LFS
- Business Establishment Survey
- Business Establishment Survey
- Record, update households’ information (Labour supply)
- Record, update enterprises’ information (Labour demand)

Outputs
- LM indicators at the national/provincial level
- Implementation of labour – employment policies
- Forecast of LM indicators
- Inputs for socio-economic development plans
- National management report at the national/local level
- Website for LM data
- Inputs for making policies at the central and local level.
- LM Profile at all levels (Job seekers – Job vacancies)
- Labour supply database
- Labour demand database
- Database of training centers
- Services for workers
- Services for employers
- Services for training centers
- Finding and research reports
- Management of ESC system
- Training for ESC staff

Data Users
- MOLISA
- Policy – making units - DOLISA
- ESC
- DOLISA
**PES NETWORK**

**BASIC SERVICES**
- Free registration
- Run job matching process
- View list of job vacancies and applicants

**New features:**
- Apply online to matched company
- Facility for the PES to refer job applicant online
- Invite job applicants for a job interview
- Job Fair/Bazaar facility (posting, pre-registration, signup)
- View statistical data

---

**Job Search (63 ESC Websites)**

- Utilizing the open search facility
- Browse job vacancies

---

**Web Application**

**Vieclamvietnam.gov.vn**

**Database**

- Data repository and reporting tool

---

**Applicants**

**Job vacancies**

---

3/6/2018
Real time analysis: General statistical data on labor demand and number of applicants

<table>
<thead>
<tr>
<th>STT</th>
<th>Province</th>
<th>Total Applicants</th>
<th>Total Resumes</th>
<th>Total Positions</th>
<th>Total Resume Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hanoi</td>
<td>280035</td>
<td>38100</td>
<td>27</td>
<td>2960</td>
</tr>
<tr>
<td>2</td>
<td>Binh Duong</td>
<td>203050</td>
<td>55654</td>
<td>25</td>
<td>1138</td>
</tr>
<tr>
<td>3</td>
<td>Long An</td>
<td>157784</td>
<td>10415</td>
<td>47</td>
<td>582</td>
</tr>
<tr>
<td>4</td>
<td>Hung Yen</td>
<td>149730</td>
<td>3893</td>
<td>78</td>
<td>668</td>
</tr>
<tr>
<td>5</td>
<td>Hai Duong</td>
<td>136019</td>
<td>5818</td>
<td>154</td>
<td>1610</td>
</tr>
<tr>
<td>6</td>
<td>Thanh Hoa</td>
<td>135646</td>
<td>4565</td>
<td>88</td>
<td>763</td>
</tr>
</tbody>
</table>
Real time analysis: Labour demands by enterprises’ types
Real time analysis: Top provinces/cities that have highest demand of labor

- Hà Nội
- Long An
- Hưng Yên
- Vĩnh Phúc
- Bà Rịa - Vũng Tàu
### SECTION 1. SOME INDICATORS OF THE LABOR MARKET

#### 1. Some main indicators

Table 1. Some main indicators of the economy and labor market

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>1. GDP growth rate (%)</td>
<td>5.8</td>
<td>6.6</td>
</tr>
<tr>
<td>2. Export turnover growth (% compared to the same period last year)</td>
<td>5.9</td>
<td>6.7</td>
</tr>
<tr>
<td>3. Total capital investment per GDP (%)</td>
<td>32.9</td>
<td>33.10</td>
</tr>
<tr>
<td>4. Consumer Price index (% compared to the same period last year)</td>
<td>1.72</td>
<td>2.07</td>
</tr>
<tr>
<td>5. Labor force (million people)</td>
<td>54.36</td>
<td>54.44</td>
</tr>
<tr>
<td>6. Labor force participant rate (%)</td>
<td>76.62</td>
<td>76.65</td>
</tr>
<tr>
<td>8. Employment (million people)</td>
<td>53.24</td>
<td>53.27</td>
</tr>
<tr>
<td>9. Rate of salaried workers in total employment (%)</td>
<td>41.26</td>
<td>41.03</td>
</tr>
<tr>
<td>10. Rate of jobs in agriculture, forestry and fisheries industry in total employment (%)</td>
<td>42.02</td>
<td>41.61</td>
</tr>
<tr>
<td>11. Average income of salaried workers (million dong)</td>
<td>4.85</td>
<td>4.93</td>
</tr>
<tr>
<td>12. Number of unemployed people at working age (thousand people)</td>
<td>1088.7</td>
<td>1117.7</td>
</tr>
<tr>
<td>13. Unemployment rate at working age (%)</td>
<td>2.29</td>
<td>2.34</td>
</tr>
<tr>
<td>13.2. Youth unemployment rate (aged-24) (%)</td>
<td>7.10</td>
<td>7.86</td>
</tr>
</tbody>
</table>
WHAT NEEDS TO BE DONE FOR BETTER INTERACTIONS BETWEEN ACTORS?
Diversified Need – Based Employment Services

- New graduate
  - Market demand forecast
  - Career guidance
  - Market readiness
- Experience (non-manager)
  - Career counseling
  - Active job introduction
  - Diversified information channels
  - Skill learning opportunities
- Manager
  - Career transition counseling
  - Advanced learning opportunities
  - On-demand professional assistance
- Director
  - Life options counseling
  - Expertise sharing platform
The role of PES in labour development
Capacity building for PES
Market readiness for people

- Shift from qualification-based to value-based
- Dare to change to expand personal limits
- Improve language skill, creative thinking and critical thinking
- Think like an employer
Better connections <=> Better information

**GOVERNMENT**
- Policies to support employers/PES with training strategies
- Policies to enhance education
- Policies to connect PES and private employment service

**EDUCATION BODIES**
- Keep curriculum updated and practical
- Collaboration with employers/PES for job preparation
- More efforts on soft skills and mindset improvement

**EMPLOYER**
- Employer branding
- Provide L&D plan in line with career roadmap
- Working environment and C&B system to engage and retain talents
- Build up talent pipelines

**RECRUITMENT AGENCIES, MEDIA**
- Influence job seekers on career development choices
- Educate job seekers to enhance quality
THANK YOU FOR YOUR ATTENTION!