Trained Labor in Vietnam: Current Situation and Solutions

Ha Thi Bac | Le Van Hung

[1]University of Social Sciences and Humanities, Vietnam National University, Hanoi, Vietnam
[2]Vietnam National University of Agriculture, Vietnam

Abstract:

At present, the Fourth Industrial Revolution is developing rapidly, and the knowledge-based economy is taking shape and affecting all countries. One of the key solutions implemented by countries around the world to meet the demands of the 4.0 revolution is investing in education and training, promoting the development of science and technology, thereby enabling the economy to grow in depth. However, in reality, the number of trained workers in Vietnam remains very low. This is one of the major barriers limiting foreign investment and hindering the process of industrialization and modernization in Vietnam.

Keywords: Labor, trained labor, Vietnamese labor, human resource development solutions

1. Introduction:

At present, human resources are regarded as one of the most critical factors driving a nation's development. In the context of international integration, in order to enhance labor productivity and improve the competitiveness of the economy, every country must focus on developing its human resources, particularly by increasing both the quantity and quality of trained labor, to proactively meet the demands of the digital era. One of the key solutions adopted by countries is to reform and enhance the quality of education and training, while promoting the development of science and technology to foster in-depth economic growth and meet the demands of a knowledge-based economy. However, in reality, the number of trained workers in Vietnam remains very low. This is one of the major barriers limiting foreign investment and hindering the process of industrialization and modernization in Vietnam.

2. Content:

2.1. The Communist Party of Vietnam's Perspective on Human Resource Development:

Inheriting the spirit of previous congresses, the 13th National Congress of the Communist Party of Vietnam (2021) continued to affirm that: "Developing human resources, especially high-quality human resources; giving priority to the development of human resources for leadership, management, and key sectors based on enhancing and creating a strong, comprehensive, and fundamental transformation

in the quality of education and training, in connection with mechanisms for recruitment, utilization, and incentives for talents; promoting research, technology transfer, application, and the robust development of science, technology, and innovation" [1, pp. 203–204], is one of the three strategic breakthroughs. The Communist Party of Vietnam also emphasizes the need to "Educate and train individuals to possess ethics, discipline, a sense of civic and social responsibility; life skills, work skills, foreign languages, information technology, digital technology, creative thinking, and global integration (global citizens)" [1, pp. 232–233]. This is a sound and strategic policy, reflecting the Party's renewed thinking and vision on human resource development, particularly the development of high-quality human resources, to meet the demands of rapid and sustainable national development in the new era.

With its policies and orientations on human resource development, Vietnam aims to meet the demands of the Fourth Industrial Revolution, the digital economy, global competition, and international integration - prioritizing rapid and sustainable development. This represents a strategic breakthrough in the context of the country's relatively low level of socio-economic development as it enters the knowledge-based economy and the Fourth Industrial Revolution. Therefore, the requirement to improve the quality of human resources and increase the proportion of trained labor is of decisive significance in realizing the goal that by 2045, Vietnam will become a developed country with high income under the socialist orientation. However, in order to enhance both the quantity and quality of trained labor, it is essential to formulate long-term strategies and solutions, particularly breakthroughs in the quality of education and training, science, and technology. Without such breakthroughs, the goal of becoming

a developed country by 2045 will be difficult to achieve.

According to statistics from FAMIL (Center for Forecasting Manpower Needs and Labor Market Information of Ho Chi Minh City), in 2020, the labor force in Vietnam continued to grow, with a shift from the use of low-skilled workers to those with higher qualifications. Among 110,172 job seekers in 2020, as much as 94.78% were trained workers, of which 66.57% held a university degree or higher, 15.82% held a college degree, and only 6.72% held an intermediate vocational qualification. These proportions are primarily concentrated in the following sectors: finance–banking, accounting, auditing, information technology, business administration, executive management, and marketing – public relations. The demand for employment among untrained workers remains very modest: 5.22% held elementary vocational qualifications, and 5.67% were skilled workers [3]. Despite rapid growth, the quality of Vietnam's human resources still faces many limitations. Highly skilled workers have yet to meet the demands of the labor market. In companies and mechanical manufacturing plants, positions requiring high technical skills are often filled by foreign workers. Moreover, there remains a significant gap between vocational education and labor market demands. Every year, thousands of students graduate, yet businesses continue to face shortages of labor across many positions. In addition, the foreign language proficiency of Vietnam's workforce remains low, posing considerable challenges to the country's integration process [2].

2.2. Current Situation of Trained Labor in Vietnam:

After nearly 40 years of renovation, Vietnam has moved beyond the status of an underdeveloped country and become a lower-

middle-income nation, actively accelerating the process of industrialization and modernization. The scale and potential of the Vietnamese economy have been significantly enhanced. International integration has deepened, and the income and living standards of the population have steadily improved, contributing to a stable and progressively advancing society. However, Vietnam's economy is currently facing numerous difficulties and challenges. The economic structure has been slow to transform, and the efficiency and competitiveness of the economy remain low. The proportion of trained labor is still very limited, posing challenges to the transition toward a modern economy. Vietnam's economy still lags significantly behind other countries in the region. Economic growth continues to rely heavily on the expansion of capital and labor scale, while the contribution of factors directly linked to quality improvement, labor productivity enhancement, and competitiveness remains inadequate and, in particular, fails to meet the demands of the Fourth Industrial Revolution.

Currently, due to the rapid development of the Fourth Industrial Revolution, the demand for human resources has undergone a fundamental shift compared to the past. Most enterprises and organizations now seek workers with expertise, qualifications, and vocational skills - in other words, trained labor. However, the proportion of trained labor in Vietnam remains very low. In Vietnam, "Trained labor with degrees or certificates includes individuals who meet both of the following conditions: (1) They are either employed in the economy or unemployed; and (2) They have completed training at a school or institution specializing in professional, technical, or vocational education within the national education system for a duration of at least three months, and have graduated with a degree or certificate attesting to a certain level of professional, technical, or vocational qualification" [5, p. 181].

The current landscape of trained labor in Vietnam can be outlined through several key aspects:

In terms of quantity: According to statistical data, by 2023, the proportion of the labor force aged 15 and over who had received training in Vietnam accounted for only 27.2% of the total workforce. Over nearly a decade, although this rate has increased, the growth has been very slow and has not met the demands of socio-economic development or the requirements of a knowledge-based economy. In 2015, the rate of trained labor in Vietnam was 20.4% of the total labor force; by 2023, it had only risen to 27.2%. This means that as of now, 72.8% of the labor force aged 15 and over in Vietnam remains untrained. In terms of gender characteristics of trained labor, there remains a significant gap between females and males. Specifically, in 2015, the proportion of trained female workers was 17.9%, compared to 22.8% among males. By 2023, the respective figures had increased to 23.8% for females and 30.1% for males. In terms of regional characteristics, the proportion of trained labor in urban areas is nearly 2.5 times higher than in rural areas. As of 2023, only 18.4% of the rural labor force had received training, whereas the corresponding rate in urban areas was 42.0% [5, p. 181]. This indicates a significant gap between rural and urban areas in terms of trained labor. To achieve equity and equality in the development process, the Communist Party and the State of Vietnam still have much to address, particularly by prioritizing policies and attention toward human resource training in rural areas, especially in the agricultural sector. This is because the quality of labor in agriculture, forestry, and fisheries remains generally low. The proportion of workers with technical and

vocational qualifications at the elementary level or higher in agricultural, forestry, and fishery sectors is still limited, only 7.4% in the Southeast region and 2.21% in the Mekong River Delta. Most agricultural, forestry, and fishery workers in these regions are still unskilled or low-skilled, working based on experience or on a seasonal basis, and there is a serious shortage of highly trained labor [4].

Table 1: Proportion of Trained Labor by Gender and by Urban–Rural Areas

Year	Overall (%)	Male (%)	Female (%)	Urban (%)	Rural (%)
2015	20.4	22.8	17.9	36.9	13.0
2020	24.1	26.9	20.9	39.7	16.3
2023	27.2	30.1	23.8	42.0	18.4

Source: General Statistics Office, 2023, p. 181.

In terms of professional and technical qualifications: The proportion of trained workers aged 15 and over in Vietnam by level of technical and professional training during the 2019 – 2023 period has shown some changes. While the share of trained labor at most levels has increased, the proportion of workers with intermediate-level qualifications has declined. Specifically, the share of workers with elementary-level training saw the highest increase, rising from 3.7% in 2019 to 6.2% in 2023. The share of workers with intermediate-level qualifications decreased from 4.7% in 2019 to 4.2% in 2023. The proportion of workers with college-level qualifications increased slightly from 3.8% to 4.0% over the same period, while those with university-level qualifications or higher rose from 10.6% in 2019 to 12.7% in 2023 [5, p. 181]. Based on the qualification structure of Vietnam's labor force, certain imbalances remain evident. Workers with university-level qualifications or higher still account for the largest share and continue to increase, while the economy is facing a severe shortage of technically trained labor at the college and intermediate levels. The growth in the proportion of trained labor is inevitable in the context of the rapid advancement of the Fourth Industrial Revolution. To anticipate future developments, the Prime Minister signed Decision No. 176/2021/QD-TTg dated February 5, 2021, promulgating the Program to Support the Development of the Labor Market to 2030. The program sets the following targets: the proportion of trained workers with degrees or certificates is to reach 30% by 2025 and 35 – 40% by 2030; the indicator of labor with professional knowledge in the Global Innovation Index (GII) is to place Vietnam among the top 60 countries by 2025 and among the top 55 by 2030; and the proportion of workers with information technology skills is to reach 80% by 2025 and 90% by 2030 [7]. The structure of Vietnam's trained labor force with formal qualifications has been shifting in an increasingly imbalanced direction. According to international best practices, the proportion of workers with intermediate and elementary-level training should constitute the largest group. In

developed countries, the standard ratio is typically 1/4/10 or 1/4/20. However, Vietnam's model is completely reversed. In 2000, the ratio of workers with college and university degrees to those with intermediate vocational and elementary vocational training was 1/1.2/0.9. By 2018, the corresponding ratio had shifted to 1/0.3/0.4. The already low proportion of workers with intermediate and elementary vocational qualifications has continued to decline in recent years. Vietnam is currently facing a severe shortage of technically trained labor at the intermediate and elementary levels [2]

Table 2: Proportion of trained workers aged 15 and over by level of technical and professional qualification in Vietnam

Qualification Level	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)
Elementary	3.7	4.7	6.8	7.1	6.2
Intermediate	4.7	4.4	4.1	3.7	4.2
College	3.8	3.8	3.6	3.7	4.0
University and above	10.6	11.1	11.7	11.9	12.7

Source: General Statistics Office, 2023, p. 182.

In terms of the structure of trained labor by region and locality: Although the overall proportion of trained labor in Vietnam is low, another notable imbalance lies in the significant disparity between regions and localities. In Vietnam, the Red River Delta and the Southeast region are the two areas with the highest proportions of trained labor among the population aged 15 and over, at 37.8% and 29%, respectively. The Mekong River Delta has the lowest rate, with only 15.3% of its labor force trained. Among localities, Hanoi recorded the highest proportion of trained workers aged 15 and over in 2023, at 50.8%, followed by Da Nang at 49.7%, and Ho Chi Minh City at 36%. The localities with the lowest proportions of trained labor nationwide are concentrated in the Mekong River Delta region. Specifically, Soc Trang province recorded only 12.2% of its labor force as trained, while Ben Tre and Bac Lieu provinces reported corresponding rates of 12.7% and 13.1% [5, pp. 183–184]. In the context of increasingly advanced science and technology, workers with limited qualifications and skills, most of whom are untrained, will be heavily affected and face a higher risk of job loss. Vietnam's abundant and low-cost labor force will no longer serve as a competitive advantage or a key factor in attracting foreign investment. In fact, given the current trajectory of scientific and technological development, Vietnam may face increasing pressure to address employment challenges and could confront rising rates of

unemployment or underemployment due to its large population size but relatively low-quality

labor force.

Table 3: Proportion of trained workers aged 15 and over by region and locality

Region	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)
Red River Delta	32.4	32.6	37.0	37.1	37.8
Northern Midland and Mountainous Areas	18.2	20.5	25.9	26.4	26.8
North Central and Central Coast	21.5	22.7	25.8	26.7	27.6
Central Highlands	14.3	16.9	17.0	17.6	18.2
Southeast	28.1	29.5	28.3	28.2	29.0
Mekong River Delta	13.3	14.9	14.6	14.5	15.3

Source: General Statistics Office, 2023, pp. 183–184.

In reality, the low qualification level of Vietnam's workforce has led to labor productivity levels that are significantly lower than those of many countries in the region. According to the 2020 report by the Asian Productivity Organization (APO), Vietnam's labor productivity lags behind Japan by 60 years, Malaysia by 40 years, and Thailand by 10 years. In 2022, each Vietnamese worker generated an average of 188 million VND, equivalent to only 11.4% of Singapore's productivity level; 35.4% of Malaysia's; 64.8% of Thailand's; and 79% of Indonesia's. Compared to large economies such as the United States, South Korea, and China, Vietnam's labor productivity is just 15.4%, 24.7%, and 59% respectively [6]. There is a causal relationship between the low proportion of trained labor and low labor productivity. According to 2023 statistics in Vietnam, the Red River Delta and Southeast regions, where the proportion of trained workers is highest, also reported significantly higher labor productivity compared to other regions, with corresponding figures of 252.6 million VND/person/year and 302.2 million VND/person/year. The region with the lowest labor productivity nationwide was the Central Highlands, at only 103.6 million VND/person/year. The locality with the highest labor productivity in Vietnam was Ba Ria – Vung Tau province, at 675.5 million VND/worker/year, followed by Quảng Ninh province at 405.7 million VND/worker/year. The province with the lowest labor productivity in Vietnam is Dien Bien, with only 76.4 million VND/worker/year [5, pp. 189–190]. By economic sector, in agriculture, which employs over 40% of the national labor force, the proportion of workers with formal qualifications accounts for only 6% of the total

trained labor force nationwide, equivalent to approximately 4.2% of all workers in the agricultural sector. Qualified workers are most concentrated in the service sector (over 70%), while the service sector itself employs only about 34% of the total workforce. The proportion of workers with degrees or certificates in the industrial sector accounts for approximately 20% of the total qualified workforce in the economy. This reveals a significant imbalance in the distribution of trained labor across economic sectors. The extremely low proportion of technically skilled workers in the agricultural sector has posed, and continues to pose, a major challenge to improving labor productivity and enhancing the sector's competitiveness, especially in the context of the widespread advancement of the Fourth Industrial Revolution [2]

In summary, the proportion of trained labor in Vietnam remains low and does not meet the requirements of socio-economic development. There are still significant disparities in occupational training structures and in the distribution of trained labor across regions, localities, and sectors. These are major obstacles to Vietnam's process of industrialization and modernization in conjunction with the development of a knowledge-based economy. Given this reality, there is an objective need for the Communist Party and the State of Vietnam to adopt breakthrough policies to improve the quality of human resources, accelerate the reform of education and training, and promote the development of science and technology in response to the demands of the digital era.

2.3. Solutions to improve the quality and effectiveness of trained labor in Vietnam:

First, enhance the capacity for forecasting human resource demand across regions, localities, and sectors, while restructuring and reallocating human resources appropriately in each region and locality. Currently, Vietnam's human resources are facing both opportunities and challenges brought about by the Fourth Industrial Revolution. This requires the Communist Party and the State to formulate a scientific human resource development strategy, aimed at promoting both the quantity and quality of trained labor to meet the demands of national industrialization and modernization. Promote the economic restructuring process toward modernization, and effectively implement educational streaming and career orientation starting from lower secondary education. This will contribute to a positive shift in the labor structure, aligning with the demands of the national industrialization and modernization agenda.

Second, strengthen state management over education and training by supplementing and improving the system of legal documents and policy frameworks to create incentives for enhancing the quality of human resource training in Vietnam, with a greater emphasis on workers with high qualifications and skills. Accelerate the review, restructuring, and planning of the education and training institution network, particularly in vocational education. Education and training must be aligned with social demand to ensure a balance between training and labor market utilization, thereby avoiding waste for both the state and society. It is necessary to establish mechanisms that encourage enterprises to provide information on training and labor demand by industry and occupation, as well as feedback related to labor quality during the employment process. Currently, most universities and colleges in Vietnam have governing boards, and it is essential to promote the role of school administrators, lecturers, students, and especially business managers, employers, and alumni, v.v. in advising on curriculum development and reform,

thereby improving the quality of human resource training.

Third, under the impact of the Fourth Industrial Revolution, the education and training system must be structured and designed in an open and globally integrated manner, promoting lifelong learning and the development of a learning society. There must be a strong focus on developing and improving the quality of vocational schools and professional training institutions. It is essential to rationally plan the network of universities, colleges, and vocational schools nationwide; fundamentally reform the content, curricula, and textbooks at the general education level; revise higher education and vocational training frameworks; and innovate teaching and learning methods at all levels to foster creative thinking, self-study, and independent research capabilities. Emphasis should be placed on increasing practical training time and enhancing the overall quality of human resources in terms of ethics, intellect, physical fitness, and aesthetics. In the context of deepening international integration, in addition to improving knowledge and skills, special attention must also be given to enhancing foreign language proficiency and soft skills, v.v.

Fourth, strengthen coordination and collaboration with universities, research institutes, academies, and central-level training institutions, as well as with local educational establishments. Encourage local training institutions to cooperate with both domestic and international counterparts, promote stronger linkages between training providers and enterprises, expand demand-driven training models based on enterprise orders, and increase business participation in human resource development. Implement training based on the "three together" principle: joint enrollment – joint training – joint job placement after training between enterprises and training institutions.

Develop appropriate policies and training models tailored to each labor group, enterprise, region, and locality. Strengthen labor market information activities as well as career counseling and job placement services for workers. Introduce measures to effectively utilize and maximize the potential of trained labor. Pay close attention to continuous training and lifelong learning initiatives.

3. Conclusion:

The Communist Party and the State of Vietnam have consistently affirmed the view that human beings are at the center of development and of the nation-building and safeguarding process. Human resource development must be approached with a comprehensive and long-term strategic vision. At the same time, in each specific period, it is essential to formulate clear orientations, set appropriate goals, and propose development solutions that are aligned with both domestic and international socio-economic contexts. In the context of the rapid advancement of the Fourth Industrial Revolution, increasing both the quantity and quality of trained labor to develop human resources is considered one of the three strategic breakthroughs in Vietnam's economic–social development transformation strategy. One of the key solutions for enhancing the quantity and quality of trained labor is to improve the quality of education and training, which is a core task in realizing the goal of making Vietnam a developed nation by 2045.

References:

1. Communist Party of Vietnam (2021), Documents of the 13th National Congress of the Communist Party of Vietnam, Truth National Political Publishing House, Hanoi, 2021, Vol. I, pp. 203–204.
2. Hoang Thi Minh Ha - Dinh Thi Hao (2020), Labor Structure by Qualification to

Meet Economic Development Needs by 2025, Source: https://mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM176309.

3. Le Cam Ha (2021), Human Resource Development in the Spirit of the 13th National Congress of the Communist Party of Vietnam, State Management Review. Source: https://www.quanlynhanuoc.vn/2021/06/01/phat-trien-nguon-nhan-luc-theo-tinh-than-dai-hoi-xiii-cua-dang/.

4. Huy Lan (2023), "Agricultural Labor is Rapidly Declining", Source: https://nld.com.vn/giao-duc-khoa-hoc/lao-dong-nong-nghiep-co-xu-huong-giam-nhanh-20230804092718975.htm.

5. General Statistics Office (2023), Statistical Yearbook of Vietnam 2023, Statistical Publishing House.

6. Chung Thuy (2024), "What Are the Bottlenecks Behind Vietnam's Persistently Low Labor Productivity?", Voice of Vietnam Online Newspaper, Source: https://vov.vn/xa-hoi/diem-nghen-nao-khien-nang-suat-lao-dong-cua-viet-nam-van-thap-post1102781.vov.

7. Pham Thi Thuy (2023), Digital Human Resource Development in Vietnam's Digital Transformation Today, State Management Review. Source: https://www.quanlynhanuoc.vn/2023/08/04/phat-trien-nguon-nhan-luc-so-trong-chuyen-doi-so-o-viet-nam-hien-nay/.