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Labour market transitions of young women and men in Viet Nam

Nguyen Ngoc Anh, Nguyen Than Thuong, Nguyen The Ha, Trinh Thi Thu Nga and Nguyen Van Thuy

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Youth Employment Programme
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Preface

Youth is a crucial time of life when young people start realizing their aspirations, assuming their economic independence and finding their place in society. The global jobs crisis has exacerbated the vulnerability of young people in terms of: (a) higher unemployment, (b) lower quality jobs for those who find work, (c) greater labour market inequalities among different groups of young people, (d) longer and more insecure school-to-work transitions, and (e) increased detachment from the labour market.

In June 2012, the International Labour Conference of the ILO resolved to take urgent action to tackle the unprecedented youth employment crisis through a multi-pronged approach geared towards pro-employment growth and decent job creation. The resolution "The youth employment crisis: A call for action" contains a set of conclusions that constitute a blueprint for shaping national strategies for youth employment.[1] It calls for increased coherence of policies and action on youth employment across the multilateral system. In parallel, the UN Secretary-General highlighted youth as one of the five generational imperatives to be addressed through the mobilization of all the human, financial and political resources available to the United Nations (UN). As part of this agenda, the UN has developed a System-wide Action Plan on Youth, with youth employment as one of the main priorities, to strengthen youth programmes across the UN system.

The ILO supports governments and social partners in designing and implementing integrated employment policy responses. As part of this work, the ILO seeks to enhance the capacity of national and local level institutions to undertake evidence-based analysis that feeds social dialogue and the policy-making process. To assist member States in building a knowledge base on youth employment, the ILO has designed the "school-to-work transition survey" (SWTS) and the "labour demand enterprise survey" (LDES). The current report, which presents the results of the two surveys in Viet Nam, is a product of a partnership between the ILO and The MasterCard Foundation. The "Work4Youth" project entails collaboration with statistical partners and policy-makers of 28 low income and middle income countries to undertake the SWTS and assist governments and the social partners in the use of the data for effective policy design and implementation.

It is not an easy time to be a young person in the labour market today. The hope is that, with leadership from the UN system, with the commitment of governments, trade unions and employers' organizations and through the active participation of donors such as The MasterCard Foundation, the international community can provide the effective assistance needed to help young women and men make a good start in the world of work. If we can get this right, it will positively affect young people's professional and personal success in all future stages of life.

Azita Berar Awad
Director
Employment Policy Department

Gyorgy Sziraczki
Director
ILO Country Office for Viet Nam

[1] The full text of the 2012 resolution "The youth employment crisis: A call for action" can be found on the ILO website at: www.ilo.org/ilc/ILCSessions/101stSession/texts-adopted/WCMS_185950/lang--en/index.htm.

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1. Introduction and main findings

1.1 Overview

After more than 20 years of economic reform and sustained high economic growth, Viet Nam has become a "lower middle income" country. The patterns of growth change as income levels improve so that the country is now facing the challenge of avoiding the middle income trap and, more immediately, attempting to sustain high rates of economic growth and poverty reduction. The aim in Viet Nam is to restructure the economy towards higher value production and, ultimately, to become an industrialized country. To achieve this goal will require the completion of the transition from an agriculture-based and resource-based economy to one based on investment, knowledge and innovation.[2] As a country with a large agriculture sector employing mainly unskilled and unpaid rural farm labour, Viet Nam has to develop policies not only to increase agricultural productivity but also to serve the needs of a growing manufacturing sector.

In making its transition to a higher value economy, Viet Nam faces the significant challenge of creating productive jobs for its young and expanding labour force, providing greater responsiveness to labour market needs and equipping the young labour force with appropriate skills for the growing manufacturing and service sectors. Putting all this together, Viet Nam's current challenges are multifaceted.

Each year, of the hundreds of thousands of youth entering the labour market, there are about 80,000 to 90,000 college graduates and over 150,000 university graduates. These graduates represent a great potential source of development for Viet Nam. A skilled labour force is vital for Viet Nam to improve its national competitiveness and achieve its goal of modernization and industrialization. At the individual level, better trained and skilled workers tend to find better jobs and have a greater chance of avoiding the low-pay/no-pay cycle. However, the country still faces challenges in generating a sufficient quantity of decent jobs for its increasingly skilled workforce. Youth unemployment and underemployment represent a major cost to Vietnamese society in economic, political and societal terms.

To characterize the specific youth employment challenges and to support policy-makers in designing adequate instruments to ease the transition of young people into employment, the ILO has developed its school-to-work transition survey (SWTS), a household survey of young people aged 15–29. A second survey, the labour demand enterprise survey (LDES), aims to balance the supply-side picture with information from enterprises on their demand for labour and assessments of young applicants. The SWTS and LDES, implemented in 2013 for Viet Nam, with a second round planned in the near future, can serve as the principal tools for monitoring the impact of policies and programmes outlined in the national employment strategy and other national instruments.

[2] The relative weakness of Viet Nam in comparison with other countries was revealed in the World Economic Forum's *Global Competitiveness Report 2011–12*. According to this report, in 2011–2012, Viet Nam was ranked 65/141 in terms of competition, 73/142 in terms of health care and primary education, and 103/142 in terms of higher education and training (Sala-i-Martin et al., 2011, pp. 15, 19, 21). The economy is currently heavily dependent on investment for growth. Viet Nam has relatively high contributions of investment growth to GDP growth (Nguyen et al., 2011). A new set of reforms may be needed to sustain the economic success of the past. Many countries that had shown early potential for growth or had reached middle income status became locked into low-growth trajectories and were unable to elevate themselves into high-income countries. Gill and Kharas (2007) referred to this as "the middle income trap".

The indicators generated from the survey and analysed in this report aim to present a much more detailed picture of youth in the labour market than can usually be established through standard surveys, including the labour force survey.

1.2 Main findings

Too many young people are not benefiting fully from the education system.

Early investment in education is believed to bring about long-term benefits. However, for many different reasons, not all young people in Viet Nam are benefiting from the education system. Only a very small proportion of youth – 8.5 per cent – is able to complete university education. Three-fifths (61.0 per cent) of youth completed their education at the lower secondary level or below, of which 29.1 per cent completed secondary education while 22.4 per cent completed primary or lower (a portion as large as 9.5 per cent has no education at all). This is a worrying sign for the future generation of workers, given the skill bias engendered by technical change under globalization and trade liberalization.

Another challenge facing the education system is the fact that as much as 25.8 per cent of youth left school before completing their education and nearly all of them at the low levels (97.4 per cent below lower secondary school). One-third of early school leavers have negative attitudes towards education, citing a lack of interest in acquiring a formal education as the reason for leaving. Given the evidence that the parental educational level is an important determinant of the child's educational attainment (intergenerational dependence), the educational level of the future generation is also at risk if policy-makers cannot do more to raise the level of quality of education so that more young people, especially in rural areas, are motivated to stay in school.

Social inequalities persist regarding access to education.

Despite strong Government investment in the nation's education system, gaps remain in terms of access between males and females and between residential areas. Significant progress has been made in increasing the educational participation of young girls. In fact, young females are now more likely than young males to stay in education longer (9.7 per cent of young women completed university or postgraduate education compared to 7.4 per cent of young men). Young women are also less likely than young men to finish schooling below the upper secondary level (57.7 per cent compared to 64.1 per cent of young men). Rural youth also remain at a disadvantage and are generally less educated than their urban counterparts due, essentially, to the persisting poverty gap between the areas. Throughout the report, empirical evidence shows that inequalities in education translate into subsequent disadvantages in the labour market opportunities for young people.

Youth qualifications fail to match firms' requirements.

Firms are looking for qualified candidates and place particular emphasis on technical skills. The average low educational level and nominal participation in training programmes is creating a bottleneck in the supply of manpower in technical professional categories. Moreover, firms tend to value experience over education. This mismatch is reflected in the higher youth unemployment rates among those with higher levels of education. The shares of qualifications mismatch, whereby a young worker is either engaged in an occupation below their level of acquired skills (overeducation impacts 23.5 per cent of young workers) or above their level of skills (undereducation impacts 23.8 per cent of young workers), is another sign of the discord between the supply and demand of young labour in the country.

While unemployment may be higher among the better educated, the results clearly show that investing in education brings positive returns to youth in terms of wages and access to the "better" jobs

Youth unemployment rates in the country are low (2.8 per cent for youth aged 15–29), but rates do increase with the level of the young person's education. The youth unemployment rate of university graduates is more than three times that of young persons with primary level education (7.6 per cent and 1.6 per cent, respectively). This indicates that the skills level required by the labour market, where demand is still heavily slanted towards production occupations compared to professional occupations, is not particularly high and that young people who do invest in long-term education face a longer queue for the few available professional jobs. This may also be due to the fact that highly educated people are keen, and can afford, to reap the benefits of the money and time they have invested in education and are willing to spend more time looking for the right job. At the same time, however, the results confirm the clear deficiency of job opportunities for the most educated young graduates.

However, this is not to say that investment in education does not pay off. There are clear signs in the SWTS results that young people with higher levels of education have a better chance of obtaining stable, formal employment. Evidence from the surveys also shows that youth with tertiary-level degrees can earn three times the wages of youth with no education. The average monthly wages of youth increase steadily with each incremental step of education or training.

The vast majority of youth in Viet Nam are working, but the quality of employment is often low, which does not allow the youth (and the country) to make the most of their economic potential.

Nearly two-thirds (64.1 per cent) of the youth population in Viet Nam are employed. Among the employed, own-account workers represent 14.5 per cent and unpaid family workers represent 25.2 per cent. These two categories are together considered as vulnerable employment and comprise 39.7 per cent of the employed youth. The large share of vulnerable employment is a cause for concern given that the results examined below show that very few (2.4 per cent) youth who have attained stable and/or satisfactory employment arrived at that stage from previous positions as unpaid family workers. The assumption is therefore that young family workers will remain in that category for a long time and are unlikely to subsequently gain stable employment or satisfactory self-employment.

Other quality-of-employment indicators provide additional areas of concern. Informal employment is very common among youth, impacting 76.4 per cent of all young workers. Nearly one-half of young paid employees are engaged on an unwritten contract (44.7 per cent). On the positive side, the share of paid young workers is higher than in other developing countries, as is the access to entitlements such as social security coverage, paid annual and sick leave and overtime pay.

Designing effective employment services is a vital step.

The current employment services are ineffective from the perspective of both youth and employers. Similar to experiences from other countries, a large share of youth relies on friends, family and other informal channels when looking for work. However, it is striking that less than 1 per cent of youth relies on registration at employment centres. In total, only 20 per cent of total youth use more formal methods to look for jobs. From the perspective of employers, although they claim to rely on formal channels of recruitment, such as job advertisements, they also frequently utilize informal options, such as relatives and friends, while relying very little on the existing employment service system. The findings from

both surveys signal the ineffectiveness of employment services as currently implemented and call for changes.

Sex and level of educational attainment are good determinants of who does better in the labour market transition.

In terms of who is doing better at obtaining the few "good" jobs and completing their labour market transitions, young men have a slight advantage over young women in completing the transition (59.2 per cent of young men have completed the transition compared to 51.3 per cent of young women). However, the few young women who do manage to complete the transition are more likely than men to transit to stable employment. Young "transited" men, on the other hand, are equally divided between those in satisfactory temporary employment or self-employment and stable employment. The findings also show that remaining in education increases the likelihood of completing a transition to stable employment.

1.3 Structure of the report

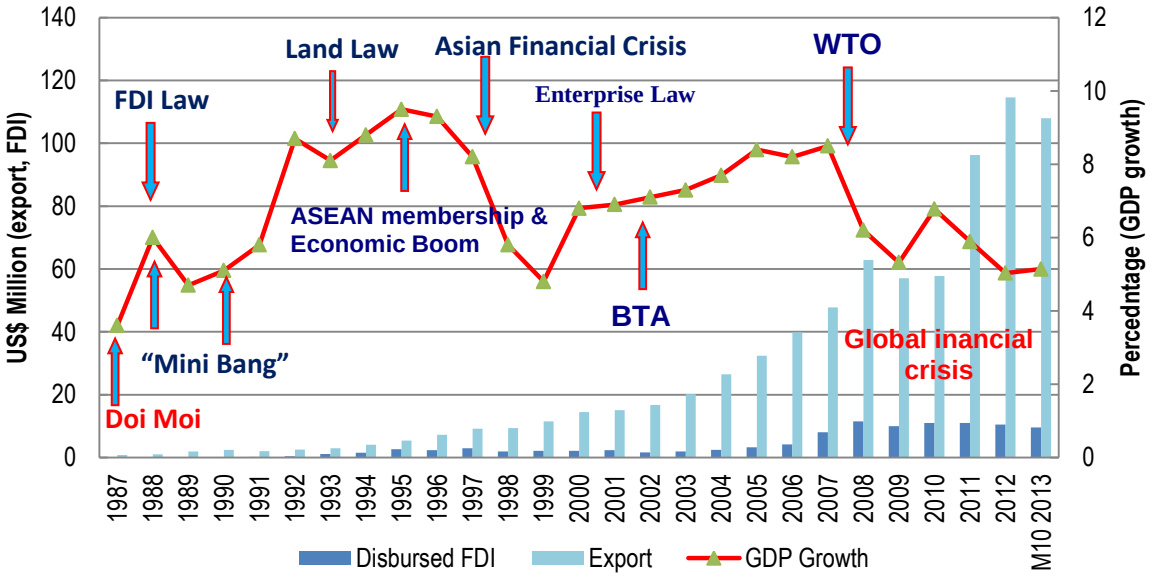
The rest of the report is organized as follows: section 2 focuses on the socio-economic and labour market conditions of Viet Nam and introduces the objectives and the methodology of the survey process. Section 3 presents the results of the SWTS, detailing the characteristics of the youth and their labour market outcomes. Section 4 introduces the classification of stages of labour market transition and investigates the characteristics that lead to more advantageous labour market outcomes. Section 5 presents the results of the LDES, focusing particularly on the qualities that enterprises look for in prospective employees and whether or not the supply of labour as defined by the SWTS is likely to satisfy the demand for labour. Section 6 outlines the institutional and policy framework for youth employment and, finally, section 7 concludes the report with a presentation of policy implications and recommendations.

2. Socio-economic context

2.1 Economic development and structure

The Doi Moi (economic reform) policy, launched in 1986, has brought about many remarkable economic achievements for Viet Nam, especially in the area of macroeconomic stabilization, economic growth and poverty alleviation. The historical evolution of three key macroeconomic indicators for Viet Nam, together with important economic events/reforms that have taken place since 1987, are presented together in figure 2.1. Over the period 1990–2010, Viet Nam's gross domestic product (GDP) growth rate averaged around 7 per cent a year and the GDP per capita has increased more than ten times, from under US$100 in 1990 to about US$1,200 in 2010. In the 2000s, Viet Nam enjoyed solid and increasing growth rates until 2007. As a result, the country has attained the status of a lower middle income country.

Figure 2.1 Macroeconomic indicators (GDP growth, export and foreign direct investment), 1987–2013



Source: Government Statistical Office (GSO); http://gso.gov.vn.

In conjunction with the rapid and steady economic growth, there has been a considerable shift in the economic structure of the country. The proportion of GDP from agriculture, forestry and fisheries declined from 27.2 per cent in 1995 to 22.1 per cent in 2008; the proportion of GDP from industry and construction increased from 28.8 to 39.7 per cent, manufacturing increased from 15.0 to 21.1 per cent, while the proportion from the service sector decreased from 44.1 in 1995 to 38.2 in 2008 (Nguyen et al., 2011). This shift in the economic structure has brought about important changes in the structure of labour as well. Between 2000 and 2013, the proportion of employment in the agriculture, forestry and fisheries sector declined from 65 to about 50 per cent, while the proportion in the industry and construction sectors increased from 13 to 23 per cent and in the services sector from 15 to 27 per cent. The services sector is presently the fastest growing sector of the economy.

Viet Nam experienced a protracted slow growth period from 2007 following the global financial crisis in 2008, although the growth rate never dipped to negative figures, unlike in many other countries. Despite the fact that Viet Nam appeared to be resilient in the face of global economic slowdown (Nguyen et al., 2011), the outlook is not entirely rosy. Efforts to promote stabilization and the slow pace of structural reforms have contributed to a cyclical slowdown. According to the World Bank (2013), real GDP growth has decelerated from 6.8 per cent in 2010 to 5.9 per cent in 2011, and further, to 5.0 per cent in 2012, representing the longest spell of slow growth since 1990. In 2013, the country achieved an expected growth of 5.4 per cent in GDP, according to the GSO.

Economic development in Viet Nam has resulted in overall improvement of people's welfare and significant poverty reduction. According to the Household Living Standard Survey (VHLSS), the total poverty incidence declined from 58 per cent in 1993 to 19.5 per cent in 2004 and to less than 10 per cent in 2010. Additionally, there have been improvements in other dimensions of people's welfare, including literacy rates among adults (over 90 per cent), life expectancy (over 70 years) and the under-five mortality rate (40 per 1,000 live births in 2003). Most of the Millennium Development Goals (MDGs) – particularly in health and education – have been achieved or are within reach.

2.2 Demographics

The total population in Viet Nam was last recorded at 89.71 million people in 2013, an increase of 9 million people since 2003 (1 per cent annual growth). With economic development, the population structure is moving from rural to urban areas. In 2000, the population in the urban area accounted for 24.1 per cent (rural area 75.9 per cent) while in 2013 the ratio approximated 32.4 per cent in urban and 67.6 per cent in rural areas.

The sex ratio of the population in 2012 was 97.9 per cent, with women making up 50.5 per cent of the total population. Since 2000, the sex ratio at birth has risen from 107.3 to 113.8 male babies to 100 female babies, and this sex imbalance has been raising concerns. According to the United Nations Population Fund (UNFPA), "one of the main factors behind this rise relates to the steadily increasing access to affordable sex-determination and sex-selection technology that allows couples to pursue their desire for one or more sons" (UNFPA, 2009).

The population structure by age presents a relatively young population, with 32.5 per cent of total population below the age of 15 and 25 per cent classified as "young" at 15–34 years of age. Those aged 60 and above make up about 10 per cent of the population. Currently, Viet Nam is said to be experiencing a "golden population structure", corresponding to a population where the number of working people exceeds the number of dependent people. This represents a demographic bonus since, for every two or more people working, there is only one dependent person. According to the UN, this "golden structure" is supposed to last for about 27 years (from 2008 to 2035), representing a "golden" opportunity for national development.[3]

At the same time, the Vietnamese population is now ageing rapidly. This is due to sharp reductions in the number of children born (fertility) and the number of people dying (mortality), as well as increased life expectancy. In 2013, the crude birth rate (CBR) reached 17.05 live newborns per 1,000 while the crude death rate (CDR) was 7. Important disparities remain between residential areas, since in 2012 the CBR and CDR in urban areas was 16 per 1,000 births and 5.9 per 100 deaths, while in rural areas the ratios were significantly higher (17.4 per 1,000 births and 7.5 per 100 deaths). This demographic transition is a source of great societal concern since it might lead to a shortage of workers in future, as well as an increased need for social security and specific health care services for the elderly, while these are currently practically non-existent or, at best, inefficient, especially in rural areas.

2.3 The labour market in Viet Nam

The working-age population (15 years and above) reached 53.7 million in 2013, of which the number of economically active reached 52.4 million. Total employment was estimated at 47.5 million. One of the striking features of the Vietnamese labour market was the steady decline in the labour force participation rate from 1990 to 2007. The rate then remained stable from 2008. Men have a higher participation rate, as expected, but, over the period, the female-to-male participation rate has shown a gradual increase.

The labour force of Viet Nam is relatively young with nearly half (49.5 per cent) aged between 15 and 39 years. Recently, the growth of the labour force has decreased from 2.7 to 1.6 per cent during the period 2009–2013.

[3] See Nguyen, Kim Lan, "Vietnam: 'Golden population structure', don't miss this chance", *Equilibri*, 18 Mar. 2012 (blog; www.equilibri.net/nuovo/articolo/vietnam-%E2%80%9Cgolden-population-structure-dont-miss-chance [18 Aug. 2014]).

In 2013, in line with the structure of the economy, 46.9 per cent of employment was in the agricultural sector. Workers in the industrial sector accounted for 21.1 per cent, while workers in the service sector accounted for 32.0 per cent. Despite current industrialization and modernization of the country, agriculture remains the dominant sector in terms of employment creation for Viet Nam.

The proportion of informal workers in total employment in 2013 was estimated at 34.2 per cent (47.4 per cent in urban areas and 28.6 per cent in rural areas).[4] This is consistent with the fact that over 60 per cent of workers fall within the two categories of "vulnerable employment", namely own-account workers and unpaid family workers. Paid employment accounts for a little over one-third (34.6 per cent) of total employment.

The unemployment rate is relatively low, but with significant differences between urban and rural areas. In 2013, the unemployment rate was 2.2 per cent for the total population (3.6 per cent in urban areas and 1.6 per cent in rural areas). This may be explained by the lack of a strong social security system in Viet Nam, which leaves the majority of the working-age population no alternative but to seek an income from whatever work they can find.

In Viet Nam, young persons aged 15–24 account for one-quarter of the total population. The unemployment rate of youth is higher than that for the overall population, reflecting both structural issues and young people's particular vulnerability to economic shocks. In 2013, the unemployment rate of youth according to the GSO was 6.4 per cent (11.1 per cent in urban areas and 4.9 per cent in rural areas), while the unemployment rate for adults aged 25 years and above was 1.2 per cent (2.3 per cent in urban areas and 0.7 per cent in rural areas).

Table 2.1 presents the unemployment ratio by sex, age group and area of residence in Viet Nam in the fourth quarter of 2012. Young people aged between 15 and 24 accounted for 45.7 per cent of total unemployment. The female youth share was slightly lower than the male share at 45.2 and 46.3 per cent, respectively. Overall, youth take a higher share of total employment in rural areas than in urban areas. In fact, more than half of the total unemployed in rural areas, both male and female, are young people. In urban areas, the share of young men in total male unemployment is higher than the female share (41.4 per cent compared to 35.7 per cent), but in rural areas, it is young women who take the higher share among the age group 15–24 (54.9 per cent compared to 51.2 per cent).

Table 2.1 Distribution of total unemployment by age group, sex and area of residence, 4Q 2012 (%)

Age group	Total			Urban areas			Rural areas		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
15–24	45.7	46.3	45.2	38.3	41.4	35.7	53.2	51.2	54.9
25–54	49	42.9	54.3	56.6	48.4	63.5	41.4	37.5	44.8
55–59	4.8	10.1	0.3	4.9	9.9	0.6	4.8	10.3	0.0
60+	0.4	0.6	0.2	0.2	0.3	0.2	0.6	1.0	0.3
Total	100	100	100	100	100	100	100	100	100

Source: GSO, Labour Force Survey, 2013.

[4] Based on GSO data, informal employment has increased in recent years: it was estimated at 34.6 per cent in 2010, 35.8 per cent in 2011 and 36.6 per cent in 2012.

2.4 Survey objectives and methodology

Current restrictions in labour market information have led to a situation in which the question of why the school-to-work transitions of young people today are a long and difficult process has not yet been satisfactorily answered. At the same time, the goal of improving the transitions of youth is among the top policy priorities of most countries in the world. In response to this obvious information gap, the ILO has developed two surveys. The school-to-work transition survey (SWTS) is a detailed household survey covering 15–29-year-olds (see box 1). It is applied at the national level to generate information on the current labour market situation, the history of economic activities and the perceptions and aspirations of youth.

Box 1. Definition of youth

While, in other contexts, a youth is defined as a person aged between 15 and 24 (United Nations), for the purpose of the SWTS and related reports, the upper age limit is 29. This recognizes the fact that some young people remain in education beyond the age of 24, and allows the opportunity to capture more information on the post-graduation employment experiences of young people.

This supply-side picture is then balanced by a second survey that aims to measure labour demand, particularly for young workers. The labour demand enterprise survey (LDES) investigates the current and expected workforce needs of enterprises, and perspectives of managers on the pool of available young jobseekers and workers. The two surveys were carried out in Viet Nam in 2013 in order to shed light on issues such as labour market inefficiencies shown in job search/recruitment methods and mismatches between the skills base of young labour market entrants and the realities of the labour market itself. Funding for the surveys came from the Work4Youth partnership between the ILO Youth Employment Programme and The MasterCard Foundation (see box 2).

Box 2. Work4Youth: An ILO project in partnership with The MasterCard Foundation

The Work4Youth (W4Y) project is a partnership between the ILO Youth Employment Programme and The MasterCard Foundation. The project has a budget of US$14.6 million and will run for five years to mid-2016. Its aim is to "promot[e] decent work opportunities for young men and women through knowledge and action". The immediate objective of the partnership is to produce more and better labour market information specific to youth in developing countries, focusing in particular on transition paths to the labour market. The assumption is that governments and social partners in the project's 28 target countries will be better prepared to design effective policy and programme initiatives once armed with detailed information on:

- what young people expect in terms of transition paths and quality of work;
- what employers expect in terms of young applicants;
- what issues prevent the two sides – supply and demand – from matching; and
- what policies and programmes can have a real impact.

Work4Youth target areas and countries:

- *Asia and the Pacific*: Bangladesh, Cambodia, Nepal, Samoa, Viet Nam;
- *Eastern Europe and Central Asia*: Armenia, Kyrgyzstan, the former Yugoslav Republic of Macedonia, the Republic of Moldova, the Russian Federation, Ukraine;
- *Latin America and the Caribbean*: Brazil, Colombia, El Salvador, Jamaica, Peru;
- *Middle East and North Africa*: Egypt, Jordan, Occupied Palestinian Territory, Tunisia;
- *Sub-Saharan Africa*: Benin, Liberia, Madagascar, Malawi, the United Republic of Tanzania, Togo, Uganda, Zambia.

The SWTS and LDES were implemented by the GSO, Department of Population and Labour Statistics and the Department of Social and Environmental Statistics. The standard questionnaires were adapted to the Viet Nam country context based on a consultative

process between the GSO and the ILO.[5] The SWTS was conducted relying on the national representative sample of the VHLSS 2012. The final sample of the SWTS was 2,722 youth aged 15–29. For the LDES, a minimum of 768 enterprises located across three provinces in Viet Nam were selected for the sample on a random basis using the official listing of businesses within the Viet Nam Enterprises Census. More details on the sampling methodologies can be found in Annex II.

3. Characteristics of youth in the SWTS sample

3.1 General characteristics

This section analyses the SWTS data set to present an overall description of youth in Viet Nam by characteristics such as age, sex, area of residence and marital status. The summary statistics are provided in tables 3.1 and 3.2.

3.1.1 Age groups

Youth are categorized into three age groups: 15–19, 20–24 and 25–29. The distributions are similar among the 20–24 and the 25–29 age groups (32.1 and 32.6 per cent of the total, respectively) while the youngest group (15–19), takes a slightly larger share at 35.3. For young females, the smallest group is 20–24 while for males it is the 25–29 age group.

The average age of the rural youth population is significantly lower than the urban youth population (average ages are, respectively, 21.6 and 22.3 years). Among the rural youth, there is a larger proportion aged 15–19 (36.9 per cent) compared to urban areas (31.4 per cent). Inversely, the proportion of youth aged 25–29 is higher in urban areas (36.0 per cent) than in rural areas (31.2 per cent).

Table 3.1 Youth population according to age group, by area of residence and sex

Age group	Total		Male		Female		Urban		Rural	
	Number	%	Number	%	Number	%	Number	%	Number	%
15–19 years	7,585,456	35.3	3,692,844	34.7	3,892,612	35.9	1,989,109	31.4	5,598,778	36.9
20–24 years	6,908,269	32.1	3,548,620	33.3	3,359,649	30.9	2,065,126	32.6	4,840,136	31.9
25–29 years	7,013,857	32.6	3,406,984	32.0	3,606,873	33.2	2,280,507	36.0	4,733,926	31.2
Total youth population	21,507,582	100.0	10,648,448	100.0	10,859,134	100.0	6,334,743	100.0	15,172,839	100
Distribution by sex/area of residence		100.0		49.5		50.5		29.5		70.5

Source: GSO, SWTS-Viet Nam, 2013.

[5] Final questionnaires are available at: www.ilo.org/w4y.

3.1.2 Area of residence and sex

According to the survey, most youth are living in rural areas; 70.5 per cent of total youth are in rural areas compared to 29.5 per cent living in urban areas. This is consistent with the general distribution of the total population between urban and rural areas (32.3 per cent of the total population living in urban areas, according to the GSO).

The distribution of youth by sex in the survey sample is almost equal (50.5 per cent female and 49.5 per cent male). However, there is a small gender difference when viewed by area of residence. Young women account for a slightly higher proportion of youth in urban areas (52.0 per cent) while in rural areas they are equally represented (49.9 per cent).

3.1.3 Marital status

Most commonly, youth are single (66.1 per cent). One-third (32.8 per cent) is married. Divorced/separated or widowed statuses are unusual among youth (1.1 and 0.1 per cent, respectively) (table 3.2). Young men have a higher tendency to remain single compared to young women (75.0 per cent, 16.3 percentage points higher than the figure among female youth), and young females, in contrast, are twice as likely to be already married compared to males (40.9 and 24.5 per cent, respectively). According to residence, the proportion of married youth is significantly higher in rural than in urban areas.

The average age of marriage among youth is 21.8 years old, but there is a 2.8-year difference between young men and women. Incidence of early marriage is especially pronounced among young girls living in rural areas, where the average age of marriage for young females is below 21 years. Slightly more than one-quarter (26.6 per cent) of youth are already parents. Marriage still appears to be the standard requisite to having children, since only 0.4 per cent of the young parents are single (96.1 per cent being married). The percentage of female youth having children is higher than male youth (33.9 per cent compared to 19.2 per cent) and there are more parents among the youth living in rural areas.

Table 3.2 Youth population according to marital and parental status and average age of marriage, by area of residence and sex (%)

	Total			Urban			Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Marital status									
Single	66.1	74.5	57.8	70.5	78.6	62.9	64.2	72.8	55.6
Married or engaged	32.8	24.5	40.9	28.7	20.4	36.5	34.5	26.2	42.8
Divorced /separated	1.1	1.0	1.1	0.8	1.0	0.6	1.2	1.0	1.3
Widowed	0.1	0.0	0.2	0.0	0.0	0.0	0.1	0.0	0.3
Total	100	100	100	100	100	100	100	100	100
Parental status									
Without children	73.3	80.7	66.1	77.8	85.1	71.0	71.5	79.0	64.0
With children	26.6	19.2	33.9	22.2	14.9	29.0	28.5	21.0	36.0
Total	100	100	100	100	100	100	100	100	100
Average age of marriage (years)	21. 8	23.0	21.2	23.0	24.1	22.5	21.5	22.7	20.7

Source: GSO, SWTS-Viet Nam, 2013.

Early marriage among young women in rural areas is often linked to lower educational attainment, since youth tend to get married after finishing school. Being a

parent, however, requires an ability to support the children, particularly financially, and is therefore a strong stimulator of youth participation in the labour market.

3.2 Educational attainment

One-third (31.2 per cent) of youth aged between 15 and 29 are still attending school. A higher share – 40.9 per cent – have already completed their education, while 25.8 per cent left school before completion and a small percentage (2.2 per cent) never attended school (table 3.3).

By sex, the distribution of the young female population by educational attainment suggests that the country has reached a stage at which efforts to improve young girls' access to education have paid off. The share of young females still enrolled in school and with completed education (without examining the level of attainment) is proportionally higher than for males, while young men are more numerous among those with uncompleted education and no education. The assumption here is that young men have more employment opportunities open to them (at least in the production trades) and have a higher tendency to leave school early for employment purposes.

As expected, educational attainment differs drastically between urban and rural areas. Despite the fact that rural areas account for a larger cohort of young people aged 15–19 (years in which youth typically remain in school; table 3.2), there is a 10 percentage point difference between current school enrolment among youth in rural and urban areas. The tendency to leave school early is also higher in rural than in urban areas, by more than 13 percentage points. Finally, considering those who never attended school, 86.5 per cent are found in rural areas.

Table 3.3 Educational status of youth by sex, marital status and area of residence (%)

	Total	Male	Female	Marital status		Area of residence	
				Not married	Married	Urban	Rural
Currently attending school or training	31.2	28.1	34.2	44.8	3.2	38.8	28.0
Completed school or training	40.9	40.0	41.8	31.9	59.4	43.6	39.8
Left school before completion	25.8	29.5	22.1	21.5	34.5	16.6	29.6
Never attended school or training	2.2	2.5	1.9	1.8	2.9	1.0	2.7
Total	100	100	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

3.2.1 Youth with completed education

As seen in table 3.4, despite significant Government efforts to improve the education and training system, educational attainment of youth remains a significant challenge. Among those who have completed their education, the share of youth with less than primary education is relatively low (9.5 per cent), but another one-fifth (22.4 per cent) of youth completed their education at the primary level only. This is an important result, given the backdrop of the Government's policy on compulsory primary education. Youth in rural areas tend to have fewer opportunities for education and training, which is confirmed in the statistics showing 35.3 per cent of youth in rural areas with education at the primary level or below, compared to 22.2 per cent of youth in urban areas. The low levels of education that impact nearly one-third of youth in Viet Nam are a worrying sign for future productivity.

By far the largest share among youth is those who completed their education at the secondary level (29.1 per cent at lower secondary and 20.3 per cent at upper secondary (high school)). Although likely to increase in future, the share of youth with university or postgraduate education level remains relatively low at 8.5 per cent.[6] Vocational training was followed by 5.3 per cent of youth at the secondary level and 4.7 per cent at the post-secondary level.

Table 3.4 Youth population according to level of completed education, by area of residence and sex (%)

Level of schooling	Total	Male	Female	Urban	Rural
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp] (1)	9.5	11.0	7.9	5.8	10.8
Primary [Tiểu học] (2)	22.4	23.6	21.1	16.4	24.5
Lower secondary [Trung Học Cơ Sở] (3)	29.1	29.5	28.8	18.2	33.0
Upper secondary [Trung Học Phổ Thông] (4)	20.3	21.0	19.6	24.1	19.0
Secondary vocational [Trung Học Chuyên Nghiệp] (5)	5.3	4.4	6.3	6.9	4.8
Post-secondary vocational [Cao đẳng] (6)	4.7	3.0	6.7	8.1	3.6
University and postgraduate studies [Đại học + Sau đại học] (7)	8.5	7.4	9.7	20.5	4.2
Other [Khác]	0.1	0.1	0.0	0.0	0.1
Total	100	100	100	100	100

Note: The table excludes youth who are still studying.

Source: GSO, SWTS-Viet Nam, 2013.

By sex, the data again confirm that young women are more likely to stay longer in education than young men and have a higher probability of completing university or postgraduate education (9.7 per cent compared to 7.4 per cent for young men). Young women are also less likely than young men to finish below the upper secondary level (57.7 per cent compared to 64.1 per cent of young men).

The presence of large numbers of youth with low levels of education, especially in rural areas, is disturbing. The obvious policy recommendations here include expanding investment in education, especially in rural areas, and expanding access to higher education and training to the more disadvantaged youth who are excluded by costs. Poverty has a significant impact on households' investment in education. School fees and indirect costs of education influence the decision to keep children away from school. At the same time, the opportunity cost of sending children to school increases as they grow older and could be earning money to help support the family. The introduction of user fees to lessen the burden of the public education system makes sense from an economic point of view but will have to be balanced with other policies to ensure the participation of the poorer and disadvantaged groups.

At the same time, authorities still need to emphasize the importance of education. Particularly in rural areas, parents and children should be helped to understand the importance of completing the minimum education requirement. The evidence that this report will present regarding the gains that higher education can bring to the employment and economic prospects of young people can be used by policy-makers to strengthen their message on the necessity of remaining in school.

[6] The share of youth with tertiary education in Viet Nam is below that of two other Asia-Pacific countries included in the Work4Youth Project – Nepal and Samoa – but higher than the share in Bangladesh and Cambodia. See Elder (2014).

3.2.2 Early school drop-outs

According to table 3.3, 25.8 per cent of youth left education before completion. Almost all of these young men and women dropped out before high school (97.4 per cent of early school leavers completed a maximum of lower secondary level). Once again, significant differences exist between young males and females; 29.5 per cent of young men left school early as opposed to 22.1 per cent of young women. More than one-fifth (16.0 per cent) of male school drop-outs have less than primary education compared to 13.3 per cent of female drop-outs.

Responding to the survey question on reason for leaving school early, the data show that nearly one-third (32.1 per cent) said they had no interest in education or training (table 3.4). This negative attitude towards education could imply a fault in the quality of education and a need to modernize to embrace education methods that are better adapted to today's young generation.

Another 31.7 per cent left school because of economic reasons (could not afford school fees or needed to earn money to support family) and 14.9 per cent because they wanted to start working. Fewer youth left school because they failed their examination (10.8 per cent), there was no school nearby (3.8 per cent), their parents did not want them to continue (2.9 per cent) or to get married (1.1 per cent). Apparently, young men have a higher tendency to leave school due to a lack of interest, while young women are more likely than young men to leave for economic reasons.

Table 3.5 Youth who left school before completion by reason and sex (%)

Reason for leaving school	Total	Male	Female
Failed examination	10.8	11.5	9.9
Not interested in education/training	32.1	35.3	27.8
Wanted to start working	14.9	16.4	13.1
To get married	1.1	0.3	2.1
Parents did not want me to continue	2.9	2.4	3.5
Economic reasons (could not afford, too poor, needed to earn money to support family)	31.7	28.6	35.7
No school nearby	3.8	2.6	5.3
Other	2.8	2.9	2.6
Total	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Early school drop-outs are not likely to be equipped with the necessary skills to gain productive employment. Economic reasons are a barrier to education that can be tackled through support mechanisms which target vulnerable youth and give them the chance to continue their education until completion.

3.2.3 Parents' education

According to empirical studies, there is a positive correlation between the level of parents' education and that of their children. Educated parents have the ability to influence the academic achievement of their children as they are in a good position to be the second teachers to their children and to encourage them to stay in school (Omolade et al., 2011, p. 243).

Empirical evidence from the SWTS survey in Viet Nam confirms that the level of parents' education influences the level of youth's educational attainment. More precisely,

there is a positive correlation between parental and youth educational attainment. For example, 26.3 per cent of youth with university education also have a father with a university degree and 12.9 per cent have a mother with a university degree (table 3.6). Only 2.0 per cent of youth who completed university have a father with less than primary education. On the other hand, youth who have parents with low levels of education are those most likely to finish education at the lower levels themselves. The largest share of youth with less than primary education is those whose father and mother also have less than primary education. The same can be said about youth with primary education only.

Table 3.6 Level of educational attainment of youth and their parents (%)

	Youths' level of schooling*						
	1	2	3	4	5	7	Total
Father's education							
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp] (1)	66.2	37.2	21.8	9.5	7.9	5.4	24.0
Primary [Tiểu học] (2)	23.9	44.3	30.4	22.5	13.7	10.5	27.7
Lower secondary [Trung Học Cơ Sở] (3)	6.5	11.3	36.6	41.8	40.9	27.6	28.2
Upper secondary [Trung Học Phổ Thông] (4)	1.1	2.6	5.3	19.7	18.3	21.8	10.1
Secondary vocational [Trung Học Chuyên Nghiệp] (5)	0.4	0.3	1.4	2.1	11.9	8.4	2.7
University and postgraduate studies [Đại học + Sau đại học] (7)	2.0	4.3	4.6	4.4	7.3	26.3	7.3
Total	100	100	100	100	100	100	100
Mother's education							
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp] (1)	77.8	51.5	30.7	12.6	12.0	6.8	31.9
Primary [Tiểu học] (2)	14.1	32.6	38.4	27.9	19.5	19.2	29.1
Lower secondary [Trung Học Cơ Sở] (3)	6.5	10.8	25.0	45.1	39.3	26.8	25.1
Upper secondary [Trung Học Phổ Thông] (4)	0.4	1.5	3.9	11.1	19.7	23.6	8.0
Secondary vocational [Trung Học Chuyên Nghiệp] (5)	0.0	0.6	0.3	2.2	5.5	10.7	2.4
University and postgraduate studies [Đại học + Sau đại học] (7)	1.3	3.1	1.8	1.1	4.0	12.9	3.5
Total	100	100	100	100	100	100	100

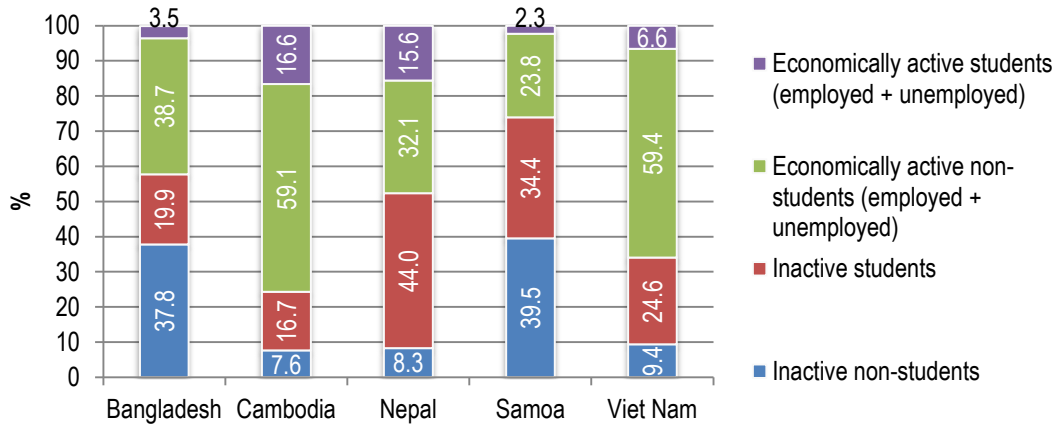
Note: Levels correspond to the numbers in the list of parental education levels.

Source: GSO, SWTS-Viet Nam, 2013.

3.2.4 Preparation for the labour market transition

Analysis of the current labour market and educational status of young people in Viet Nam shows a strong tendency towards economic activity among the youth population, more so than in four other Asian countries where the SWTS was implemented between 2012 and 2013 (figure 3.1). Only in Cambodia (out of the five countries analysed) is the share of economically active youth higher than in Viet Nam. In Bangladesh, Nepal and Samoa, on the other hand, inactivity among youth is more prevalent. Working while studying is not a common phenomenon among Asian youth. In Viet Nam, only 6.6 per cent of current students combine an economic activity – either working or looking for work – with schooling. Combining work and study can benefit young people since employers show a strong preference for job applicants with past work experience.

Figure 3.1 Current labour market and educational status of youth



Source: Elder, 2014, Figure 3.3.

3.3 Aspirations and life goals

Aspirations and life goals are varied and dictated by the economic and personal situation of the individual youth. Overall, 45.2 per cent of the youth reported having a good family life as their primary aspiration (table 3.7). A majority of young females selected this goal (55.9 per cent) compared to one-third (34.4 per cent) of young males. Two of the defined life goals are more economic in nature; being successful at work was selected by 20.2 per cent of youth, with relatively equal distribution between male and female shares, and having lots of money was chosen by 28.6 per cent of youth, with the male share of 37.7 per cent nearly double the female share of 19.8 per cent.

Table 3.7 Primary life goals of youth by sex, marital status and current economic activity (%)

	Total	Male	Female	Not married	Married	Employed	Unemployed	Inactive students	Inactive non-students
Being successful in work	20.2	21.1	19.4	26.9	6.3	11.5	23.4	41.0	4.9
Contributing to society	5.0	5.9	4.2	7.1	0.8	2.5	2.8	10.9	1.9
Having lots of money	28.6	37.7	19.8	29.5	26.8	33.2	27.8	20.0	29.4
Having a good family life	45.2	34.4	55.9	35.1	65.8	52.3	43.5	27.5	60.7
Other	1.0	1.0	0.7	1.4	0.2	0.6	2.5	0.5	3.1
Total	100	100	100	100	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Beyond sex, marital status also influences aspirations. The married youth assign greater importance to "having a good family life" (65.8 per cent) and far less to "being successful at work" (6.3 per cent) than single youth. Aspirations also differ with economic activity. Current students seem to place a great deal of importance on their future success at work (41.0 per cent), while the economically active youth – both employed and unemployed – consider having lots of money and a good family life to be more important.

Young students also show their idealism, being the category with the highest share aiming to contribute to society (10.9 per cent). Less than 3 per cent of the young employed, unemployed and inactive non-students selected this as their primary goal.

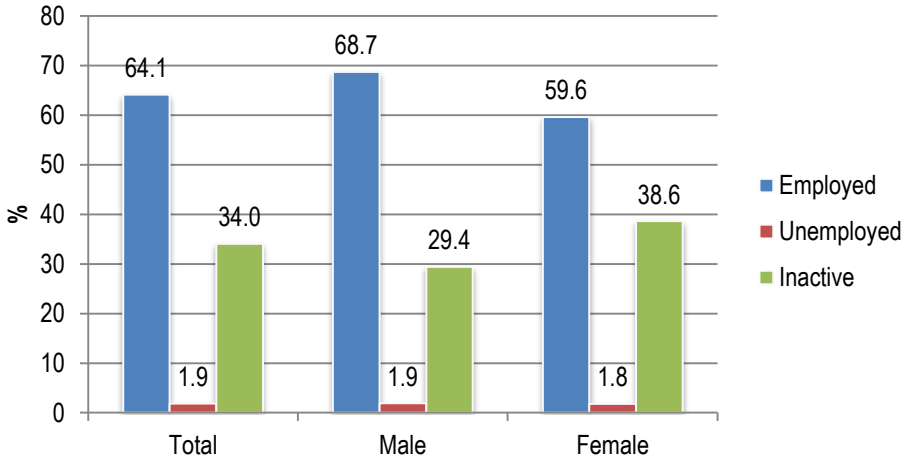
Accordingly, youth's aspirations reflect Vietnamese cultural and societal traits. Primary importance is placed on family life and differences in aspirations between the sexes highlight the respective roles as heads of household (typically men) and caregivers (typically women). Marriage shifts aspirations from "success in work" to "success in the family". The students, almost all unmarried (99 per cent) and often supported by and living with their family, show greater concern for their future career and matters of society.

3.4 Current economic activity of youth

The traditional categorization of current activity status classifies a person as employed, unemployed or economically inactive.[7] The employed and unemployed are added together to form the total labour force (also known as economically active people; see Annex I for more detailed definitions of labour market terminology).

Figure 3.2 illustrates the youth population by current economic activity. Several observations result. First, we see that unemployment impacts an extremely small share of youth, both male and female (1.9 per cent of young males and 1.8 per cent of young females). In contrast, the dominant activity among youth in Viet Nam is employment. More than two-thirds (68.7 per cent) of young men are already working, as are three-fifths (59.6 per cent) of young women. The high shares in employment reflect the relatively early departure from schooling (with most leaving at the secondary level).

Figure 3.2 Youth population by main economic activity and sex



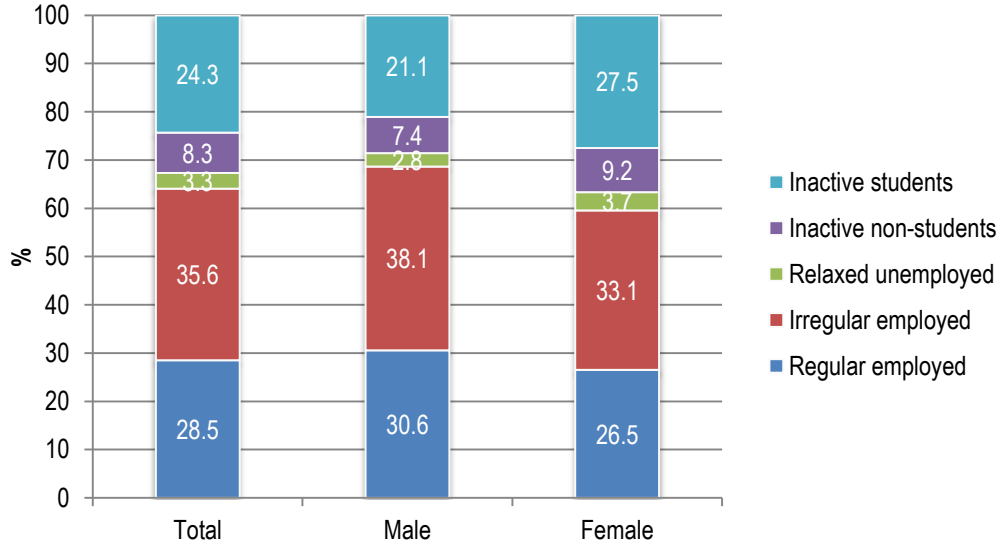
Source: GSO, SWTS-Viet Nam, 2013.

The remaining category, inactive youth, accounts for 34.0 per cent of youth (29.4 per cent of young men and 38.6 per cent of young women). The inactive group is not engaged in the labour market and includes people who are in education, looking after family or are sick or disabled. Young women were much more likely to be inactive compared to young men, and young men were more likely to be employed compared to young women.

[7] The international guidelines for measuring statistics on the economically active population, set out by the 13th International Conference of Labour Statisticians (ICLS) in 1982, provide the framework for measuring who is counted as employed and as unemployed according to the economic production boundaries set out by the System of National Accounts.

In the ILO's *Global Employment Trends for Youth 2013* report, the argument is made that comparing traditional labour market indicators with a more detailed disaggregation of indicators made available through the SWTS allows a more accurate assessment of the challenges that youth face in developing economies (ILO, 2013a, Chapter 4). Figure 3.3 shows the results for Viet Nam. The SWTS framework proposes a distribution of the youth population in the following five categories: (i) in regular employment, defined as wage and salaried workers holding a contract of more than 12 months' duration, plus self-employed youth with employees (employers); (ii) in irregular employment, defined as wage and salaried workers holding a contract of limited duration, i.e. set to terminate within 12 months, as well as self-employed youth with no employees (own-account workers) and contributing family workers; (iii) the unemployed (relaxed definition), defined as people currently without work and available to take up work in the week prior to the reference period; (iv) inactive non-students; and (v) inactive students.

Figure 3.3 Youth population by category of economic activity and sex



Source: GSO, SWTS-Viet Nam, 2013.

Figure 3.3 shows the categories of economic activity by sex. The first observation is that the greatest proportion of inactive youth was students (24.3 per cent of the total youth population) with a larger share of inactive students in the female youth population (27.5 per cent compared to 21.1 per cent of young men). There is also a higher share of young women categorized as inactive non-students (9.2 per cent) compared to men (7.4 per cent). That the share of inactive non-students is so small is a good sign for the productive potential of the country.

Second, more youth were in irregular employment (35.6 per cent) than regular employment (28.5 per cent). The largest proportion of both the male and female population were in irregular employment (38.1 per cent of young men and 33.1 per cent of young women) but the male shares in the two employment categories are higher than the female shares in both cases.

Table 3.8 provides information on surveyed youth who were neither in education nor in employment or training (NEET). As a share of the youth population, the NEET rate in Viet Nam is small at 11.1 per cent. There are more female NEETs than male, but the difference is not large. Most of the NEET youth were inactive non-students. More than four-fifths (84.9 per cent) of total NEETs fell within this category. The share of unemployed non-students was 15.1 per cent, with a slightly higher share among male NEETs than female NEETs.

Table 3.8 NEET youth by status and sex

Sex	NEET youth as % of youth population	Total NEETs	NEET status			
			Unemployed non-students		Inactive non-students	
			Number	%	Number	%
Total	11.1	2,392,438	361,928	15.1	2,030,509	84.9
Male	9.9	1,049,048	195,955	18.7	853,093	81.3
Female	12.4	1,343,390	165,974	12.4	1,177,416	87.6

Source: GSO, SWTS-Viet Nam, 2013.

3.5 Characteristics of employed youth

3.5.1 General characteristics

Given the high employment rate of youth, the characteristics of employed youth follow closely those of the total youth population. The survey results show that most employed youth have low educational levels. Overall, 58.5 of working youth completed their education below the upper secondary level; 8.6 per cent within this share had less than primary level education (table 3.9). The proportion of employed youth that attained post-secondary education, including post-secondary vocational, was 13.8 per cent.

Table 3.9 Employed youth by level of completed education and sex (%)

	Total	Male	Female
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp]	8.6	10.3	6.7
Primary – [Tiểu học]	21.8	23.5	19.9
Lower secondary general [Trung Học Cơ Sở]	28.1	28.2	28.0
Upper secondary general [Trung Học Phổ Thông]	21.6	22.5	20.6
Secondary vocational [Trung Học Chuyên Nghiệp]	6.0	4.8	7.4
Post-secondary vocational [Cao đẳng]	4.8	3.0	6.9
University and post-graduate studies [Đại học + Sau đại học]	9.0	7.6	10.5
Total	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

3.5.2 Status in employment

According to the classic dictum of economic development, labour-abundant developing economies should gradually move away from large shares of low-productivity self-employment to higher shares of paid employment.[8] Based on results of the SWTS, in this regard it appears as though Viet Nam is making progress. The majority of young employed workers are engaged in wage employment (58.3 per cent). On the other hand, 14.5 per cent of youth remain in own-account work and as much as one-quarter (25.2 per cent) in unpaid family work. Furthermore, as will be demonstrated below, even paid employment does not always indicate productive employment and even less so "decent" employment.

[8] See, for example, Campbell (2013).

By sex, the shares of female workers outnumber those of men in both categories of vulnerable employment – own-account work and unpaid family work (figure 3.4). The percentage of female workers in unpaid family work was 4.3 percentage points higher than that of male workers (27.0 and 23.7 per cent, respectively), and the percentage of female workers in own-account work was 4.6 percentage points higher than that of male workers (16.9 and 12.3 per cent, respectively). On the other hand, young male workers are more likely than females to become employers (2.0 per cent compared to 0.9 per cent) and wage or salaried workers (61.2 per cent compared to 55.0 per cent).

Figure 3.4 Status in employment of youth by sex

Source: GSO, SWTS-Viet Nam, 2013.

Table 3.10 provides additional details of the status categories. One finds, for example, that employers have the highest average age (26.4 years) among the status categories; a likely reflection of the prerequisites of managing a business with employees, such as years of experience and ability to obtain financing, which might only come with age. In contrast, the lowest average age is seen among contributing family workers, again not overly surprising. Own-account workers are those with the lowest average level of schooling (2.8, corresponding roughly to completion at the lower secondary level). Similarly, 77.7 per cent of young own-account workers can be classified as "low educated". This contrasts significantly with the wage and salaried workers who have an average level of schooling at the upper secondary level with less than half (48.7 per cent) classified as "lesser educated". The education premium, both in terms of average level of completed schooling and share of "highly educated" belongs to young employers.

Among all categories of employment status, more young workers are located in rural areas than in urban areas, but the area of residence has an impact on status. Only 16.9 per cent of contributing family workers and own-account workers are living in urban areas while more than double the share (35.4 per cent) of employees areas are urban residents.

Table 3.10 Status in employment of youth by average age, average level of completed schooling and characteristics of education and urban residency

Status	Age (average)	Education level* (average)	% of lesser educated	% of highly educated	% in urban areas
Wage or salaried worker (employee)	23.7	3.9	48.7	28.0	35.4
Employer	26.4	4.3	44.5	32.8	18.2
Own-account worker	25.2	2.8	77.7	5.0	16.9
Contributing (unpaid) family workers	21.1	3.2	72.8	5.3	16.9
Total employed youth	23.3	3.6	58.5	19.5	27.7

Notes: *Schooling levels correspond to the categories 1-8 shown in table 3.4, 1 being "Less than primary" and 7 "University or postgraduate ". Lesser educated is defined as completion below the fifth level. Highly educated is defined as completion at the sixth or seventh level.

Source: GSO, SWTS-Viet Nam, 2013.

3.5.3 Self-employment

One-fifth (14.5 per cent) of employed youth surveyed in Viet Nam were own-account workers and few (1.5 per cent) were employers. Together, own-account workers and employers represented 16.0 per cent of employed youth. Table 3.11 shows the reasons provided by self-employed youth for their status choice. Some preferred self-employment for its various characteristics – independence (29.2 per cent), higher income possibility (14.8 per cent), flexible hours (8.2 per cent). Another 12.5 per cent had taken up self-employment as a fallback, as they were unable to find a wage or salaried job, and as much as 31.5 per cent were accommodating the requirements of their family, implying a lack of personal choice. Apparently, independence and flexibility have a stronger attraction for young men than for women when turning to self-employment, while, on the other hand, young women gave the reason "could not find a paid job" or "to get a higher income level" more often than men.

Table 3.11 Self-employed youth by reason for self-employment and sex

	Total	Male	Female
Could not find a wage or salaried job	12.5	8.0	16.3
Greater independence	29.2	31.0	27.7
More flexible hours of work	8.2	11.6	5.6
Higher income level	14.8	12.8	16.4
Required by the family	31.5	33.1	30.2
Other	3.7	3.5	3.9
Total population	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

3.5.4 Wage employment

Among young workers receiving a wage or salary (58.3 per cent of total young workers), one can distinguish two situations regarding their labour contract: either the worker benefits from a *formal contract* from their employers (that is, one in written form), or their contract is *informal*, meaning that it takes the form of an oral negotiation. In the latter case, the contract has no legal existence and therefore offers the employee no protection of labour standards in the area of working conditions, terms and benefits.

Contract duration also influences the degree of job stability available to employees. In terms of duration, a contract (formal or informal) may be either unlimited or limited in time. Obviously, the longer the duration of a limited contract, the less precarious the worker's situation. In this regard, the SWTS shows that nearly half (44.7 per cent) of young employees have no formal (written) contract (table 3.12). The likelihood of having a written contract is higher among young employees in urban areas (65.1 per cent) than in rural areas (49.9 per cent). Also, a significantly higher proportion of young male employees hold an informal contract compared to young women (55.7 per cent as opposed to 30.7 per cent), a reflection in part of the types of jobs that young men and women are attracted to (or limited to) and thus the gender segregation of occupations. In rural areas, informal contracts account for 63.5 per cent of the employment relationships of young male employees.

Table 3.12 Young wage and salaried workers by type of contract and duration of contract, by area of residence and sex (%)

		Total			Urban			Rural		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
All contracts	Unlimited duration	54.3	52.8	56.3	58.6	57.3	60.2	52.0	50.5	53.9
	Limited duration	45.7	47.2	43.7	41.4	42.7	39.8	48.0	49.5	46.0
	Less than 12 months	57.0	64.0	47.4	40.7	42.4	38.7	64.6	73.5	51.8
	From 12 to 36 months	37.7	31.4	46.2	47.2	43.4	51.8	33.2	26.1	43.3
	More than 36 months	5.1	4.3	6.1	11.6	13.2	9.5	2.04	0.40	4.4
		100	100	100	100	100	100	100	100	100
Formal (written) contract	Total % of formal contracts	55.3	44.3	69.2	65.1	59.4	71.7	49.9	36.5	67.8
	Unlimited duration	55.1	55.8	54.6	57.8	53.7	61.8	53.2	57.5	50.1
	Limited duration	44.9	44.2	45.4	42.2	46.3	38.2	46.8	42.4	49.9
	Less than 12 months	32.0	27.7	35.4	22.7	23.5	21.9	38.0	31.6	41.9
	From 12 to 36 months	59.1	63.0	56.1	60.4	57.1	64.3	58.3	68.4	52.1
	More than 36 months	8.8	9.2	8.5	16.8	19.4	13.8	3.7	0.0	6.0
		100	100	100	100	100	100	100	100	100
Informal (oral) contract	Total % informal contract	44.7	55.7	30.7	34.9	40.6	28.2	50.1	63.5	32.2
	Unlimited duration	53.4	50.4	60.0	60.1	62.5	56.2	50.8	46.5	62.1
	Limited duration	46.6	49.6	39.9	39.9	37.5	43.8	49.2	53.5	37.9
	Less than 12 months	86.6	89.6	78.0	76.2	76.5	75.9	89.7	92.6	79.3
	From 12 to 36 months	12.1	9.0	20.9	20.9	18.7	24.1	9.4	6.8	19.1
	More than 36 months	0.6	0.9	0.0	1.3	2.2	0.0	0.5	0.6	0.0
		100	100	100	100	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Regarding the duration of contracts, on average, more than half are on unlimited terms (54.3 per cent). Differences in residential areas show that young urban workers enjoy more unlimited term contracts than rural youth (58.6 per cent compared to 52.0 per cent)

while differences in sex show that young female employees benefit more from unlimited contracts as well (56.3 per cent compared to 52.8 per cent for young male employees).[9]

Among young employees with a limited contract, 57.0 per cent have contracts with durations of less than 12 months. Obviously, the formality of the contract influences its length. For formal contracts, 32.0 per cent of limited contracts are short term while, in the case of informal contracts, the proportion rises to 86.6 per cent. Differences in rural and urban areas show once again that rural employees are disadvantaged; 50.0 per cent of employees in rural areas with time-limited contracts have a contract of less than 12 months compared to 34.9 per cent for youth in urban areas. Temporary work is more common in rural areas due to agriculture.

To summarize, rural employees are more likely to be employed on an informal and shorter term basis. This finding reflects the structure of youth employment in rural areas, where 42.7 per cent of employment is in the agricultural sector (compared to 8.5 per cent of youth employment in urban areas). In urban areas, jobs offered under an informal contract are more likely to be diversified. However, 76.2 per cent of young urban employees with an informal, limited-duration contract are in precarious employment in terms of its short duration (less than 12 months). In comparison, only 22.7 per cent of formal employees in urban areas have a limited-duration contract of less than 12 months.

Another important conclusion is that young female employees benefit from more stable employment contracts (more formal, more unlimited or longer time frames for limited contracts) than young men. This is likely to reflect the female occupational distribution and their greater representation among professional occupations (see section 3.5.5).

Entitlements or "fringe" benefits correspond to the non-wage compensation provided to employees and include paid leave (holidays and sick leave), supplementary pay (premium pay for overtime and work on holidays and weekends, etc.), pensions, insurance (life insurance, health benefits, etc.) and legally required benefits (social security, etc.). Table 3.13 shows that, among young paid employees in Viet Nam, the most frequently cited extra benefits were overtime pay (54.3 per cent) and meal allowances (52.7 per cent). More than two-fifths (43.9 per cent) are covered by the social security system, with higher coverage among young female employees (57.2 per cent) than male (33.3 per cent). Health insurance coverage, paid sick leave and annual paid leave are similar to the previous statistics; 45.3 per cent of young employees have employer-subsidized health insurance, 41.1 per cent get paid sick leave and 46.3 per cent annual paid leave, again with higher figures for women than men. Such statistics compare favourably with other countries in the region and also outside the region (Elder, 2014; Elder and Koné, 2014). While it would clearly be better to have universal coverage, it is safe to say that Viet Nam is doing better than other developing countries in terms of provision of entitlements to paid employees, even among upper middle income economies, such as Peru and Tunisia (Ferrer Guevara, 2014; ONEQ, 2014). The percentage of young female employees covered by maternity leave (50.0 per cent) is well above the shares shown in other SWTS countries.

[9] The exception here is among youth in urban areas with an informal contract and youth in rural areas with a formal contract.

Table 3.13 Young wage and salaried workers by access to benefits/entitlements and sex

	Total	Male	Female
Transport or transport allowance	26.8	26.3	27.5
Meals or meal allowance	52.7	51.2	54.6
Annual paid leave (holiday leave)	46.3	37.1	57.9
Paid sick leave	41.1	32.8	51.6
Pension/old-age insurance	30.3	23.9	38.3
Severance/end-of-service payment	6.4	5.7	7.3
Overtime pay	54.3	46.5	64.0
Medical insurance coverage	45.3	34.8	58.5
Bonus/reward for good performance	36.4	29.5	45.1
Social security contribution	43.9	33.3	57.2
Educational or training courses	22.9	16.2	31.5
Occupational safety/protective equipment or clothing	41.5	37.6	46.4
Childcare facilities	14.1	7.4	22.5
Maternity/paternity leave	27.2	9.2	50.0

Source: GSO, SWTS-Viet Nam, 2013.

3.5.5 Employment by sector and occupation

The service sector plays a more important role than the other sectors in employment creation for youth, although the industrial and agricultural sectors are still strong employers. Young workers in the service sector make up 36.3 per cent of total youth employment, while the industrial sector employs 30.2 per cent and the agricultural sector employs 33.2 per cent (table 3.14).

Table 3.14 Employed youth by aggregate sector and sex, area of residence and status in employment

	Sex			Area of residence			Status in employment		
	Total	Male	Female	Urban	Rural	Wage or salaried worker (employee)	Employer	Own-account worker	Contributing (unpaid) family worker
Agriculture	33.2	35.4	30.8	8.5	42.7	10.3	13.3	52.6	75.7
Industry	30.2	29.4	31.1	31.7	29.7	46.7	22.6	7.0	6.6
Services	36.3	35.1	37.7	59.6	27.4	43.0	57.9	40.5	17.5
Other	0.2	0.1	0.3	0.3	0.2	0.1	6.2	0.0	0.2
Total population	100	100	100	100	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

By sex, young male workers have a relatively weaker engagement in the industrial sector and the service sector relative to young women, although it is important to note that gender differences in the sectoral distribution are not large. At most, there is a 5 percentage point difference in the share of young men working in the agriculture sector compared to young women. Young men have a slightly higher tendency to be engaged in agricultural employment. Sectoral disparities are more significant between rural and urban areas, as one might expect. Employment in agriculture among youth is 92.9 per cent rural, while 71.0 and 54.5 per cent of employment in industry and the services sectors, respectively, are located in urban areas.

The agricultural sector is the domain of the more vulnerable statuses of employment. As many as three in four (75.7 per cent) unpaid family workers are helping out on the family farm. Five in ten (52.6 per cent) own-account workers are engaged in some agricultural activity. Employers are those most evenly spread across the three sectors (most likely to work in the service sector (57.9 per cent), and to a lesser extent the industrial sector (22.6 per cent) and agricultural sector (13.3)). With regard to the paid jobs, they are mainly divided between industry (constituting 46.7 per cent of total youth employees) and services (43.0 per cent).

Table 3.15 presents the distribution of occupations taken up by youth. Many young workers are engaged in elementary occupations,[10] accounting for 36.4 per cent of total employed youth; followed by crafts workers (16.7 per cent) and service workers, shop and market sales workers (16.1 per cent). Occupations requiring more sophisticated skills, such as legislators, senior officials and managers, professionals and technicians and associate professionals together account for a low percentage of overall youth employment (12.2 per cent). Taking into account both formal and informal forms of employment (see the definition in section 3.5.7), the distribution of occupations is dramatically different. Higher skilled occupations are concentrated in formal employment while youth working in elementary occupations are almost exclusively in informal employment.

Table 3.15 Youth employment (formal and informal) by occupation (ISCO-08 major group) and sex (%)

	Total youth employment			Formal employment			Informal employment		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Legislators, senior officials, managers	0.3	0.1	0.4	0.8	0.6	1.0	0.1	0.0	0.2
Professionals	7.6	5.5	10.1	26.0	19.0	31.6	2.0	2.2	1.6
Technicians and associate professionals or professionals	4.3	3.9	4.7	12.7	14.3	11.4	1.7	1.4	2.1
Clerks	3.1	1.7	4.6	9.0	7.4	10.3	1.2	0.4	2.3
Service, shop and market sales workers	16.1	13.8	18.7	15.3	19.9	11.8	16.3	12.3	21.4
Skilled agricultural or fishery workers	5.7	6.1	5.3	0.3	0.4	0.2	7.4	7.5	7.3
Craft and related trade workers	16.7	19.4	13.7	13.7	13.8	13.6	17.7	20.8	13.8
Plant/machine operators and assemblers	8.7	7.6	9.9	16.4	14.5	17.8	6.3	5.9	6.8
Elementary occupations	36.4	40.3	32.0	4.1	6.3	2.4	46.4	48.5	43.7
Armed forces	0.7	0.9	0.5	1.4	3.1	0.0	0.5	0.3	0.7
Others	0.5	0.7	0.2	0.4	0.9	0.00	0.5	0.7	0.3
Total youth employment	100	100	100	100	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

[10] The International Standard Classification of Occupations (ISCO-88) describes elementary occupations as those "which require the knowledge and experience necessary to perform mostly simple and routine tasks, involving the use of hand-held tools and in some cases considerable physical effort, and, with few exceptions, only limited personal initiative or judgement. The main tasks consist of selling goods in streets, doorkeeping and property watching, as well as cleaning, washing, pressing, and working as labourers in the fields of mining, agriculture and fishing, construction and manufacturing".

Looking at the distribution of occupations by sex, two interesting findings are evident. First, young women are represented in all the occupations, implying a fairly broad array of occupational options. This is worth noting, given the limited occupations deemed suitable for women in some countries and parts of the world, which leads to longer job queues for women in the few "acceptable" occupations or sectors.[11] Second, there is a greater tendency for young men than women to enter into elementary occupations (40.3 per cent and 32.0 per cent respectively), crafts and related trade work (19.4 per cent compared to 13.7 per cent), while young females are more likely to reach the higher skilled occupations – professionals (10.1 per cent of young female workers compared to 5.5 per cent of young men) and technicians and associate professionals (4.7 per cent of young female workers and 3.9 per cent of male workers). The gender gap between young professionals is starker when viewed for those with formal jobs only. Nearly one-third (31.6 per cent) of female formal workers had a professional occupation compared to 19.0 per cent of young males.

3.5.6 The job search process

Young workers were asked to identify how they had attained their current job. As is typical in developing economies, the data presented in table 3.16 show that the majority searched for work through informal channels. Almost 40 per cent (39.7) of employed workers reported that they got their jobs via "friends/relatives, acquaintances". This method applied more to young male workers (46.2 per cent compared to 32.3 per cent for young female workers).

Table 3.16 Employed youth by job search methods to acquire current job and sex (%)

Job search method	Total	Male	Female
Registered at an employment centre	0.9	0.8	1.1
Placed/answered job advertisements	4.7	3.7	5.8
Inquired directly at factories, farms, markets, shops or other workplaces	4.2	4.0	4.4
Took a test or interview	10.1	7.2	13.4
Asked friends, relatives, acquaintances	39.7	46.2	32.3
Waited on the street to be recruited for casual work	0.4	0.5	0.3
Sought financial assistance to look for work or start a business	1.5	1.2	1.9
Looked for land, building, equipment, machinery to start own business or farming	2.0	2.0	2.0
Applied for permit or licence to start a business	0.8	0.8	0.9
Worked for their household business units	27.0	25.0	29.2
Other	8.6	8.5	8.8
Total youth employment	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

The second most commonly applied channel consisted of contacting enterprises directly: a total of 14.3 per cent of young workers used this method, either inquiring directly at factories, farms, markets, shops or other workplaces (4.2 per cent) or by taking a test or interview (10.1 per cent). Notably, the role of employment service centres can be viewed as weak. Very few young workers found work through an employment centre (0.9 per cent), although providing supporting and counselling services for all labourers in general and young workers in particular are the main functions of this type of organization.

[11] See, for example, Barcucci and Mryyan (2014).

This finding is in line with the fact that a significant share of the unemployed state they do not know where and how to find a job. Thus, a reconsideration of how to strengthen the function of the public employment centres is required. The small proportion of employed workers who found their job through an advertisement (4.7 per cent) also implies that there is room for improving the system of labour market information.

Finally, results show that more than one-quarter (27.0 per cent) did not necessarily need to look for jobs but rather took up work for their household business units. There is a higher proportion of women than men (29.2 per cent compared to 25.0 per cent) in this category, which is in line with the higher share of young female contributing family workers seen above.

3.5.7 Informal employment

According to international standards, "Employment in the informal sector" and "informal employment" are concepts that refer to different aspects of the "informalization" of employment. More precisely, informal jobs include all jobs in the informal sector and informal employment outside the informal sector. For the latter, employment is considered to be informal if the "employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.)" (Hussmanns, 2004).

In developing countries, the informal sector is said to account for between half and three-quarters of all non-agricultural employment. Informal jobs inside or outside the informal sector are often associated with poor employment conditions, such as "lack of protection in the event of non-payment of wages, compulsory overtime or extra shifts, lay-offs without notice or compensation, unsafe working conditions and the absence of social benefits such as pensions, sick pay and health insurance" (Hussmanns, 2004). In sum, they correspond to jobs that only vulnerable groups of workers who are excluded from other opportunities will take and cannot be considered "decent" work.

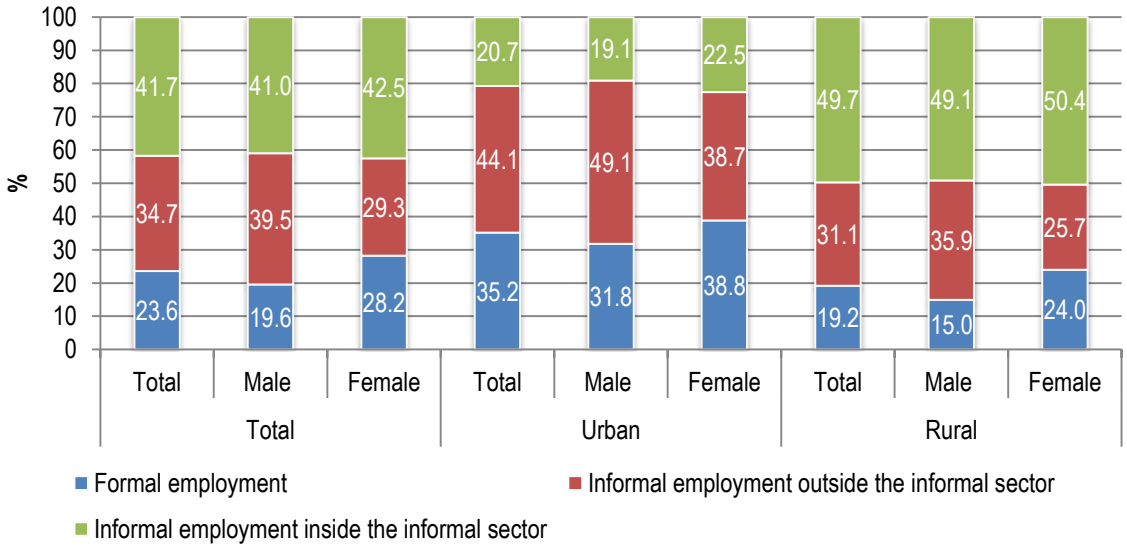
Concerning the youth labour force in Viet Nam, the SWTS confirms that this group does not escape from the informal economy. Informal employment among youth reaches a total of 76.4 per cent of employed youth;[12] 41.7 per cent are employed in the informal sector and another 34.7 per cent are in informal jobs in the formal sector (figure 3.5). Among the informally employed, 42.3 per cent are in the agricultural sector, 29.7 per cent in the service sector and 27.8 per cent in the industrial sector. Overall, this leaves only 23.6 per cent of the youth with a formal job.

The share of informal employment is slightly higher for young men than women (80.5 and 71.8 per cent, respectively) and there are also differences in the composition of informal employment between the sexes. Young working men are more likely to fall into the category of informal job in the formal sector, which is a paid job without the added entitlements of social security or paid annual or sick leave. In contrast, the young working female is more likely to be in formal employment.

[12] Informal employment is measured here according to the guidelines recommended by the 17th International Conference of Labour Statisticians. It includes the following sub-categories of workers: (a) paid employees in informal jobs (i.e. jobs without a social security entitlement, paid annual leave or paid sick leave); (b) paid employees in an unregistered enterprise with size class below five employees; (c) own-account workers in an unregistered enterprise with size class below five employees; (d) employers in an unregistered enterprise with size class below five employees; and (e) contributing family workers.

Unsurprisingly, employment in the informal sector takes a larger share in rural than in urban areas. In rural areas, nearly half of youth are employed in this sector (49.7 per cent) while in urban areas, it "only" accounts for one-fifth (20.7 per cent) of youth employment. In contrast, both the shares of youth working in informal employment outside the informal sector and those in formal employment are higher in urban than rural areas.

Figure 3.5 Formal and informal youth employment by area of residence and sex (% of total youth employment)



Source: GSO, SWTS-Viet Nam, 2013.

Table 3.17 presents formal and informal employment by specific characteristics of youth – age and level of schooling. Formally employed youth appear to be older on average and have a significantly higher education level than the youth in informal employment.[13] Young workers with the highest levels of education have a much greater chance of attaining formal employment than those with low levels of education. Youth inside the informal sector have the lowest level of education on average: 77.2 per cent have a low level of education while only 3.9 per cent are highly educated.

Table 3.17 Formal and informal employment of youth by average age, average level of completed schooling and characteristics of education and rural residency

	Age (average)	Education level* (average)	% of lesser educated	% of highly educated
Formal employment	25.3	5.0	20.8	51.7
Informal employment outside the informal sector	22.6	3.4	63.3	14.9
Informal employment inside the informal sector	22.7	3.0	77.2	3.9
Total	23.3	3.6	58.5	19.5

Note: *Schooling levels 1–8 correspond to the categories shown in table 3.4, 1 being "Less than primary" and 8 "Other". Lesser educated is defined as completion below the fifth level. Highly educated is defined as completion at the sixth or seventh level.

Source: GSO, SWTS-Viet Nam, 2013.

[13] Both findings are confirmed by the recent analysis on the topic of youth and informal employment based on 20 SWTSs. See Shehu and Nilsson (2014).

Given the predominance of the informal economy in Viet Nam, youth have little opportunity to avoid it. However, the survey findings confirm that education is a powerful tool to increase young people's chances of finding a formal job.

3.5.8 Wages

Low wages are a key concern in youth employment. Limited work experience places young workers at a disadvantage in terms of wage negotiations. Table 3.18 presents the monthly wages of young wage and salaried workers (58.3 per cent of all young workers). The average wage and salaried worker surveyed earned 3,695,000 Vietnamese Dong (VND) per month.[14] Young Vietnamese men systematically earned more than young women regardless of level of education (exception is at the upper secondary level). The average monthly wage of a male employee was 1.2 times that of a female employee, at VND 3,976,000 and VND 3,356,000, respectively. Investing in education brings a clear pay-off in terms of higher wage potential. The average monthly wage increased incrementally with each added level of education. Among employees, the university graduate could earn 2.4 times the wage of a young worker with less than primary education.

Table 3.18 Average monthly wages of young wage and salaried workers by sex and level of completed education

	Total		Male		Female	
	Mean monthly wage in thousands of Vietnamese Dong (VND)	S.D.	Mean monthly wage in thousands of Vietnamese Dong (VND)	S.D.	Mean monthly wage in thousands of Vietnamese Dong (VND)	S.D.
Total	3,695	2.4	3,976	3.2	3,356	3.5
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp]	2,609	1.7	2,674	1.9	2,368	3.9
Primary [Tiểu học]	2,996	2.5	3,146	3.8	2,753	1.9
Lower secondary general [Trung Học Cơ Sở]	3,449	3.5	4,094	6	2,623	2.3
Upper secondary general [Trung Học Phổ Thông]	3,355	1.3	3,315	1.2	3,411	2.7
Secondary vocational [Trung Học Chuyên Nghiệp]	4,752	14.2	6,714	31.3	3,171	2.3
Post-secondary vocational [Cao đẳng]	3,057	1.9	3,275	2.9	2,969	2.4
University and postgraduate studies [Đại học + Sau đại học]	6,271	14.6	6,782	17.7	5,820	22.7

S.D. = Standard deviation.

Source: GSO, SWTS-Viet Nam, 2013.

[14] The UN operational exchange rate on 1 February 2013 (in the midst of the survey fieldwork) was 1 US dollar = 78.95 BDT. The average wage of a young employee in Bangladesh was therefore the equivalent of US$79.78 per month. The university graduate working in paid employment earned the equivalent of US$188.33 per month.

3.5.9 Qualifications mismatch

One means of measuring the mismatch between the job that a person does and their level of educational qualifications is to apply the normative measure of occupational skills categories from the International Standard Classification of Occupations (ISCO). ISCO-08 includes a categorization of major occupational groups (first-digit ISCO levels) by level of education in accordance with the International Standard Classification of Education (ISCED)[15] that is reproduced in table 3.19.

Table 3.19 ISCO major groups and education levels

ISCO major group	Broad occupation group	Skill level
1: Legislators, senior officials, managers	High-skilled non-manual	Tertiary (ISCED 5–6)
2: Professionals		
3: Technicians and associate professionals		
4: Clerical support workers	Low-skilled non-manual	
5: Service and sales workers		
6: Skilled agricultural and fishery workers		Secondary (ISCED 3–4)
7: Craft and related trades workers	Skilled manual	
8: Plant and machine operators and assemblers		
9: Elementary occupations	Unskilled	Primary (ISCED 1–2)

Source: ILO, 2013a, p. 29.

Workers in a particular group who have the assigned level of education are considered well-matched. Those who have a higher level of education are considered overeducated and those with a lower level of education are considered undereducated. For instance, a university graduate working as a clerk (a low-skilled non-manual occupation) is overeducated, while a secondary school graduate working as an engineer (a high-skilled non-manual occupation) is undereducated.

The result for youth in Viet Nam is that a slight majority of young workers are in occupations that match their level of education (52.1 per cent) compared to workers who work in occupations for which they are overeducated (23.5 per cent) or undereducated (23.8 per cent) (table 3.20). The results are, in part, a reflection of the levels of education attained by youth in the country.

The phenomenon of overeducation tends to occur when there is an insufficient number of jobs to match a certain level of education. The mismatch in supply and demand forces some of the degree holders to take up available work for which they are overqualified. In Viet Nam, overeducated youth are found primarily in elementary occupations (52.9 per cent) and, to a lesser degree, in clerical work (38.0 per cent) and sales work (14.9 per cent). The consequence is that overeducated youth are likely to earn less than they otherwise could have and are also not making the most of their productive potential.

[15] For more information on this ISCO-based method, and other methods of measuring skills mismatches, see Quintini (2011).

Table 3.20 Shares of overeducated and undereducated young workers by major occupational category (ISCO-08, %)

ISCO major group	Overeducated	Undereducated	Matching qualification
1: Legislators, senior officials, managers	0.0	20.1	79.9
2: Professionals	0.0	9.8	90.2
3: Technicians and associate professionals	0.0	64.7	35.3
4: Clerical support workers	38.0	2.4	59.6
5: Service and sales workers	14.9	23.1	62.0
6: Skilled agricultural and fishery workers	3.8	43.4	52.8
7: Craft and related trades workers	4.0	31.5	64.5
8: Plant and machine operators and assemblers	3.8	15.7	80.5
9: Elementary occupations	52.9	18.2	28.9
Total	23.5	23.8	52.1

Source: GSO, SWTS-Viet Nam, 2013.

Undereducation, not surprisingly, is concentrated primarily among the occupations requiring higher skills levels; 20.1 per cent of young managers, more than six in ten young technicians (59.6 per cent) but also 43.4 per cent of young skilled agricultural and fishery workers do not hold the necessary level of education expected for the job. The undereducation of workers can have a severe impact on labour productivity and can be a significant hindrance to economic growth, but also can also impact the young worker in terms of their self-confidence.

3.5.10 Job satisfaction and security

The level of job satisfaction is commonly used as a subjective indicator of job quality. The surveyed workers are asked to rate whether they are "very satisfied", "satisfied", "somewhat unsatisfied" or "very unsatisfied" with their current job. Often, results contradict other objective measures of job quality, since even low-quality jobs can meet the basic expectations of workers, especially when few alternative options exist (ILO, 2013a, Chapter 4). SWTS results show that 81.2 per cent of young workers in Viet Nam declared their jobs to be satisfactory (table 3.21). Young men appear to be slightly more satisfied than women with their job (82.2 per cent of young men declared satisfaction compared to 80.2 per cent of women). Job satisfaction is linked to age: the youngest (15–19) proved to be less satisfied with their job (73.0 per cent) than the other age cohorts (80.3 per cent among the 20–24-year-olds and 86.0 per cent among the 25–29-year-olds). Age is directly linked to greater experience in the labour market and better job opportunities. At the same time, the youngest cohorts are likely to have lower educational levels, less experience and therefore fewer opportunities in the labour market.

On the other hand, higher levels of education do not seem to be linked to higher job satisfaction. In fact, it was the group of young non-educated employed which showed the highest satisfaction level: 88.6 per cent of them declared themselves to be satisfied with their jobs compared to 88.5 per cent of working youth with tertiary education (noting that the differences are slight). Furthermore, of those with a middle level of education (having reached upper secondary level) 80.0 per cent are satisfied with their jobs. The results seem to confirm, therefore, that youth with a lower level of education have fewer expectations about their jobs than those with a middle education level. Going further, those who have invested in their education might consider that the job they have reached provides lower returns than they would have expected. Job expectations are mainly based on occupation type, salary levels and working conditions but also other work environment characteristics, such as flexibility at work, rewards and promotion opportunities, work atmosphere, etc.

Regarding employment status, the young employers have by far the highest level of job satisfaction (91.2 per cent). Own-account workers show almost the same level of satisfaction (84.5 per cent) as the majority group of young employees (83.7 per cent). This is rather surprising considering the fact that own-account workers tend to be part of the informal sector, have a rather precarious work situation and without social benefits. On the other hand, the other categories of vulnerable workers, the unpaid workers, have a significantly lower satisfaction rate with their work (72.3 per cent).

On the specificities of the labour market, results concerning the sector and type of occupation demonstrate that the objective quality of the job directly impacts job satisfaction. More precisely, the agricultural sector accounts for the larger part of unsatisfied employed youth (27.0 per cent) compared with the service and industrial sectors (26.2 and 23.9 per cent, respectively).[16] In a similar vein, elementary occupations and agricultural jobs have the lower levels of satisfaction (73.6 and 75.6 per cent, respectively) while professionals, managers and legislators, and technicians and associate professionals – the higher skilled occupations – show the highest level of satisfaction among the employed youth (respectively, 94.8, 93.3 and 92.4 per cent). The difference in job satisfaction between the low- and high-skilled jobs, nearly 20 percentage points, provides an indication of the differences in terms of working conditions and salary levels.

Table 3.21 Job satisfaction rates by selected characteristics and sex (%)

		Total	Male	Female
Total		81.2	82.2	80.2
Age group	15–19	73.0	74.9	70.6
	20–24	80.3	81.9	78.4
	25–29	86.0	86.5	85.5
Education level	Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp]	88.6	91.9	82.9
	Primary [Tiểu học]	80.1	83.7	75.4
	Lower secondary [Trung Học Cơ Sở]	82.9	82.9	82.9
	Upper secondary [Trung Học Phổ Thông]	80.0	78.4	82.0
	Secondary vocational [Trung Học Chuyên Nghiệp]	87.9	90.1	86.2
	Post-secondary vocational [Cao đẳng]	68.2	55.5	74.6
	University and postgraduate studies [Đại học + Sau đại học]	88.5	90.3	87.0
Status in employment	Wage or salaried worker (employee)	84.5	86.0	82.5
	Employer	91.2	87.8	100.0
	Own-account worker	83.7	84.6	83.0
	Contributing (unpaid) family worker	72.3	71.3	73.3
	Other	51.0	50.0	54.7

Source: GSO, SWTS-Viet Nam, 2013.

[16] Results are not shown in the table.

3.6 Characteristics of unemployed youth

A young person is considered unemployed if he or she did not work at all during the preceding week of the survey and was actively looking for work or was available for work. Unemployment among the youth population in Viet Nam is low. Only 2.8 per cent of the young economically active population is unemployed (the youth unemployment rate) and 1.9 per cent of the youth population. The female youth unemployment rate is slightly higher than the male rate at 2.9 and 2.7 per cent, respectively (table 3.22).

The strict definition of unemployment requires that, for inclusion as "unemployed", a person be without work, available to work and actively seeking work. The relaxation of the "actively seeking work" criteria makes sense in circumstances where the conventional means of seeking work are of limited relevance, where the labour market is largely unorganized, where labour absorption is inadequate or where the labour force is largely self-employed. "Relaxing" the definition of unemployment doubles the youth unemployment rate in Viet Nam, but the rate remains low at 4.9 per cent.

Table 3.22 Youth unemployment, strict and relaxed definition

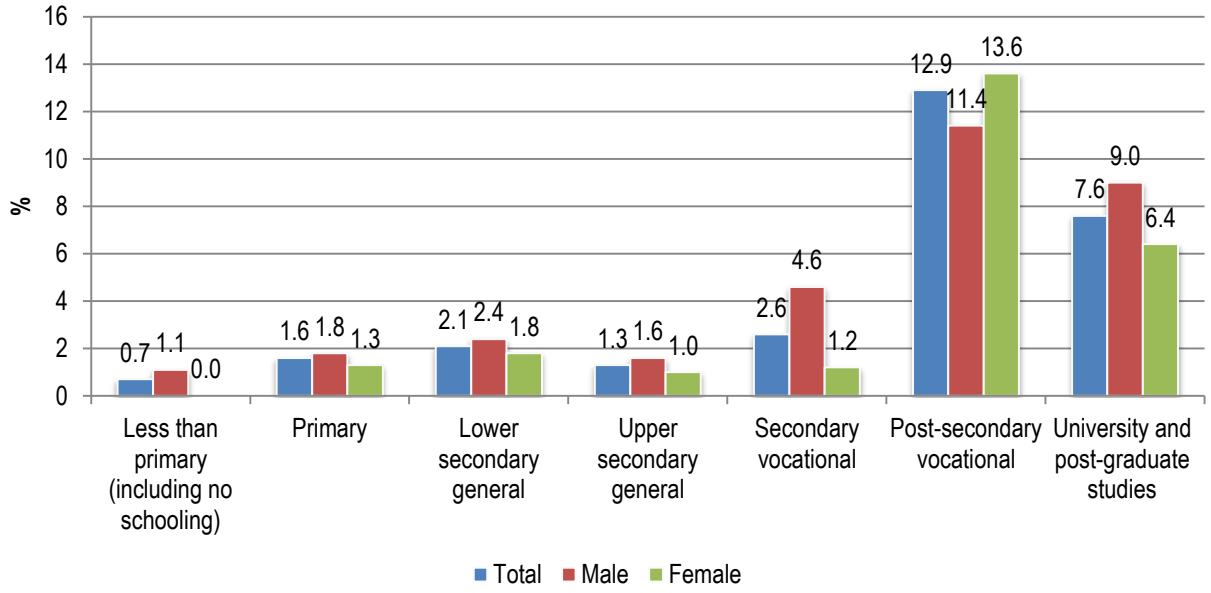
	Total	Male	Female
Unemployed (strict)	398,658	205,302	193,356
Unemployed (relaxed)	703,864	298,024	405,840
Unemployment rate (strict)	2.8	2.7	2.9
Unemployment rate (relaxed)	4.9	3.9	5.9

Source: GSO, SWTS-Viet Nam, 2013.

Relaxing the definition of unemployment increases the number of unemployed by 305,000 or by 77 per cent. Among these youth who are without work, available for work but not actively seeking work, nearly half (44.1 per cent) qualify as discouraged workers. The discouraged youth have given up on the job search because of a reason which implies a sense of despair about the labour market. Specific reasons include: not knowing how or where to seek work, an inability to find work matching their skills, experience in looking for work before has led to no results, feeling too young to find work and the sense that no jobs are available in the area. Overall, the share of discouraged youth in the youth labour force remains small at less than 1 per cent.

Figure 3.6 presents youth unemployment rates by level of education. The extent of unemployment is highest among those who have a tertiary level of education. The unemployment rate among the young university graduates is 7.6 per cent and 12.9 per cent for post-secondary vocational graduates. The unemployment rate is lowest among the least educated at 0.7 per cent, that is, among those youth who do not have any education or less than primary level education. The unemployment rate among those having a lower secondary level of education is 2.1 per cent and 1.3 per cent for upper secondary. The probability of being unemployed steadily increases as one acquires more education. The unemployment rates of young women are lower than those of young men across all levels of educational attainment with the exception of post-secondary vocational graduates.

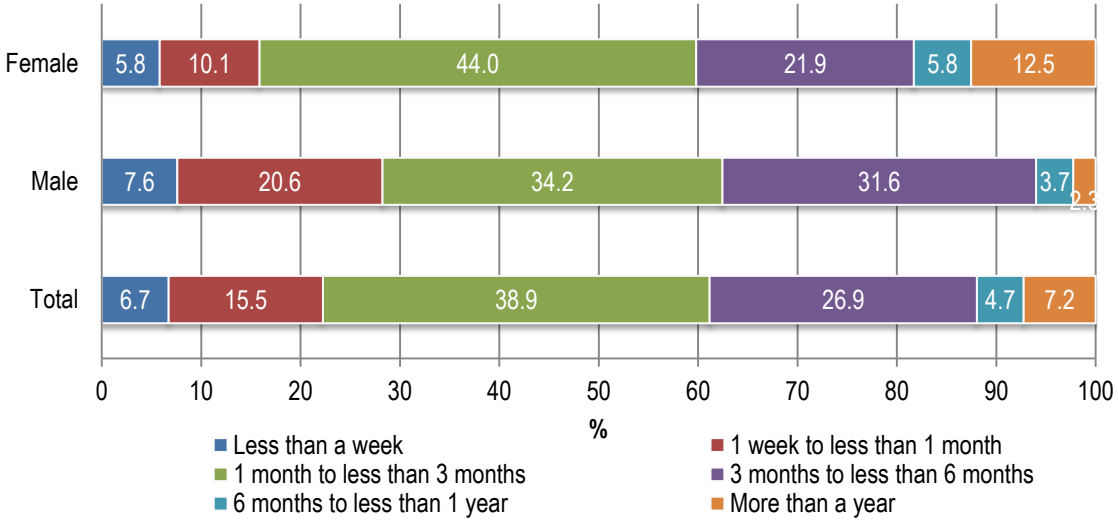
Figure 3.6 Youth unemployment rates by level of educational attainment



Source: GSO, SWTS-Viet Nam, 2013.

Most unemployment durations are short, lasting between one month and three months (38.9 per cent). Only 4.7 per cent of unemployed youth have been looking for work for between six months and one year and 7.2 per cent for longer than a year (figure 3.7). Long-term unemployment – searching for 12 months or longer – seems to be a female phenomenon, the female share being six times greater than the male share (12.5 and 2.3 per cent, respectively).

Figure 3.7 Unemployed youth by duration



Source: GSO, SWTS-Viet Nam, 2013.

Asked what they consider to be the main barrier to getting a job, employed and unemployed youth have different opinions. A significant share of employed youth (32.5 per cent) felt that there was no obstacle to finding work compared to 3.1 per cent of unemployed youth (naturally, since they have not yet been able to find a job). Both employed and unemployed agree, however, that the lack of work experience and inadequate qualifications are the main obstacles to finding a job in the country; 36.3 per cent of unemployed youth selected these two responses and 26.6 per cent of employed

youth. What is interesting here is that a relatively small share of the two groups selected "no available jobs" (10.2 per cent of employed and 15.7 per cent of unemployed). This option takes a higher share in countries with higher unemployment rates that are more structural in nature (Elder and Koné, 2014). The barriers more often identified by youth in Viet Nam are inward-looking (i.e. focused on their own characteristics – lack of experience, lack of qualifications) rather than external ones.

Table 3.23 Opinion of main obstacle to finding work, employed and unemployed youth (%)

	Employed	Unemployed
No obstacle	32.5	3.1
Job requirement higher than qualification	13.6	15.5
Not enough experience	13.0	20.8
No available jobs	10.2	15.7
Too young	4.2	5.7
Sex discrimination	0.1	2.5
Other discrimination	0.1	0.0
Pay was too low	10.1	12.8
Working conditions were inadequate	1.6	1.4
Don't know how or where to find a job	8.1	16.8
Other	1.7	4.2
Total	100	100

Source: GSO, SWTS-Viet Nam, 2013.

3.7 Characteristics of youth outside the labour market (inactive youth)

In Viet Nam, the inactive youth account for 40.7 of the total youth population. More than three-quarters (76.6 per cent) are still studying. Among the reasons for inactivity, unsurprisingly, 59.2 per cent cited engagement in education or training (table 3.24). Among inactive non-students, answers are more diverse. The primary reason behind inactivity for this group is family responsibilities or housework (31.8 per cent). More young women than men cite this reason, but 22.5 per cent of young men also cited family responsibilities as the reason for inactivity. Another 21.9 per cent of inactive non-student males cited illness, injury or disability compared to 2.2 per cent of women. The time of year being off-season is another reason given by 19.4 per cent of young male non-students and 12.6 per cent of female non-students, implying that they will rejoin the labour market as soon as the opportunity presents itself. Only 5.9 per cent declared that they had no desire to work.

Table 3.24 Inactive youth by reason for inactivity and sex (%)

Reasons for inactivity	Total	Total inactive			
		Students	Non-students		
			Total	Male	Female
Attending education/training	59.2	76.5	2.0	2.4	1.8
Family responsibilities or housework	7.5	0.1	31.8	22.5	38.5
Pregnancy	0.7	0.0	3.1	0.0	5.4
Illness, injury or disability	2.4	0.0	10.5	21.9	2.2
Too young to work	0.5	0.0	2.1	2.6	1.8
No desire to work	1.3	0.0	5.9	6.7	5.3
Off-season	3.6	0.0	15.5	19.4	12.6
Other	24.8	23.4	29.2	24.6	32.5
Total inactive youth	100	100	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Relating to main activities which were carried out by inactive youth within the past seven days, most of them reported that they normally helped with household chores (57.2 per cent); other youth engage in social activities, such as meeting friends, going dancing, going out drinking and eating (10.1 per cent), as well as watching TV (2.0 per cent), listening to music (10.8 per cent), reading (14.1 per cent) or shopping (5.9 per cent).

Gender differences are significant in the time-use of inactive youth. Among inactive female youth, almost all help with household chores (76.5 per cent) while the majority of inactive male youth engage in social activities (77.0 per cent). Such results reflect the deep-rooted attitudes towards gender roles in the country.

Table 3.25 Inactive youth by main activities in the past seven days (%)

Time use	Total	Male	Female
Meet friends, go dancing, go out to drink or eat	10.1	37.2	0.0
Help with household chores	57.2	5.3	76.5
Watch TV	1.9	0.0	2.6
Listen to music	10.8	39.8	0.0
Read	14.1	17.6	12.8
Go shopping	5.9	0.0	8.1
Total inactive youth	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

4. Stages of transition

4.1 Concepts and definitions[17]

The ILO approach to labour market transition of young people measures not only the length of time between the exit from education (either upon graduation or early exit without completion) to the first entry into any job, but includes also qualitative elements, such as whether this job is stable (measured by contract type). The SWTS was designed in a way that applies a stricter definition of "stable employment" than is typically used in the genre. By starting from the premise that a person has not "transited" until settled in a job that meets very basic criteria of stability as defined by the duration of the contract, the ILO is introducing a new quality element to the standard definition of labour market transitions. However, only a miniscule share of youth in many developing economies, particularly the low-income economies, will ever attain stable employment, which implies that the statistics are probably not framed widely enough. For this reason, the decision was taken to also look at the element of satisfaction with employment and build it into the concept of labour market transition.

More specifically, the labour market transition is defined as the passage of a young person (aged 15 to 29 years) from the end of schooling (or entry to first economic activity) to the first stable or satisfactory job. Stable employment is defined in terms of the contract of employment (written or oral) and the duration of the contract (greater than 12 months). Bringing in the issue of contract automatically excludes the employment status of the self-employed, where the employment relationship is not defined by a written contract. The contrary is temporary employment, or wage and salaried employment of limited duration. Satisfactory employment is a subjective concept, based on the self-assessment of the job

[17] This section is adapted from ILO (2013a), Chapter 5.

holder. It implies a job that a respondent considers to "fit" his or her desired employment path at that moment in time. The contrary is termed non-satisfactory employment, implying a sense of dissatisfaction with the job. The three stages of transition are defined further in box 3.

Two elements of this classification are noteworthy. First, the stages of transition span the boundaries of economic activity as defined in the standard labour force framework. The "transited" category includes a subset of youth classified as employed; the remaining employed fall within the category of "in transition", which includes the strict definition of unemployed and portions of the inactive (namely, those without work, available for work but not actively seeking work[18] and inactive non-students who have stated an intention to join the labour force at a later stage). The "transition not yet started" category is the residual of the inactive population.

Second, the stages of transition are not intended to be a normative framework. Because of the inclusion of youth in satisfactory self-employment and satisfactory temporary employment, one cannot say that all young people in the transited category have transited to a "good" job. In fact, a majority of young people in self-employment – the own-account workers and unpaid family workers – are among the many poorly paid workers in the informal economy identified in the analysis above. By definition, they make up the bulk of the country's share of irregularly employed. Yet they have expressed a degree of satisfaction with their job, and they are likely to have finished their transition in the sense that they will remain in the self-employed classification for the remainder of their working lives.

Box 3. Definition of the stages of transition

Transited – A young person who has "transited" is one who is currently employed in:
- a stable job, whether satisfactory or non-satisfactory; or
- a satisfactory but temporary job; or
- satisfactory self-employment.

In transition – A young person still "in transition" is one who is currently:
- unemployed (relaxed definition); or
- employed in a temporary and non-satisfactory job; or
- in non-satisfactory self-employment; or
- inactive and not in school, with the aim of looking for work later.

Transition not yet started – A young person whose "transition has not yet started" is one who is currently:
- still in school and inactive (inactive student); or
- inactive and not in school (inactive non-student), with no intention of looking for work.

4.2 Stages of transition

Table 4.1 shows the breakdown of the young population by stages of transition according to sex, age band, area of residence and level of completed education. The largest share of sampled youth in Viet Nam had already completed the labour market transition (55.2 per cent), followed by those who had not yet started the transition (26.3 per cent) and those who were still in transition (18.5 per cent). In most developed economies, we can assume that a larger share of youth can be found among the transition-not-yet-started category as many young people would still be in school. But, in Viet Nam, the relatively

[18] This is the portion added to the "strictly" unemployed category to make up the unemployed (relaxed definition).

low school attendance is reflected in the low share of youth who have not yet started the transition. On the other hand, the dominance of the transited group compared to the in-transition group can be read as a positive sign. In Viet Nam, the labour market offers reasonably good opportunities for youth to get a stable job.

The young male's better chances of completing the transition are evident. Over 59 per cent of the young men surveyed had completed the transition compared to 51.3 per cent of young women. In contrast, the share of young women that were still in transition is slightly higher than that of young men, with 19.6 and 17.4 per cent, respectively. The difference is more pronounced for the transition-not-yet-started group. A total of 28.8 per cent of young women compared to 22.8 per cent of young men had yet to begin the transition. This can be reasonably explained by the fact that, in Viet Nam, young women stay longer in education and are mainly responsible for housework, taking care of children, etc.

Age proves to be the strongest predictor of where a young person lies in the stages of transition. The tendency for the young person to move into the transition increases considerably as they age. The younger age cohorts make up a much larger share of the transition-not-yet-started category, because there is an overlap with typical schooling ages (15–19 and 20–24). That is, 52.5 per cent of youth aged 15–19 had not yet started the transition while the corresponding figure for the next group (aged 20–24) is 18.5 per cent. Similarly, the share of "in transition" youth is higher among the 20–24-year-olds than other age groups. Only very few in the 25–29 group belong to the transition-not-yet started category (4.2 per cent).

Table 4.1 Stages of transition by sex, age group, area of residence and level of completed education

	Transited	In transition	Transition not yet started	Other	Total
Total	55.2	18.5	26.3	0.4	100
Male	59.2	17.4	22.8	0.6	100
Female	51.3	19.6	28.8	0.2	100
Age group					
15–19	31.4	15.7	52.5	0.4	100
20–24	57.3	23.8	18.5	0.3	100
25–29	78.9	16.4	4.2	0.5	100
Area of residence					
Urban	55.0	12.4	32.3	0.3	100
Rural	55.3	21.1	23.1	0.5	100
Completed education*					
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp]	69.5	21.4	9.1	0.0	100
Primary [Tiểu học]	70.7	26.1	2.6	0.6	100
Lower secondary [Trung Học Cơ Sở]	70.3	27.4	1.9	0.4	100
Upper secondary [Trung Học Phổ Thông]	75.6	21.8	1.2	1.4	100
Secondary vocational [Trung Học Chuyên Nghiệp]	87.0	13.0	0.0	0.0	100
Post-secondary vocational [Cao đẳng]	65.1	34.9	0.0	0.0	100
University and postgraduate studies [Đại học + Sau đại học]	84.5	14.7	0.0	0.8	100

Note: * Excluding current students since their highest level is not yet determinable.

Source: GSO, SWTS-Viet Nam, 2013.

To summarize, the transition stages are progressive with age. The youngest are more likely to be inactive, with a large share of them still at school. After 20 to 24 years old, getting older and finishing their education, a large number of those previously in the transition-not-yet-started category will move either into the in-transition category (with a 23.8 chance) or into the transited category (with a 57.3 per cent chance). After the age of 25, nearly half of those both in the previous transition-not-yet-started and transiting groups will transit. Still, the fact that so many of the 15–19-year-olds (nearly half) are firmly in the labour market, either with a completed transition (31.4 per cent) or still in transition (15.7 per cent), is disturbing when they should ordinarily be in school.

The impact of geographic residence is small. The distribution of the transited youth population is almost identical for youth in urban and rural areas. However, for urban areas, the difference between in-transition and not-yet-started-transition groups is more pronounced, indicating the fact that, in urban areas, the proportion of young people still in school is higher than that in rural areas, where young people enter the labour market earlier, most likely engaging in agricultural work.

As one might expect, the level of educational attainment of the young person influences their current stage in the labour market transition. The university graduate has a significantly higher likelihood of completing the transition (84.5 per cent) than the young person with lower educational levels (of which about 70 per cent have completed the transition for all levels, including the less than primary, primary and lower secondary levels. The primary and secondary groups are similar in their distribution across stages of transition, with nearly 25 per cent in transition and less than 5 per cent not yet starting the transition. However, it is important to bear in mind that the calculations exclude current students since their completed education level is as yet unknown. The lesser-educated youth in the transition-not-yet-started category, therefore, refers to inactive non-students only.

4.2.1 Youth who have not started transition

The results of the SWTS show that there is a larger proportion of young females (56.4 per cent) than young males (43.7 per cent) among the youth who have not started their transition (see table 4.2). Overall, most of the youth population (94.0 per cent) that had not started their transition was in school (and inactive). Only 6.0 per cent of the youth population in Viet Nam was currently inactive and not in school with no intention of future labour market engagement. While the share of young women in the category of inactive students was higher than that of young men, the opposite was true of the category of inactive non-students with no intention of looking for work. The latter result could reflect the higher share of young men giving disability or illness as their reason for inactivity.

Table 4.2 Youth who have not yet started their transition by sub-category and sex (%)

	Total	Male	Female
Inactive student	94.0	92.5	95.2
Inactive non-student with no intention of looking for work	6.0	7.5	4.8
Total	100	100	100
Inactive student	100	42.9	57.1
Inactive non-student with no intention of looking for work	100	54.7	45.3
Total	100	43.7	56.4

Source: GSO, SWTS-Viet Nam, 2013.

4.2.2 Youth in transition

A young person is classified as in transition if they are either unemployed (relaxed definition), employed in a temporary and non-satisfactory job, engaged in self-employment or in a paid temporary job that they have expressed dissatisfaction with, or are an inactive non-student with an attachment to the labour market, indicated by their desire to work in the future.

A majority of youth in the category are classified as in transition because they are in an unsatisfactory employment situation (47.5 per cent). Inactive non-students with plans for future work account for more than one-third (34.8 per cent) of the youth in transition, while the unemployed is the smaller group, but still accounting for 17.7 per cent (table 4.3). There is a larger proportion of young women (53.5 per cent) among the youth in transition compared to young men (46.5 per cent). Dissimilarities between the sexes relate to the proportion of young women remaining in transition because they do not have a satisfactory job (42.2 per cent), which is significantly lower than that of young men (53.6 per cent). On the other hand, the number and proportion of young female unemployed or inactive with desire for future work is higher than that of young men.

Table 4.3 Youth in transition by sub-category and sex (%)

	Total	Male	Female
"Relaxed" unemployed	17.7	16.1	19.0
In a temporary and non-satisfactory job	13.9	16.9	11.3
In non-satisfactory self-employment	33.6	36.7	30.9
Inactive non-student with aim to work	34.8	30.3	38.8
Total youth in transition	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Young people with the highest level of education are those who are least likely to fall within the in-transition category (table 4.4). The lowest share is seen among youth with university education (5.2 per cent), which suggests that having a higher level degree does help to get youth out of the transition phase (confirmed in section 4.2.3). Dissatisfaction with employment seems to be more of a challenge among the middle-educated (at the secondary level). The least educated, and particularly those with no education, are more likely to be in the sub-category "inactive non-student with aim to work" than those with highest education.

Table 4.4 Youth in transition by sub-category and level of completed education (%)

	Total youth in transition	"Relaxed" unemployed	In a temporary and non-satisfactory job	In non-satisfactory self-employment	Inactive non-student with aim to work
Less than primary (including no schooling) [Chưa từng đi học + Không bằng cấp]	8.5	1.2	7.9	5.3	14.3
Primary [Tiểu học]	24.4	19.9	18.8	25.9	27.4
Lower secondary [Trung Học Cơ Sở]	33.4	30.9	29.1	28.2	40.1
Upper secondary [Trung Học Phổ Thông]	18.5	8.0	17.5	30.0	14.9
Secondary vocational [Trung Học Chuyên Nghiệp]	2.9	5.5	1.0	5.2	0.7
Post-secondary vocational [Cao đẳng]	6.9	15.7	22.7	2.6	0.5
University and postgraduate studies [Đại học + Sau đại học]	5.2	18.7	3.1	2.8	2.0
Total (vertical %)	100	100	100	100	100
Total (horizontal %)	100.0	17.0	14.4	29.6	39.0

Note: * Excluding current students since their highest level is not yet determinable.

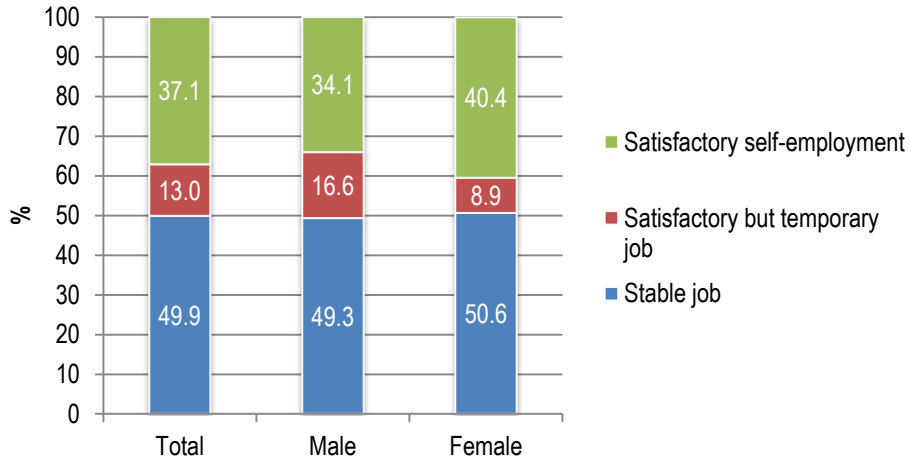
Source: GSO, SWTS-Viet Nam, 2013.

4.2.3 Characteristics of a completed transition

More than half of the youth population has succeeded in completing their labour market transition (55.4 per cent). Almost half of the transited youth have attained a stable job (49.9 per cent). The remaining transited youth are either in satisfactory self-employment (37.1 per cent) or in satisfactory temporary employment (13.0 per cent). Certainly there are job quality implications for the youth in the various sub-categories of completed transition. The young person may have stopped shifting between labour market categories but many of those in self-employment are unlikely to have attained quality employment. Besides, temporary employment remains a precarious situation for the employed youth. Nevertheless, figure 4.1 shows positive signs regarding the chances that transitions will lead to stable employment.

There is little difference in the shares of transited males and females who have achieved stable jobs (49.3 and 50.6 per cent, respectively). There are differences, however, in the less stable categories with young males more likely to settle in satisfactory but temporary jobs and young women in satisfactory self-employment.

Figure 4.1 Transited youth by sub-category and sex



Source: GSO, SWTS-Viet Nam, 2013.

Finally, looking at the occupational distribution of transited youth, it appears that their distribution closely follows that of the overall population of employed youth (table 4.5). More precisely, most transited youth are employed as workers in elementary occupations (32.3 per cent), followed by craft and related trade workers (18.1 per cent) and then by service and sales workers (16.5 per cent). In contrast, transited youth are unlikely to occupy the higher skilled occupations of legislators or managers, clerks or associate professionals.

The division of employed youth into transited and non-transited shows the interesting result that youth in elementary occupations are much more likely to remain in transition (61.9 per cent) than to be transited (32.3 per cent), which suggests that youth in elementary occupations are those most likely to be dissatisfied with their work. Similarly, the share of total employed youth in skilled agricultural and fishery work exceeds the share of those in that occupation among transited youth.

Table 4.5 Occupation of total employed youth, transited youth and in transition, employed youth (%)

	Total employed youth	In transition, employed youth	Transited youth
Occupation:			
Legislators, senior officials, managers	0.3	0.1	0.3
Professionals	7.6	0.3	8.8
Technicians and associate professionals or professionals	4.3	1.2	4.7
Clerks	3.1	1.4	3.3
Service, shop and market sales workers	16.1	13.2	16.5
Skilled agricultural or fishery workers	5.7	9.3	5.2
Craft and related trade workers	16.7	8.6	18.1
Plant/machine operators and assemblers	8.7	3.9	9.5
Elementary occupations	36.4	61.9	32.3
Armed forces	0.7	0.1	0.8
Others	0.5	0.0	0.6
Total	100	100	100

Source: GSO, SWTS-Viet Nam, 2013.

Decomposing each type of occupation by sub-categories of transited youth and in transition, employed youth provides information on which occupations provide more stable and satisfactory jobs (figure 4.2). The share of in transition, employed youth (consisting of unsatisfied self-employed and temporary workers) reaches over 20 per cent for both elementary occupations (manual workers) and agricultural and fishery workers. Besides, both of those occupations offer little opportunity of reaching stable jobs (respectively 17.7 and 4.8 per cent), but rather are characterized by high percentages of satisfactory self-employment. The same conclusions can be drawn for service, shop and market sales workers. On the other hand, youth working in technical skilled occupations, such as craft and trade workers and machine assemblers, have relatively good chances of transiting and, having done so, getting a stable position. Actually, their chances are comparable to those in higher level positions, such as clerks and managers. This is mainly due to the fact that most of these jobs are found within the industrial sector, which tends to be more stable than the agricultural or even the service sector. Finally, it appears that professional positions are more likely to offer stable and satisfactory jobs than other occupations.

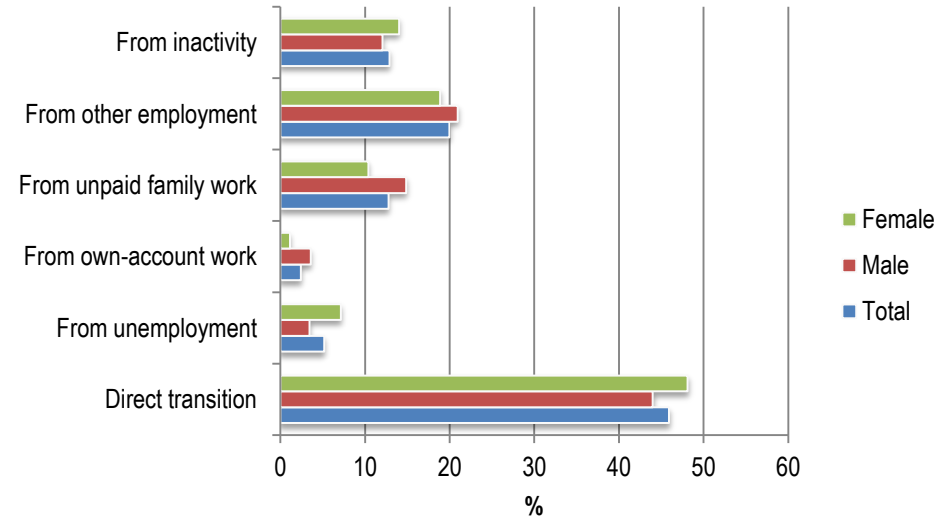
4.3 Transition paths and length of transition

Another means of looking at transition is through flows – identifying the labour market category held by the young person prior to transiting to stable or satisfactory employment. The largest share of transited youth in Viet Nam was direct transitions (45.9 per cent) as shown in figure 4.3. What this means is that the young person had no other labour market experience (employment or unemployment) before taking up the current stable or satisfactory job. Twenty per cent of the youth started their transition from other employment, 12.8 per cent from unpaid family work and 12.9 per cent from inactivity.

Figure 4.2 Transited youth by sub-category and in transition, employed youth by occupation

Source: GSO, SWTS-Viet Nam, 2013.

Figure 4.3 Flows to stable and/or satisfactory employment ("transited" category)



Source: GSO, SWTS-Viet Nam, 2013.

Table 4.6 presents some transition path indicators that provide a more detailed picture of how youth arrived at the transited stage. Excluding the youth who transited directly to stable or satisfactory employment (45.9 per cent of the total), the path to transition involved, on average 1.8 intermediary labour market activities – whether unemployment, employment or inactivity – prior to completing the labour market transition. The typical young person in the country experienced "only" one spell of unemployment in their transition path, and the average spell was not particularly long, averaging 15.6 months. Spells of temporary employment were significantly longer in duration, with a young

person spending, on average, 27.6 months or slightly less than two years in temporary employment prior to reaching transited status.

Table 4.6 Indicators on path of transition for transited youth by sex

	Total	Male	Female
Average duration of transition, excluding direct transits (months)	58.5	57.6	59.5
Average duration of transition, including direct transits (months)	31.4	31.9	30.8
Average duration of transition to stable employment (months)	28.9	30.5	27.0
Average duration of transition to satisfactory self- or temporary employment (months)	34.0	33.4	34.8
Average number of intermediary activities	1.8	1.7	1.8
Average number of unemployment spells	1.0	1.0	1.0
Average duration of unemployment spells (months)	15.6	15.4	15.8
Average number of temporary employment spells	1.3	1.3	1.2
Average duration of temporary employment spells (months)	27.6	29.9	24.8
Average number of spells of self-employment	1.2	1.2	1.2
Average duration of spells of self-employment (months)	50.2	50.9	49.2

Source: GSO, SWTS-Viet Nam, 2013.

When the young people who transited directly to stable and/or satisfactory employment are included to generate an average duration of transition, the results show the duration of the transition period to be around 2.5 years (31.4 months to be exact). Removing the number of youth who transited directly from the calculation, however, reveals a very different picture. The path to transition was circuitous for those who did not move directly to stable and/or satisfactory work (with 1.8 spells of intermediary activities), and was extremely long at 58.5 months, or nearly five years.

5. Creating jobs for young people: The employers' perspective

The labour demand enterprise survey (LDES) investigates the current and expected workforce needs of enterprises and the views of managers on the general capacities of available young jobseekers and workers. Without the demand-side view, the SWTS offers only an approximate means of discerning the occupations that are being flooded or starved by the current labour supply (for example, in looking at unemployment rates by occupation). The LDES, in contrast, gets directly to the heart of the matter – identifying current vacancies and vacancies projected over the next two years and, perhaps most importantly, capturing the "hard-to-fill" vacancies. Such information can be invaluable to policy-makers in the design or revision of vocational and training programmes. It is also of great value to employment services and career guidance counsellors, allowing them to hone their advice to students or jobseekers on the fields of specialization in which they are most likely to gain employment. This section presents the main results of the LDES in Viet Nam.

5.1 Characteristics of enterprises

The survey comprised a total of 791 enterprises, with a large majority of limited companies/joint stock companies (56.5 per cent), followed by family businesses (18.5 per cent) and state-owned enterprises (13.4 per cent).

5.1.1 Firm size

In terms of size, Viet Nam categorizes its firms either as micro-enterprises (fewer than ten employees), small enterprises (ten to 49 employees), medium-sized enterprises (50 to 299 employees) or large enterprises (500+ employees). Micro-, small and medium-sized enterprises (MSMEs) are considered a key pillar of job creation in the Vietnamese economy. However, the promotion of the privatization process and the streamlining of the State-owned enterprises have recently limited job-creation from this source.

Among MSMEs, micro-enterprises with fewer than ten employees are most commonly represented in the LDES (34.5 per cent), followed by small enterprises of ten to 49 employees (30.1 per cent). Larger enterprises of more than 299 persons are much less common within the sample (15.2 per cent). According to table 5.1, family businesses tend to be the smallest (69.2 per cent employing four or fewer workers). Branches/non-state enterprises and state-owned enterprises are those most likely to be large in size with, respectively, 61.1 and 40.6 per cent employing more than 299 persons.

Table 5.1 Type of enterprises by number of employees (%)

Type of enterprise	No. in sample	Micro		Small	Medium	Large	Total
		4 or fewer	5 to 9	10 to 49	50 to 299	More than 299	
Family business	146	69.2	24.7	6.2	–	–	100
State-owned enterprise	106	–	0.9	10.4	48.1	40.6	100
Branch/non-state enterprise	18	–	11.1	5.6	22.2	61.1	100
Private enterprise	62	4.8	37.1	45.2	12.9	–	100
Joint venture	6	–	–	33.3	33.3	33.3	100
Limited/joint stock company	447	5.6	17.4	41.8	20.8	14.3	100
Cooperative	3	33.3	–	–	66.7	–	100
Other	3	100	–	–	–	–	100
Total	791	16.8	17.7	30.1	20.2	15.2	100

– = Insignificant response rate.

Source: GSO, LDES-Viet Nam, 2013.

5.1.2 Main obstacles

The majority of enterprises identify competition as one of their first and second most significant business challenges (46.1 per cent) (table 5.2). The other most common challenges identified were the lack of financial services (13.7 per cent), the complication of legal regulations (8.0 per cent) and the lack of marketing services (5.1 per cent).

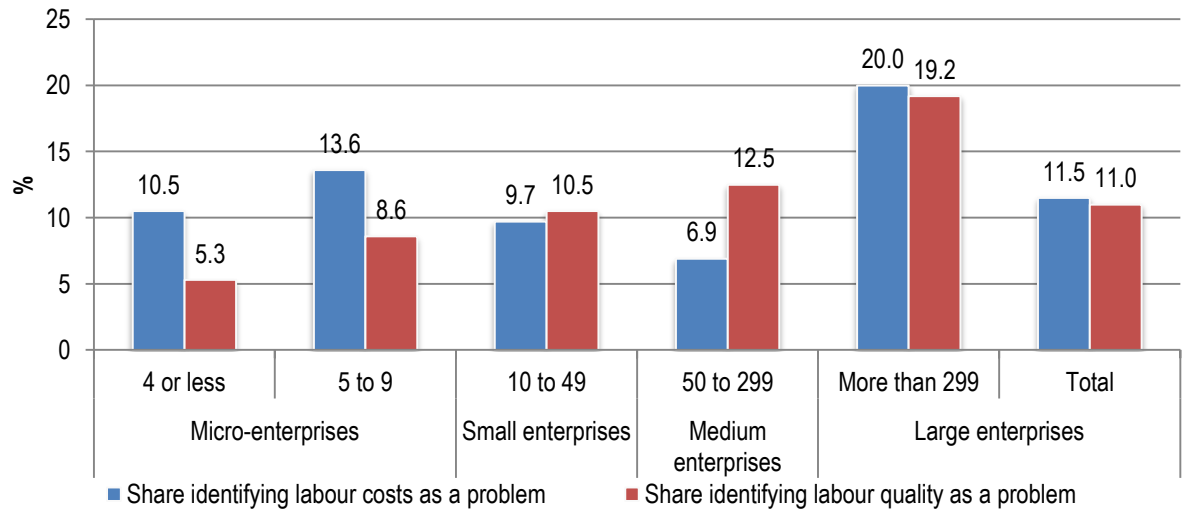
Table 5.2 Main obstacles faced by the enterprise (%)

	Most important problem	Second most important problem
Competition in domestic market	46.1	17.2
Financial services	13.7	11.4
Complicated legal regulations	8.0	5.5
Lack of marketing services	5.1	7.5
Business information	4.6	6.5
Costs of inputs and energy	4.4	13.9
Quality of labour force	4.0	7.0
Competition in export market	3.5	2.7
Labour costs	2.4	9.2
Product development	2.1	5.7
Productivity	1.8	2.8
Access to technology	1.6	4.0
Other	1.3	1.5
Labour shortages	1.1	2.6
Political uncertainties	0.3	2.6
Total	100	100

Source: GSO, LDES-Viet Nam, 2013.

Labour cost and labour quality are also identified by a significant number of enterprises as one of their most challenging obstacles (figure 5.1). Both criteria appear to be more problematic for larger enterprises than smaller ones, with around 20 per cent of the larger enterprises considering those to be among their most challenging obstacles. Labour cost is, unsurprisingly, more of an obstacle than labour quality for smaller enterprises that have limited financial resources. Still, in a country like Viet Nam, which can boast an abundant and skilled labour supply, this may be a wake-up call for both society and policy-makers.

Figure 5.1 Enterprises identifying labour costs and labour quality as a main obstacle, by class size



Source: GSO, LDES-Viet Nam, 2013.

5.2 Recruitment of workers

Enterprises were asked to identify their most frequently used method for hiring workers, distinguishing between (a) managerial/professional jobs and (b) manual/production jobs. Implicitly, this indicates a certain level of skills, with higher skills being associated with (a) and lower skills associated with (b). The results from the survey are presented in table 5.3.

Interestingly, for both types of jobs (higher skills and lower skills) more than one-quarter of the surveyed enterprises indicated that they rely on informal contacts and networks, such as relatives and friends, to recruit employees. This attitude, also called referral hiring, is more commonly present in smaller enterprises. Often, their lack of resources and information about the labour market induce them to opt for less expensive methods, such as recruiting from recommendations of relatives, instead of using more costly formal methods. Unfortunately, referral hiring is a highly subjective and discriminating method of recruitment that is not the most effective in ensuring productivity.

A more formal channel, such as advertisement, is also used by many firms – 23.4 per cent of employers for professional jobs and 29.6 per cent for production jobs. For medium-sized and large enterprises, advertisement is the most commonly used recruitment method and the second for small enterprises. Promoting from within the organization is another commonly employed means of filling posts, used to recruit professionals and production workers, respectively, by 16.3 and 20.5 per cent of enterprises. Although a reliable and less costly method for firms, this practice does, however, limit considerably opportunities for jobseekers and may be one of the explanations for the number of highly-educated unemployed. Moreover, it is worth noting that 21.9 per cent of enterprises stated that they never have vacancies for professional posts. One of the striking results, but also showing similarities to the SWTS, is the very low proportion of surveyed enterprises that rely on public employment services. Respectively, only 7 and 11.3 per cent of surveyed firms use public employment services to fill their vacancies for professional jobs and production jobs. This calls into question again the role and effectiveness of the public employment services.

Table 5.3 Recruitment methods for professional posts and production posts, by firm size (%)

Recruitment method	Total		Micro (<9 persons)		Small (10–49 persons)		Medium (50–299 persons)		Large (over 299 persons)	
	Professional posts	Production posts	Professional posts	Production posts	Professional posts	Production posts	Professional posts	Production posts	Professional posts	Production posts
Through relatives or friends	26.0	27.4	28.9	51.7	36.1	24.4	20.0	10.6	7.5	0.8
Advertisements	23.4	29.6	3.3	10.3	26.9	31.9	36.3	43.8	45.0	50.0
Internal labour market	16.3	20.5	4.8	9.9	21.4	25.6	20.6	26.9	26.7	25.8
Public employment services	7.0	11.3	4.0	9.2	7.6	13.0	9.4	11.9	9.2	11.7
From education/training	2.9	2.7	1.5	0.7	1.3	2.1	5.6	3.8	5.8	6.7
Other	2.2	2.5	0.7	1.8	0.8	2.1	4.4	3.1	5.0	4.2
Never have vacancies	21.9	5.7	55.7	16.1	5.9	0.4	3.8	0.0	0.8	0.0
Not stated	0.4	0.4	1.1	0.4	0.0	0.4	0.0	0.0	0.0	0.8
Total	100	100	100	100	100	100	100	100	100	100

Source: GSO, LDES-Viet Nam, 2013.

5.3 Hiring preferences of enterprises

Table 5.4 outlines enterprises' selection criteria. Enterprises were asked to specify their preferences on the age of candidates, sex, marital status and level of education.

It seems that age and experience are important factors for employers in recruiting employees for different types of jobs. More senior employees (aged 29 and above) are preferred for professional posts (60.3 per cent) while younger persons (aged 15–29) are favoured in recruitment for production posts (67.3 per cent). For a significant share of firms, the sex of the worker plays a major role as a hiring criterion among employers for both professional and production jobs. A considerable number of employers (40.2 per cent) preferred to hire males for production jobs, perhaps due to the physical nature of the work. For professional posts, the preference for males is slightly lower at 37.0 per cent. Sex discrimination is even more apparent among large enterprises than in small ones. When employing professionals, 13.2 per cent of small enterprises prefer women compared to 5.0 per cent for large enterprises. Fortunately, many employers (54.5 per cent) stated that they have no specific preference for the sex of the candidate.

Table 5.4 Recruitment preferences for professional and production posts (%)

	Professional posts	Production posts
Age		
Under 15 years old	0.1	0.1
15 to 29 years old	24.5	67.3
29 years old and above	60.3	21.4
No preference	14.3	10.9
Sex		
Male	37.0	40.2
Female	8.0	15.5
No preference	54.5	44.1
Marital status		
Unmarried	8.3	21.7
Married	22.4	11.8
No preference	68.6	66.4
Education level		
Elementary education	0.4	3.4
Vocational training (secondary)	0.1	1.0
Secondary education	3.4	15.9
Vocational training (post-secondary)	6.3	34.6
University	64.9	29.5
Postgraduate studies	11.0	0.4
No preference	13.3	15.0
Most important characteristic for recruitment		
Job experience	67.1	66.0
Education/training	23.6	12.5
Personal characteristics (sex, age, marital status, ethnicity)	3.0	10.4
Attitude or appearance	2.8	9.1
Other (expectations, etc.)	2.6	1.9
Not stated	0.8	0.1

Source: GSO, LDES-Viet Nam, 2013.

Marital status does influence on hiring decisions in certain cases. For professional posts, there is a small bias towards married workers as opposed to unmarried workers (22.4 and 8.3 per cent) even though the majority have no preference (68.6 per cent). The discrimination is likely to stem from the assumption that the married worker may be a more stable employee and less likely to move around in favour of other posts than the single worker (or to drop out of the labour market on marriage, as may be the case for female employees). In contrast, for production posts, the single worker is preferred. This can be explained by the fact that most unmarried workers are young in age.

From the perspective of employers, the education level of the candidate also matters. For professional posts, about three-quarters of enterprises expect the applicant to have tertiary education (75.9 per cent including university and postgraduate studies). In contrast, the preference for tertiary education is less pronounced for production workers (at only 29.9 per cent). However, the demand for workers with vocational training and secondary education is significantly higher (more than 50 per cent). Larger firms tend to be even more selective on the education criterion than smaller firms: for their professional posts, 69.1 per cent of large firms prefer candidates with completed university education compared to 43.2 per cent of small enterprises. The same observation can be made for filling production positions: over 64 per cent of larger firms prefer candidates with completed upper secondary education or higher, while only 45 per cent of small firms expressed this preference. All in all, the chances of finding jobs are bound to be more difficult for youth with lower skills levels, at least based on the stated preferences of employers. Only 4.4 per cent of enterprises looking for production workers and 0.5 per cent of enterprises seeking professional workers expressed a preference for individuals with lower secondary education only.

Finally, enterprises were asked to cite the most important characteristic in recruiting their employees. Without any doubt, job experience is the main determinant in recruiting candidates, regardless of the type of position (professional or production). Over 66 per cent of enterprises reported this criterion as the most important. To a lesser extent, but still important, enterprises make their selection on the grounds of the education and training level of the candidate. Education is relatively more important in recruiting for highly skilled positions (23.6 per cent of enterprises consider education to be the most important characteristic in filling professional posts). For lower skilled jobs, enterprises also reported placing a degree of importance – though to a lesser extent, not more than 10 per cent – on the individuals' personal characteristics (particularly on sex and age characteristics, with age being more important for large enterprises and sex for small enterprises) and on individuals' personality traits and their attitude (primarily and essentially for smaller sized enterprises).

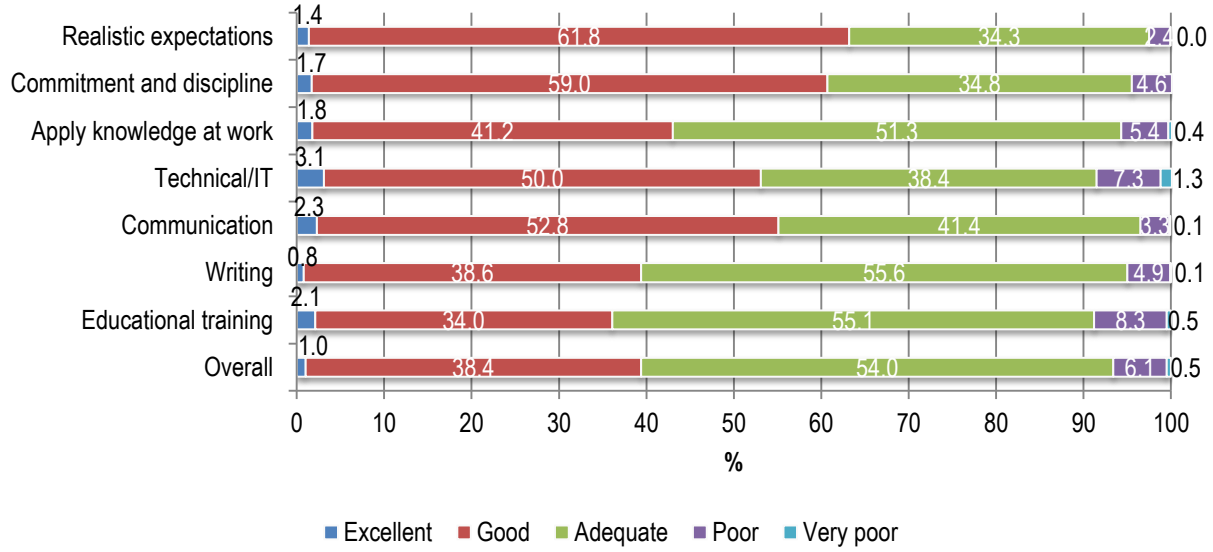
A matter of concern for the youth is that recruiters place so much weight on job experience, which will always be less for young people. To overcome this, and give employers a greater voice in the fields of specializations that young people take up in school, firms and schools should be put into closer contact. Many mechanisms developed in other countries have demonstrated success in bringing enterprises and educational institutes together, such as developing and supporting professional training and apprenticeships, or developing curricula for vocational training.

5.4 Skills assessment of young workers

In the survey, employers were asked to rate the aptitude of young applicants on the following skills: writing, technical, communication, breadth of education/training, application of knowledge to work, commitment and discipline, and whether or not the young people have realistic expectations about the labour market. The results are presented in figure 5.2.

For the most part, enterprises made a relatively positive assessment of young job applicants. For all aptitudes, more than 90 per cent of employers rated young applicants as at least adequate. The best marks went to realistic expectations (97.5 per cent rated young applicants as at least adequate) and communication skills (96.5 per cent); the lowest rating went to education and training, although a majority of enterprises (91.2 per cent) rated the skills as at least adequate. However, this result should be interpreted with caution as employers tend to remember more about successful candidates than those who failed to be recruited.

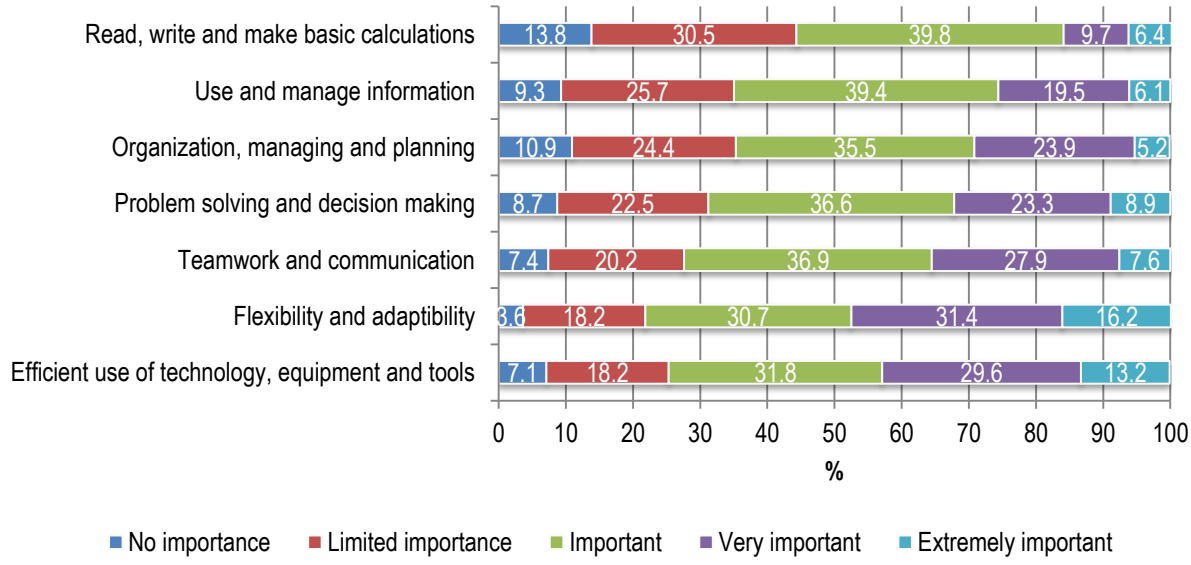
Figure 5.2 Employers' assessment of young job applicants



Source: GSO, LDES-Viet Nam, 2013.

Moreover, enterprises were asked to rate the importance of specific capabilities when they make their recruitment selection (figure 5.3). Overall ratings accord more importance to flexibility and adaptability, efficient use of technology and materials, and teamwork and communication skills than to basic, organizational or management skills or to the ability to use and manage information.

Figure 5.3 Employers' assessment of the importance of specific skills when hiring workers



Source: GSO, LDES-Viet Nam, 2013.

By enterprise size, once again, responses show that larger enterprises tend to be more selective when recruiting their employees: they rate the importance of each skill more highly in their recruitment process than do smaller enterprises. For instance, flexibility and adaptability remain the top skills in order of importance for all enterprises; however, 86 per cent of larger firms consider this skill to be extremely, very or simply important, while micro-enterprises place similar importance on the skill for 61 per cent of cases. A similar observation can be made for all the skills listed.

5.5 Labour demand

5.5.1 Growth perspectives

Table 5.5 shows that 48.2 per cent of employers anticipated an expansion in volume over the next 12-month period, but only 11.8 per cent perceived a sustainable increase. Up to 35.9 per cent of employers thought business would remain unchanged and 15.5 per cent anticipated a decrease. Still, despite the expected growth in business anticipated in nearly half of all enterprises, predictions of an expanding workforce were less optimistic. Only 30.5 per cent of employers expected an increase in job opportunities while 57.9 per cent of employers anticipated that employment levels would remain unchanged and 11.4 per cent anticipated a decrease over the following 12 months.

Looking across sectors, agriculture, forestry and fishing is the least positive sector in the economy. Only 13.0 per cent of employers in agriculture, forestry and fishing perceived an increase in business volumes while another 87 per cent expected smaller or unchanged volumes. At the same time, employers in agriculture, forestry and fishing expected minor growth in terms of workers (only 6.4 per cent expecting growth in employment levels). Industry, construction and services sectors show similar expectations in terms of business volume and employment, with 45 per cent expecting growth in business volume in the industry and construction sector and 52.1 per cent in the services sector. However, the expectation of employment growth is less positive with only about 30 per cent in both sectors.

Table 5.5 Employers' perceptions of growth over next 12 months by economic sector (%)

	Agriculture, forestry and fishing	Industry and construction	Services	Total
Volume of business expectation				
Increase substantially	6.5	8.4	13.9	11.8
Minor increase	6.5	36.6	38.2	36.4
Unchanged	61.3	38.9	32.7	35.9
Minor decrease	9.7	13.4	12.4	12.6
Decrease substantially	16.1	1.9	2.6	2.9
Total	100	100	100	100
Employment expectation				
Increase substantially	3.2	3.1	6.2	5.1
Minor increase	3.2	29.4	24.7	25.4
Unchanged	77.4	52.3	59.6	57.9
Minor decrease	3.2	14.1	8.0	9.9
Decrease substantially	12.9	1.1	1.0	1.5
Total	100	100	100	100

Source: GSO, LDES-Viet Nam, 2013.

5.5.2 Vacancies perspectives

A list of specific occupational titles that employers in Viet Nam have identified as expanding in the next two to three years is presented in table 5.6. The strongest demand is shown for plant and machine operators and assemblers and for craft and trade workers. This category implies a high demand for skilled workers in the manufacturing sector. Those positions require specific technical skills.

To be employed in these posts, candidates are likely to require a minimum of post-secondary education. Considering the lack of skills of young workers, vocational training is probably the best way to enable them able to meet this demand. To a lesser extent, but still significant, professionals and service and sale workers are likely to be needed. On the other hand, few opportunities are likely to be offered for unskilled or agricultural workers.

All in all, this reflects the development of the industry and construction sector and, to a certain extent, the service sector in Viet Nam recently. Viet Nam's economy is in transition from its agricultural base towards manufacturing and services. Moreover, the acceleration of foreign direct investment in these sectors in the country provides a further reason to expect continuing growth in technical jobs.

Table 5.6 Top vacancies likely to expand in the following two to three years by specific occupation (%)

Occupation title	Percentage
Plant and machine operators and assemblers	44.3
Craft and related trades workers	22.5
Professionals	11.9
Personal services and sales workers	11.7
Technicians and associate professionals	5.0
Elementary occupations	2.6
Clerks	1.1
Skilled agricultural, forestry and fishery workers	0.5
Legislators, senior officials, managers	0.3

Source: GSO, LDES-Viet Nam, 2013.

5.5.3 Hard-to-fill vacancies

Hard-to-fill vacancies are openings where employers find themselves unable to recruit persons to hire. The reason could be insufficient quality among the candidates who apply for these posts, relating to inadequate skills, experience, qualifications or poor attitude. Alternatively, hard-to-fill vacancies can exist as a result of an insufficient number of applicants applying for the vacancy, possibly due to the wages or terms offered for the job. Plant and machine operators and assemblers were at the forefront of hard-to-fill vacancies (51.3 per cent), followed by craft and related trades workers and personal services and sales workers (about 19 per cent), and professionals (8.0 per cent). Table 5.7 lists the ten leading hard-to-fill vacancies, as specified by the employers surveyed.

Table 5.7 Top ten hard-to-fill vacancies as classified by employers (%)

Occupation title	Percentage
Plant and machine operators and assemblers	51.3
Craft and related trades workers	19.2
Personal services and sales workers	18.9
Professionals	8.0
Technicians and associate professionals	1.5
Legislators, senior officials, managers	0.5
Clerks	0.2
Elementary occupations	0.1
Skilled agricultural, forestry and fishery workers	0.0

Source: GSO, LDES-Viet Nam, 2013.

The consequences of hard-to-fill vacancies identified by enterprises included difficulties in meeting customer service objectives (26.7 per cent), delays in development of new products and services (23.8 per cent), loss of business or orders to competitors (14.9 per cent) and difficulties in meeting quality standards (10.9 per cent).

It is questionable whether the local market will be in a position to meet the demand for plant and machine operators and assemblers, professionals, technicians and other higher skilled occupations over the next few years. Low-quality education and training is creating a bottleneck in the supply of personnel for these professional occupational categories.

The inability to meet the demand through the local market will result in employers having to use alternatives. In overcoming the challenges, many employers said they had resorted to retraining current staff (62.5 per cent) and changing the profile of the vacancy (23.3 per cent), for example by lowering the required level of education. Thus, employers are likely to fill skilled vacancies though their internal labour markets. Another alternative is to import foreign labour.

6. Legal and policy framework on youth and employment in Viet Nam

There is currently no specific youth employment policy in Viet Nam. Nevertheless, youth employment has been an issue of national concern since the country's reunification. Government policies targeting youth have aimed to facilitate their contribution to the nation-building effort in the belief that young people are essential to the industrialization and modernization of Viet Nam.

Developing an effective employment policy for the overall labour market has been a priority for the Government of Viet Nam. National policies for employment include a number of measures and initiatives, focusing on the mobilization of the existing workforce, labour efficiency, early re-employment for redundant workers and ensuring a balanced relationship between economic growth and employment generation. With the involvement of the Departments of Labour, Invalids and Social Affairs and various stakeholders, the Government has played a key role in generating employment and securing livelihoods in Viet Nam.

Within these programmes, the Communist Party of Viet Nam and the Government of Viet Nam have implemented several policy measures addressing job creation and income generation, education and training, and promotion of young talent. Young people have also been extensively mobilized in employment-related projects and programmes for poverty

alleviation. These socio-economic development initiatives have reached large shares of youth in Viet Nam, including youth working in State management agencies and in the private sector, in urban areas as well as in rural enterprises. The main beneficiaries range from young entrepreneurs, ethnic-minority youth, youth working in Key Economic Zones, and rural youth in remote islands and border areas.

In parallel with the formulation of the above political commitments, a legal framework regulating employment (and youth employment) has been put in place. Just as industrialization, openness and modernization of the Vietnamese economy were creating more jobs, the enactment of specific national laws has further contributed to employment creation and to enhancing the employability of the whole population, including youth.

The paragraphs above show how youth employment has become an indispensable component of national policies. Yet, despite these policy efforts, the survey findings have indicated that young people in Viet Nam still encounter several challenges in transitioning to the labour market.

6.1 National legal framework

The legal framework for employment consists of a set of legal documents, such as the Labour Contract Ordinance, Labour Code and Labour Dispute Regulations, and the more recently introduced Enterprise Law, Cooperative Law and Foreign Direct Investment Law.

However, the most relevant piece of legislation for the purpose of this analysis is the Viet Nam Youth Law, which includes a major component on employment creation. The Youth Law states the rights of young people, such as their right to education and employment, and the importance of such entitlements for the future of Viet Nam. In this law, the Governments confirms its commitment to:

- creating jobs for youth;
- developing vocational education to meet young people's need for skills;
- developing a system to help young people find jobs, especially for rural youth, youth completing military service and youth completing duties in development programmes;
- using a national fund to reduce unemployment, hunger and poverty among the underprivileged.

6.2 The Viet Nam Youth Development Strategy

Although there is no specific youth employment policy in Viet Nam, other national policies and strategies have targeted, either directly or indirectly, the labour market outcomes of youth in Viet Nam.

The Viet Nam Youth Development Strategy is a key component of the Socio-Economic Development Strategy for Viet Nam (2001–2010) and outlines the Government's solution to youth unemployment. The overarching objective of the strategy is to provide and encourage education, training and support for young people (VNY, 2003). Five key programmes were identified to achieve this objective:

- Improving employment opportunities for youth;
- Enhancing education and professional skills for youth;
- Increasing the scientific and technological capabilities of youth;

- Fighting crime and social evils among youth; and
- Instilling revolutionary ethics and socialist patriotism in young people.

6.3 General employment and development capacity programmes and projects

The Government has invested significant capital and resources over the past decade in the creation of new jobs through socio-economic development programmes. They included: the Programme for Greening Barren Land and Bald Hills; the Programme for the Exploitation and Utilization of Riverside and Seaside Alluvial Banks; the National Target Programme on Hunger Eradication and Poverty Alleviation; the National Target Programme on Employment; and the Programme on Job Training 1999–2000. These initiatives, and particularly the latter two, aimed to create employment and promote self-employment.

Young labour migration has also been a priority in Viet Nam's employment strategy. Migration is seen not only as a means for young people to find employment, but as a way for workers to acquire technical skills. Such knowledge will benefit the industrialization process in Viet Nam as returning workers establish businesses, or seek investment opportunities. Still, the survey findings have shown that only a small share of young workers establish their own businesses. Young people lack the self-confidence to set up their own business activities and, more importantly, they have limited access to financial support.

The Comprehensive Poverty Reduction and Growth Strategy (CPRGS), the new Enterprise Law and a number of targeted programmes have had a significant impact on youth employment. For instance, the CPRGS, although not focusing specifically on young people, aims to provide business and vocational training, generate jobs, increase worker income and reduce poverty through legislation and targeted programmes. In addition, in 2013, the Prime Minister introduced Directive No. 06/2005/CT-TTg, which emphasizes the necessity of youth participation in several national employment-oriented programmes, prioritizing young people in remote islands, border areas and low-income regions. Within the context of the Directive, the Youth Union and its related ministries are responsible for the development of implementation plans with measurable targets, mechanisms and resources to train youth and reduce youth unemployment.

In parallel, various programmes, such as industrial development programmes, programmes for the development of export processing and industrial zones and for high technology zones among others, have contributed to job creation and gradually raised the living standards of workers. Every year, the goal of these programmes has been to create jobs for 1.1 to 1.2 million workers, mostly youth.

To support the promotion of decent employment, the Government has also implemented a number of education and training programmes and projects. For example, one of these programmes encouraged young medical professionals to work in mountainous rural areas. Another programme aimed to develop "youth islands", by encouraging the young labour force to settle on "vacant" islands. These projects have had little effect on youth employment because of their small scale and lack of sustainability. The implementation of Government initiatives promoting youth employment requires coordination between several government agencies that have to date been fairly weak in Viet Nam. In the context of structural change and increasing international competition, the implementation of policy measures to protect the national economy and labour market from external shocks has often been hindered by this administrative weakness.

Finally, recent policy reforms in education have focused on promoting academic knowledge rather than technical skills and apprenticeships. This has led to an over-production of graduates and an insufficient number of skilled labourers. As found in the above analysis, graduates struggle to find employment while there is a shortage of workers in technical occupations. To assist young people in entering the labour market and meeting the requirement of Viet Nam's industrialization, an expansion of vocational education and training is urgently required.

7. Conclusions, policy implications and recommendations

7.1 Conclusions

The two surveys, SWTS and LDES, have investigated the characteristics of youth's transitions from school to work from both the labour supply and labour demand sides. The SWTS provides unique data on the characteristics of youth in Viet Nam and their pathways into the labour market. Looking at the labour demand side through the LDES, provides an insight into what employers need and expect from young recruits.

The combined empirical findings of both surveys have highlighted the barriers that face young people in Viet Nam in their transition into the labour market. This analysis has shown that many of these challenges are related to education and mismatches between supply and demand. Educational attainment among youth in Viet Nam is generally low. School drop-outs account for one in four youth and are often the result of a lack of interest in pursuing education. This is problematic, since early drop-outs are likely to be the most difficult sector to reach and retrain.

Although these findings apply to the youth population as a whole, they are even more pronounced among rural youth, in spite of significant Government efforts to promote equal access to education across the country. Poverty, which is more widespread in rural than in urban Viet Nam, is likely to represent a major obstacle between young people and higher education. As long as school is unaffordable for poorer households, the chances of social mobility for their children remain very low. The findings also raise concerns over the quality of education in rural areas, given that a precondition for youth to stay in school longer is that both the parents and the students themselves believe in the positive returns on time spent in education.

The SWTS results show that low educational attainment negatively affects the employment outcomes of youth. For instance, the lowest educated have a higher chance of ending up as unpaid family workers. They mainly have low-skilled, informal jobs characterized by precariousness and lack of social protection. A few young workers eventually manage to move from this type of job situation into stable and/or satisfactory employment. In contrast, completing higher education enhances youth's probability of succeeding in the transition.

Furthermore, education is necessary to get a job. Taking the employer's perspective, education remains an important criterion for the selection of young recruits. This is the first evidence of the existing mismatch between the educational attainment of youth and the needs of the labour market. Low levels of education do not meet employers' requirements. The LDES has revealed that, according to employers' growth estimates, the areas in which vacancies are most likely to expand are those of skilled technicians (such as plant and machine operators or assemblers) and craft and related trade workers to be employed in the manufacturing sector. These jobs require a minimum of post-secondary education which,

at the moment, only a small share of the youth population has acquired. It is therefore not surprising that employers point to those vacancies as being the hardest to fill.

To overcome this difficulty in finding the graduates they need, employers have indicated that they tend to retrain their own workers. This practice directly benefits those already in employment but will leave low-skilled youth, as newcomers to the labour market, worse off. Results from the SWTS therefore provide clear incentives for youth to invest in their skills development. Youth employed in skilled, technical jobs appear to be more likely to complete their transition and obtain stable and satisfactory positions.

Additionally, information on unemployment has stressed that unemployed youth have, on average, a higher education level than employed youth. The active group of youth further agreed that lack of experience or inadequate qualifications are the main barriers to gaining employment. This is also confirmed by the LDES. Firms have strongly expressed the view that the most important criterion in selecting employees is experience. Therefore, even youth with high-level qualifications may be turned down by employers. This is a matter for concern since this discordance with firms' exigencies is also an important factor in unemployed youth stopping their search for a job. Firms value experience not only because it is a benchmark of maturity and good work, but also because it saves training costs. Young workers are clearly disadvantaged in this regard; however, mechanisms that would more closely connect schools to firms and support on-the-job training may considerably change this situation.

Improving educational attainment and correcting the skills mismatch will undoubtedly help both youth on their way to work and firms in their recruitment needs. In addition, such steps might also help to reduce informal employment, which is one of the biggest employment challenges that Viet Nam faces. The SWTS has strongly emphasized the fact that informal employment both inside and outside the informal sector presents a real challenge for youth employment. More than 40 per cent of youth employment takes place in the informal sector and less than one-quarter of youth reach full formal employment. Informality is directly linked to poor working conditions, precariousness and lack of access to any social protection. Informality impacts principally those working as unpaid family workers and in own-account work. These groups have the highest share of lesser-educated youth, who are led to such disadvantaged labour market outcomes by their inadequate qualifications or by their inability to afford higher levels of education.

Finally, the survey data demonstrate that job placement occurs mostly through informal channels, which represents an additional barrier for disadvantaged youth. Both employers and jobseekers rely heavily on social connections in their respective search for recruits and jobs. Such informal methods discriminate against less well-connected youth, who are left out of the job networks. In addition, they are sub-optimal for employers too, given that they will lead businesses to recruit from a limited pool of candidates who are selected on the basis of criteria other than capability and skills relevance. Formal matchmaking mechanisms are weak and therefore rarely used. In particular, public employment centres play almost no role at all in matching the job demand and offer. The inadequacy of job placement mechanisms may be responsible for a substantial share of youth unemployment, given that a significant number of youth in this situation feel that they are jobless because they do not know where and how to find employment.

The two surveys conducted provide a wealth of data on Viet Nam's youth employment challenges and highlight particularly problematic areas that require intervention. This is the first step in the development of effective policies that can help young people achieve successful transitions from school to work, which will in turn assist Viet Nam to make its transition to a modern and industrialized economy. The Viet Nam Youth Development Strategy by 2010 and the Youth Law provide a strong legal framework for youth employment. The Government fully understands the importance of

investing in a flexible, capable and productive young labour force. The important next step for policy-makers will be to find new ways to ease young people's transitions to the labour market. The results of the SWTS and the LDES can help to guide this process.

7.2 Policy implications

This section, based on the survey findings discussed in this report, outlines policy solutions that could help to promote decent work for youth in Viet Nam.

1. **Ensure access to education and encourage youth to remain in school.** The results of the survey show that a large number of young people achieve only a low level of education, particularly in rural areas. Low educational attainment among young people is likely to exacerbate youth employment problems in the future as the economy shifts more towards manufacturing and services and the demand for a high-skilled labour force increases.

   Economic reasons were often cited by youth when asked why they did not continue to higher levels of schooling. This finding shows the need for policies to reduce the financial obligations that the current education system requires households to meet. Education must be made affordable. To this end, the burden represented by indirect costs, such as books, uniforms and transport, should not be underestimated. The opportunity cost of keeping youth in school versus sending them to work also needs to be addressed by policy-makers. Financial incentives to keep children and youth in education and training would achieve this goal.

   Based on the survey results, another major reason leading youth to drop out of school is a lack of interest in education. Addressing this issue is a challenge, since young people who drop out due to this reason are likely be the hardest to retrain. However, they also need to be given priority for assistance, as they will face the hardest challenges in finding decent employment. Increasing the quality of education, particularly in rural areas, is the first step to be taken in order to retain students. Schools need to provide a favourable environment for learning and effective support to students. This requires better funding. The introduction of school fees for students could be implemented to increase the funding available to schools, as long as students from poorer families and schools in lower income areas can receive special assistance. In parallel, youth and students need to be made aware of the benefits of education in terms of personal development and access to professional opportunities. Career guidance and vocational guidance should be accessible by young people from an early age to help shape their aspirations and stimulate their appetite for education.

   If education is to regain a priority place within households, the education system needs to earn the trust of parents. Parents play a critical role in the decision to keep their children in school, and therefore they should be targeted by programmes raising awareness of the long-term returns on education. In the case of children who lack parental support, special assistance programmes would also be beneficial as an investment in future social mobility.

   Finally, the role of second-chance education should be enhanced, to give individuals the opportunity to catch up on their educational achievements later on in life. Currently, the only way to obtain a high school certificate is through regular secondary school. If youth fail the final examination or drop out before completion, their opportunity to achieve higher education is lost. Opening up the option to earn a high school certificate from a technical college, for instance, would help young people return to education at a later stage of their lives, as their economic situation improves or as they develop an interest in further education.

2. **Identify skills demanded by employers and encourage young people to train in these skills.** There is currently a large number of unemployed graduates in Viet Nam, while employers are finding it difficult to fill vacancies for skilled jobs in manufacturing, personal services and sales workers and high-level professionals. A nationally representative, comprehensive employer survey should be conducted and repeated regularly to identify exactly what technical and soft skills employers require. The findings of the survey could then be used as background evidence for a dialogue between employers and training institutions, aimed at developing curricula that cater to labour market demand. Career education, provided from an early age, could use this evidence to guide students towards the professional profiles that employers are demanding. Students, and rural students in particular, may lack knowledge of what employment possibilities are available. If not exposed to outside inputs, children may retrace the path of their relatives. An effective educational system would introduce youth to the full range of labour market opportunities and help the national economy make efficient use of young people's abilities and potential.

3. **Improve access to employment opportunities during education to make students better prepared for the world of work.** The survey findings have shown how employers value professional experience when looking for young recruits. Youth with previous job experience are more likely to have developed a professional mindset and skills that education per se rarely provides, removed as it is from the "real" world of work. However, labour market entrants usually find it difficult to obtain such professional experience in the first place, precisely because employers will favour more senior jobseekers who already have it. Connecting schools to employers provides a way to address this challenge. This can be done by encouraging partnerships between educational institutions and enterprises, especially in technical and scientific areas. Partnerships would also facilitate the establishment of training and apprenticeship programmes, the creation of opportunities for internships and other short-term work experiences. This must go hand in hand with support and incentives for enterprises to train young students, and with legal mechanisms to ensure that both sides, young workers and employers, benefit equally from the collaboration.

4. **Develop vocational training opportunities for economically active youth.** Youth who are active in the labour market are relatively unlikely to go back into the education system as full-time students. The SWTS results have indicated that combining work and studies is relatively rare in Viet Nam. This could be due to the fact that the education system does not cater sufficiently for the needs of working youth. If training options were designed specifically to be easily accessible by youth outside working hours, for instance, it could lead to career change opportunities and help the economy in the re-skilling of workers to match current labour demand. Another solution to improve the skills of workers is to encourage employers to establish on-the-job training programmes within their enterprises. In this case, enterprises should be incentivized to include transferrable skills and soft skills in their training, and to give access to their young and less experienced workers.

5. **Increase provision of employment services and improve access to career and vocational counselling.** Evidence from the SWTS suggests that most young people rely on informal networks to find work and often do not know where to look for jobs. A considerable proportion of employers also rely on informal channels to hire workers. While employment centres exist in Viet Nam, their role is unclear and their resources are not properly managed. Employment services should not only provide career and vocational counselling, but also disseminate information about training opportunities and, most importantly, have access to labour market information and offer effective matchmaking support to jobseekers and enterprises.

6. **Encourage employers to hire young talent.** According to the survey results, employers are very open to hiring young workers, although older workers are often favoured for skilled and professional positions. To incentivize employers to consider youth for positions with more responsibility, policy-makers should offer financial incentives and organize information campaigns to raise awareness of the advantages of taking on young workers.

The benefits of employing young people are multiple, and include the opportunity to develop workers who do not come with any pre-existing concept of how to do business "as usual" and who, on the contrary, are open to innovation, are a source of enthusiasm and have a high willingness and capacity to learn. Young workers are often mistakenly seen as a cost by employers, due to the initial investment that young recruits require in order to bring them to a position of full productivity. However, this viewpoint is ultimately inaccurate. If the learning phase is managed effectively, the returns that young workers can bring to employers significantly outweigh the initial investment, and employers will be left with a pool of growing talent available in-house for years to come (CIPD, 2012).

7. **Formalize informal employment.** Many young workers, particularly in rural areas, are engaged in informal employment arrangements based on oral contracts, excluded by the coverage of Viet Nam's Labour Code. Employers, especially in rural areas, should be given incentives to move towards providing more formal employment contracts to employees, although this solution alone will not be enough.

   Informal employment is a complex issue, and difficult to address through any one policy. Economic growth has been reducing the informal employment rate but will not necessarily lead to a reduction in the size of the current informal sector. Even in developed countries, informal employment has not been eliminated. The creation of formal employment must be a key focus of future macroeconomic policy. Engagement with employers and workers in the informal economy is necessary to understand enterprises' needs and the barriers to formalization. In addition, strategies should be developed at the local level to support the shift towards more formal employment contracts (ILO, 2013b, Section 3.1). Once again, specific research must be conducted on small and medium-sized enterprises (SMEs) to clarify in detail the reasons preventing employers from using formal contractual forms. Extending the formalization of contracts would greatly improve the conditions of young workers by ensuring more job stability and by extending access to benefits.

8. **Place job creation at the heart of macroeconomic policy.** Enterprises in Viet Nam currently have relatively subdued expectations of the growth of their business, with slightly less than half of businesses expecting growth, and less than a third expecting increased employment opportunities. These results were found by the survey across the construction, industry and services sectors, while the agriculture and forestry sector was more pessimistic regarding job growth. A stronger focus of macroeconomic policies on job growth is required to accommodate the current and future supply of labour market entrants.

9. **Encourage youth to start new businesses.** Young people have shown little interest in becoming entrepreneurs despite available financial support in the form of loans. This stems largely from young people's lack of confidence in their capacity to succeed in such a venture. Several approaches may be implemented to help raise youth's interest in self-employment and bolster their self-confidence, including:

   - beginning to teach business subjects in the early years at school, and opening up an academic path for students who wish to pursue this area of study further;
   - introducing more business development services for young entrepreneurs to help them prepare their business plans, manage their finances and build their businesses, especially through the risky start-up phase;
   - linking loans for youth business ventures to training opportunities that will provide young would-be entrepreneurs with the essential business skills needed to get started;
   - implementing a mentoring programme, in which already established entrepreneurs provide support and advice to youth start-ups; and
   - encouraging a more entrepreneurial culture by awareness-raising campaigns featuring successful young entrepreneurs.

10. **Provide greater support for out-of-work rural workers while they find new employment.** The transition from an agricultural economy to a more industrial economy is unfortunately leaving many young people behind. As agricultural land is recovered for industrial investment projects, young workers are finding themselves without work in rural areas. Compensation, retraining, career transition assistance, employment advice and relocation are failing to help them move on to a new career. Greater support for youth in this situation is required. The social security system at the local level, particularly the policy on social security and unemployment insurance, needs to be strengthened with a particular focus on rural workers who have lost their jobs due to changes in land use. Increasing the quality and accessibility of education would contribute greatly to addressing the issue of job loss throughout the economic transition. In addition, specific programmes for livelihood diversification in those rural areas particularly affected by job losses should be implemented where viable.

7.3 Further recommendations

- The existing institutional and legal frameworks on employment and youth employment should be further developed in order to support the implementation of responses to the challenges described in this report.
- Efforts to improve employment quality must persist and focus on guaranteeing stable employment, decent income and working conditions. Elements of discrimination based on gender, age or ethnicity, which were identified in the LDES, must be eliminated for the sake of equality and equity.
- Existing educational strategies, such as encouraging foreign language learning and programmes to study or work abroad, must be sustained in order to prepare the young labour force for the modernization of the Vietnamese economy.
- Addressing the challenges faced by youth in education and employment might require creating new institutions and redefining the mandate of existing ones. A range of services, including career counselling, training and information campaigns at national and local levels are required, and infrastructure for their provision needs to be established. In parallel, the education system must be improved to provide youth in different geographic areas with equal opportunities. Credit institutions and the way they serve their young clients need to be redefined and monitored in order to ensure equal provision of good services to all.
- The particular strengths of Viet Nam's relevant institutions, including local, district, provincial and national governments, organizations of employers and workers, civil society organizations and national or international non-governmental institutions, should be mobilized and harnessed to work together in order to design coherent policies and programmes to help ease the transition of young people from school to work.

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Annex I. Definitions of labour market statistics

1. The following units are defined according to the standards of the International Conference of Labour Statisticians:

a. The **employed** include all persons of 15 years of age or more who, during a week of reference:
   - worked for wage or profit (in cash or in kind) for at least one hour;
   - were temporarily absent from work (because of illness, leave, studies, a break in the activity of the firm, for example), but had a formal attachment to their job;
   - performed some work without pay for family gain.

b. The **unemployed** (strictly defined) include all persons of 15 years of age or more who meet the following three conditions during the week of reference:
   - they did not work (according to the abovementioned definition);
   - they were actively searching for a job or took concrete action to start their own business;
   - they were available to start work within the two weeks following the reference week.

c. Persons neither included in the employed nor in the unemployed category are classified as **not in the labour force (also known as inactive)**.

2. The International Classification of Status in Employment (ICSE) categorizes the employed population on the basis of their explicit or implicit contract of employment, as follows:

a. **Employees** (also wage and salaried workers) are all those workers who hold the type of jobs defined as "paid employment jobs", where the incumbents hold explicit (written or oral) or implicit employment contracts that give them a basic remuneration which is not directly dependent upon the revenue of the unit for which they work.

b. **Employers** are those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as "self-employment jobs" (i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced) and, in this capacity, have engaged, on a continuous basis, one or more persons to work for them as employee(s).

c. **Own-account workers** are those who, working on their own account or with one or more partners, hold the type of jobs defined as "self-employment jobs" and have not engaged, on a continuous basis, any employees to work for them.

d. **Contributing (unpaid) family workers** are those workers who hold "self-employment jobs" as own-account workers in a market-oriented establishment operated by a related person living in the same household.

3. The employed are also classified by their main **occupation**, in accordance with the International Standard Classification of Occupations (ISCO-08).

4. A **household** is a family or other community of persons living together and jointly spending their income to satisfy the basic necessities of life. The concept of household includes members present in the place where the household resides, as well as individuals who are temporarily absent and living elsewhere, including abroad, for business, education or other purposes, as long as their residence in the foreign country does not exceed one year. A person living alone can also qualify as a household ("single household") if she or

he does not already belong to another unit. The single household can reside in a separate or shared dwelling, and will be considered to be an independent unit as long as the household's income is not shared with other residents. Collective households, such as prisons and institutions, and their members are not observed in the Labour Force Survey.

5. **The reporting period**, to which the questions for the economic activity are related, is the week before the week of interview (52 reporting weeks throughout the year).

6. The following units are also defined within the SWTS analysis but are outside the scope of those defined within the international framework of labour market statistics mentioned in item 1 above:

a. **Relaxed unemployment** – a person without work and available to work (relaxing the jobseeking criteria of item 1b above).

b. **Labour underutilization rate** – the sum of shares of youth in irregular employment, unemployed (relaxed definition) and youth neither in the labour force nor in education/training (inactive non-students) as a percentage of the youth population.

c. **Regular employment** – the sum of employees with a contract (oral or written) of 12 months or more in duration and employers; the indicators are therefore a mix of information on status in employment and contract situations.

d. **Satisfactory employment** – based on self-assessment of the jobholder; implies a job that respondents consider to "fit" their desired employment path at that moment in time.

e. **Stable employment** – employees with a contract (oral or written) of 12 months or more in duration.

f. **Temporary employment** – employees with a contract (oral or written) of less than 12 months in duration.

Annex II. Sampling methodology

The 2013 SWTS was designed to be a nationally representative survey of all persons aged between 15 and 29 years in the selected household. The sample for the 2013 SWTS was a sub-sample of the 2012 VHLSS which comes from the master sample frame of GSO containing about 15 per cent of the total enumeration areas (EAs) fixed in the Population and Housing Census 2009.

As for the VHLSS, the primary sampling unit (PSU) for SWTS was the EA. There are about 170,000 EAs in Viet Nam and the average number of households in each EA differs between urban and rural areas. An average number of households in an urban EA and a rural EA is 133 households and 120 households, respectively.

The GSO master sample frame includes about 30,720 EAs from 687 districts of Viet Nam (two island districts and nine new districts separated after 2009 were not included in the GSO master sample frame).

The sample of the 2013 SWTS covers 20 of the 63 provinces throughout Viet Nam. These provinces were selected using the probability proportional to size (PPS) sampling method for each region. In each province, random EAs were selected, again using the PPS system. All households in the selected EAs that were interviewed in the VHLSS were then selected for the SWTS. A total of 15 households in each EA were therefore interviewed. All household members aged between 15 and 29 years in the selected households were interviewed.

This report presents the highlights of the 2013 School-to-work Transition Survey (SWTS) and the Labour Demand Enterprise Survey (LDES) run together with the General Statistics Office of Viet Nam within the framework of the ILO Work4Youth Project. This Project is a five-year partnership between the ILO and The MasterCard Foundation that aims to promote decent work opportunities for young men and women through knowledge and action. The W4Y Publication Series is designed to disseminate data and analyses from the SWTS administered by the ILO in 28 countries covering five regions of the world. The SWTS is a unique survey instrument that generates relevant labour market information on young people aged 15 to 29 years. The survey captures longitudinal information on transitions within the labour market, thus providing evidence of the increasingly tentative and indirect paths to decent and productive employment that today's young men and women face.

The W4Y Publications Series covers national reports, with main survey findings and details on current national policy interventions in the area of youth employment, and regional synthesis reports that highlight regional patterns in youth labour market transitions and distinctions in national policy frameworks.

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