

The labour market equilibrium is reached at each moment in time through labour movements. At the macro-economic level, labour mobility reflects the capacity of the labour force to adjust to changes in the structure of the economy. At the micro-economic level, it reflects the capacity of individuals to improve their work situation. Labour mobility is thus affected by the characteristics and evolution of both labour supply and demand, and by the institutional environment, particularly in its regulatory aspects.

Vietnam is now in a period of transition and development. Transition towards a market economy implies changes in behaviours and regulations. Development entails changes in the structure of production, and thus in labour demand. The survey focused only on labour supply. Yet, prior movements within the labour force are the product of changes in both demand and supply. Thus, the impact of the ongoing restructuring of the economy on the labour market is reflected in this survey¹.

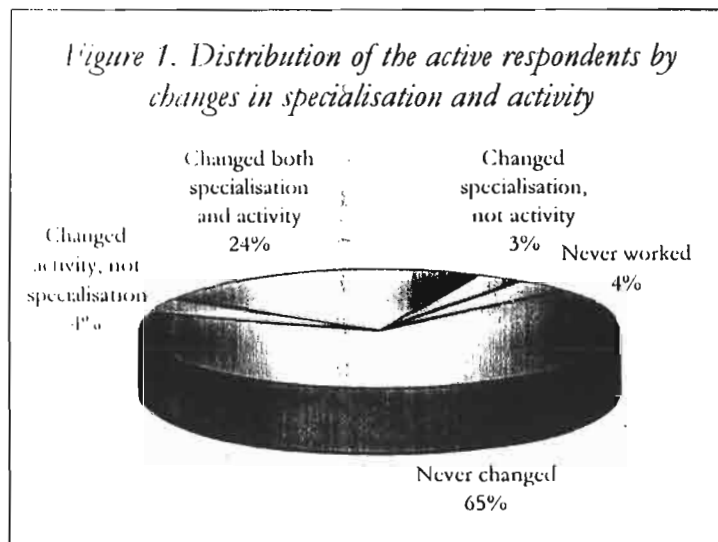
This chapter will focus mainly on the information that can be derived on labour mobility from past labour movements as appraised through changes in labour specialisation and sectors of activity². In the first part of this chapter, we will address the quantitative aspects of labour mobility through an analysis of changes over time in activity. We do so in order to assess the impact of Renovation on labour force movements. In the second part, we will try to assess the impact of the ongoing restructuring on different age groups, men and women, North and South, since it has been shown in Chapter II that these variables are significant to an analysis of general trends underway. We will also enquire into the role of education and training in labour mobility. The third part of this chapter addresses the impact of mobility on the situation with regard to work of the sampled population by focusing on the sectoral structure of employment and on the changes in specialisation. The impact of changes in employment on wages will also be examined for wage-workers. The fourth part will be devoted to the analysis of the search for employment for people who have changed activity and for those who plan to do so.

Unless otherwise specified, this chapter focuses on the sampled active population, that is the people working or unemployed at the time of the survey. We have however excluded the 147 unemployed who have never worked as an analysis of changes in employment presents no relevance for them. Our analysis is thus limited to the 3662 respondents who were either working at the time of the survey or unemployed but had prior working experience.

¹ The important limitation is that we have no information about the situation of the labour demand with regard to unmet employment offers.

² The questions asked in the survey do not allow an assessment of either changes that occurred in the employment status and in the institutional sector, or of changes of employer.

Figure 1 presents the distribution of the active population of the sample by changes in activity and/or specialisation. This Figure shows that a third of the respondents have changed either their specialisation or their activity at least once since they started working.



once since they started working. In a majority of cases (77%), the change in specialisation and change in activity occurred simultaneously. Interestingly, movements caused by changes in the labour demand represent only 22% of the total changes. This means that the labour demand has been, until now, more stable than the labour supply

The changes in activity and specialisation reflect the transformation that occurred in the structure of the Vietnamese labour market over time, particularly over the past ten years: 75% of the respondents who changed activity did so after 1985. This figure however gives no clear indication as to the rate of change over time. Indeed, it must be remembered that the sample comprises only active respondents, which means that the people who have withdrawn from the labour force or deceased are not represented in the sample. Hence, their changes in activity or specialisation are also not represented in the sample.

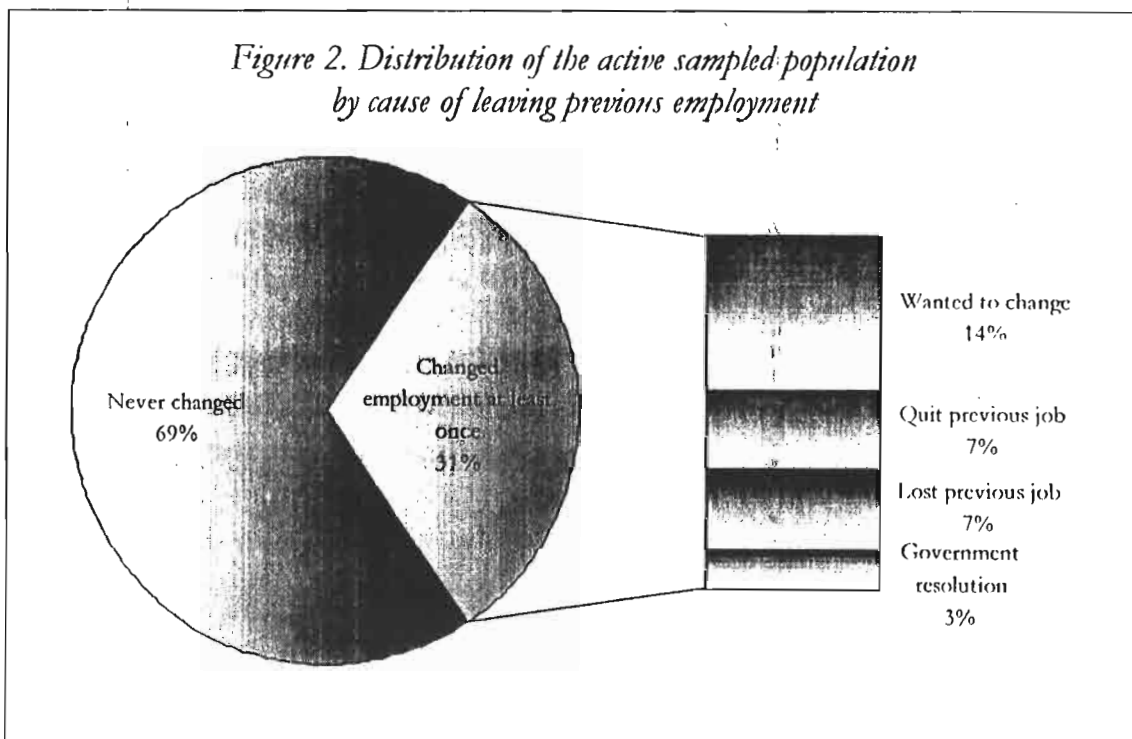
I. Time trends in the labour movements

Among the 3662 respondents whose cases are analysed here, a third have changed activity at least once since they entered the labour market. The difference between the North and the South of the country is quite marked with respect to employment changes: the share of those who have changed employment at least once is 36% in the North and 29% in the South. Noticeably, the lay-offs and early retirements that followed resolutions 111 and 176 affected the North while the labour force in the South was virtually untouched. The changes due to those resolutions represent 17% of the total changes that occurred since 1989, reaching 36% in the North and 6% only in the South. Setting apart the changes due to the above mentioned factors brings the percentage of employed respondents who have changed employment at least once down to 29% in the North and 28% in the South. It thus appears necessary, for the purpose of analysis, to isolate the case of the respondents who had to quit their employment due to Government decisions from 1989. Indeed, this group represents the adjustment of the labour force

to a radical change in the structure of employment at the macro-economic level.

The respondents who changed employment at least once will be further divided in three more groups depending on the reason why they last changed employment. The first group comprises all the respondents (except those mentioned above) who did not decide on their free will to change employment. Lay-offs, contract termination, problems with employers, and disbanding of enterprises are all circumstances that would force people to quit their employment. This group represents the adjustment of the labour force to micro-economic changes in the labour demand. The second group consists of all the respondents who quit their previous employment because it did not meet their expectations³ or they found better employment. The third group gathers all the respondents who quit their employment for reasons disconnected with the characteristics of the employment they held. Many of the respondents in this latter group actually withdrew temporarily from the labour market to join the army, marry, have children, study, or improve their health. In these two latter categories, the change in employment is initiated by the employees. For analytical purposes, in order to distinguish changes in employment decided by the employees from changes in employment imposed on the employees in the sense that they have no control over the employer's decision to lay them off, we will hereafter refer to the first type of situation as voluntary or spontaneous mobility, whereas the second type of situation will be referred to as non-voluntary mobility.

Figure 2. Distribution of the active sampled population by cause of leaving previous employment



³ At this stage, we do not analyse the nature of the change, that is whether the present employment is more in line with the expectations of the respondent. This dimension should however be kept in mind.

The two first categories of changes, that is changes due to resolutions 111 and 176, and changes due to the loss of the previous employment, represent the demand side adjustment on the labour market while the two other categories, that is, people who left their previous employment because they wanted to find a more suitable one, or for other personal reasons such as marriage or children, represent the supply side adjustment on the labour market. The characteristics of those four groups will be analysed comparatively, the respondents who still hold their first job constituting a reference group.

To remove any bias due to the age structure of the sample, the share of respondents who changed activity each year has been calculated as a percentage of the population of active age in any given year. The results are presented in Figures 3, 4 and 5 below. Variations from year to year can be seen in these charts. The first increase in the rate of change of activity starts in 1982-83. From 1982-83 to 1988, there is a slight increase in the relative share of people who changed activity in order to find a more suitable employment, and a noticeable increase in the relative share of people who lost their employment. It should be noted that these changes stem from movements of the supply and demand of labour occurring a few years before the Renovation Strategy was initiated by the Government in 1986. This means that, on the labour market, the Renovation Strategy strengthened already existing trends. After a pause in 1986-87, the voluntary changes in activity increase significantly until 1994, reflecting both the drive for an improvement in the living and working conditions and increased freedom to change work activity. On the other hand, adjustments on the demand side finds their limit in 1987-89, due to the fact that the State is the first employer in the country. From 1989 to 1991 the Government resolutions 111 and 176 entail major adjustments on the labour market. For all the four categories of respondents, there is a decline in the rate of change in 1995-96. It is probably only a pause in the restructuring of the Vietnamese labour market. First, a new law should soon allow the break-down of State Sector enterprises. Second, a large number of people are not satisfied with their employment, particularly with the income they derive from that employment. However, changing employment implies finding new employment. This means that there must be a match between the human resources and the demand for labour. Limits to mobility are found here, linked to the education and training the labour force received in the past. This point, however, requires further investigation.

Figures 4 and 5 show the differences in the situation with respect to changes in activity over time for the observed population. The effect of the end of the war on labour mobility is easily identified in the South. The main part of the increase in the rate of change in the South is accounted for by the increase in the relative share of people who changed employment because they were not satisfied with their employment or found a better one. On the other hand, in the North, most of the changes are non-voluntary. Labour mobility is driven by labour supply in the South and by labour demand in

Figure 3. Ratio of respondents who changed activity to the population of active age by reason for leaving previous employment, Whole country (centred moving average over three consecutive years)

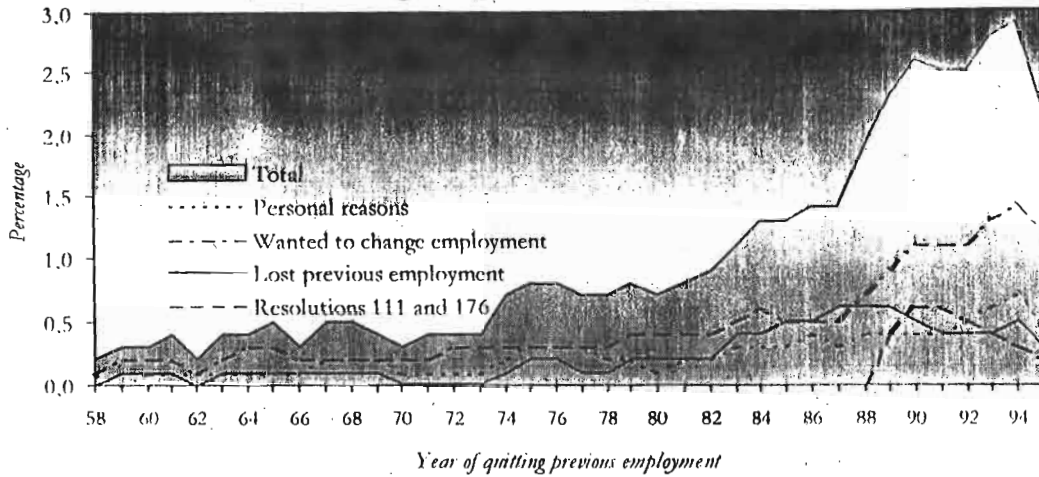


Figure 4. Ratio of respondents who changed activity to the population of active age by reason for leaving previous employment, South (centred moving average over three consecutive years)

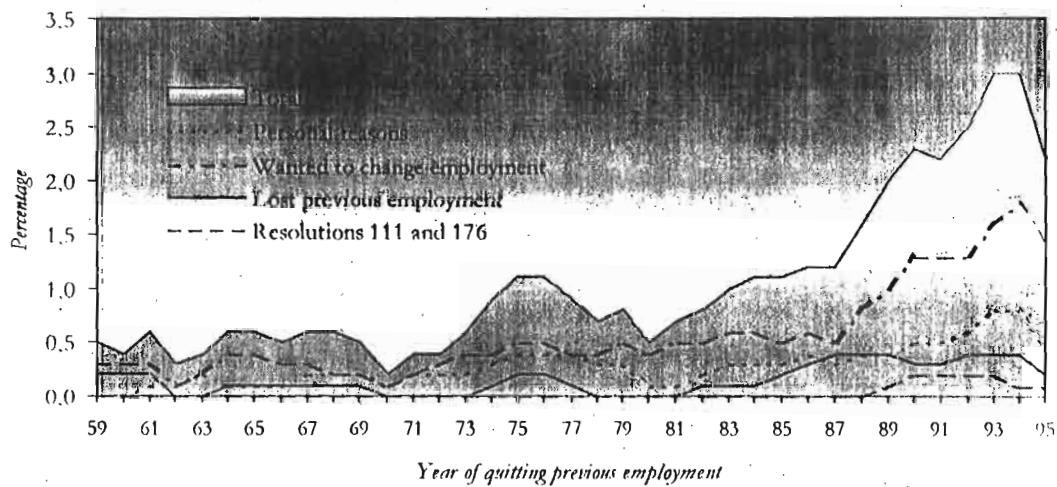
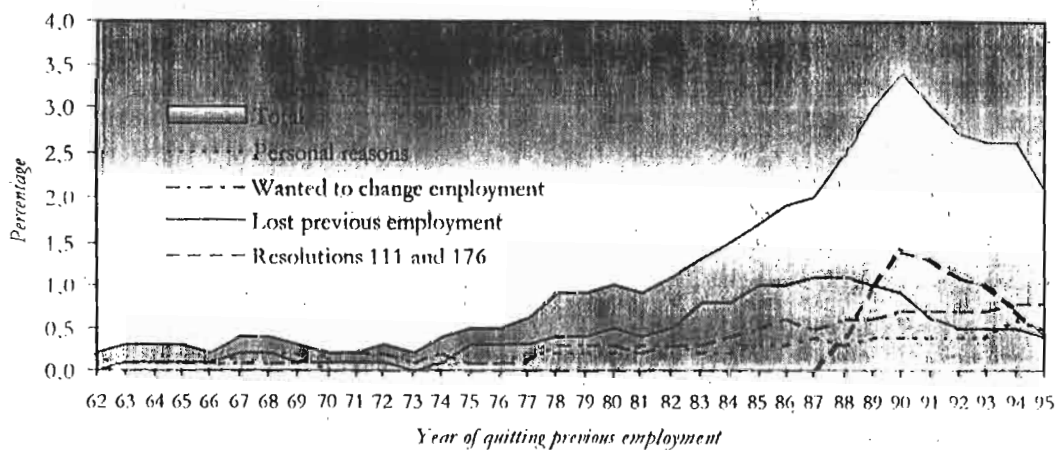


Figure 5. Ratio of respondents who changed activity to the population of active age by reason for leaving previous employment, North (centred moving average over three consecutive years)



the North. These opposed behaviour patterns find their roots in the different history of the two regions with respect to labour factor allocation systems. The South was under a centrally planned mechanism only from 1976 to 1986 while central planning started in the North in the beginning of the fifties. Moreover, the system of the North has been applied to the South with uneven success. It thus seems that practices of mobility have persisted in the South throughout, while the northern population was getting used to and attached to labour stability. Indeed, the relative share of voluntary changes has increased in the North since the end of the seventies, but at a very slow pace as compared to the South.

Interestingly, the relative share of the people in the North who left their previous employment because they wanted to change employment is the only variable that does not decline, and indeed increases in 1995-96. This suggests that the attitude of the northern people towards labour mobility is progressively changing.

The analysis of mobility also requires that attention be paid to movements in and out of the labour force. The questions asked of inactive respondents in the survey do not allow an evaluation of the causes of inactivity. Still, it is of interest to examine the time trends in withdrawal from the labour market. Among the inactive adult population of the survey, 51% of the women and 27% of the men have never worked. The reference population comprises the people who have worked in the past and reached the age of retirement, for each given year. The observed population is composed of the respondents who stopped working before the legal age of retirement¹ for reasons different from health problems or invalidity.

The difference between the North and South of the country is remarkable. Ever since the end of the war, the share of people withdrawing from the labour market before the age of retirement has been much higher in the North than in the South, for both men and women, reaching more than 70% for men in 1976 and 1982. It reaches at the most 10% for men in the South, in 1990. This, added to the trends observed for men and women, suggests that the attitude towards employment differed greatly in the past, in both regions, and between men and women. The data collected do not allow an in-depth analysis of the reasons for the generalised shortening of the duration of economic activity in the North, particularly since information on the causes of withdrawal from the labour market was not gathered from the respondents. It is not possible to know whether these withdrawals were voluntary, resulting from a lack of interest in employment not freely chosen or non-voluntary in the sense that the respondents could not find other employment after losing their previous employment.

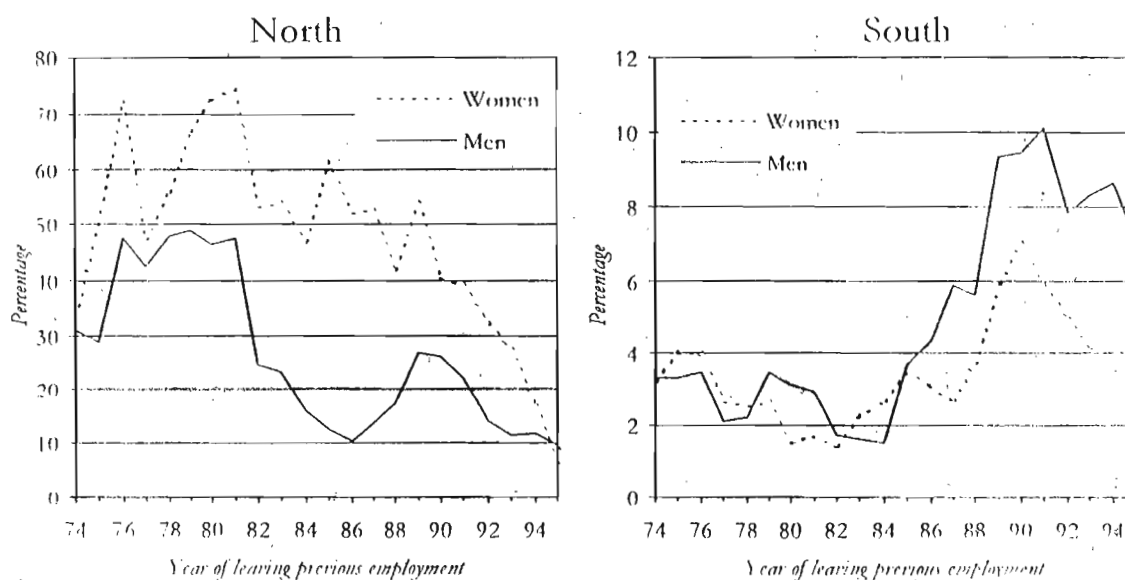
¹ 60 years old for women and 65 years old for men.

These trends cast a different light on the situation of the active respondents with regard to change in activity. We earlier mentioned that in the past changes in activity had been very limited in the North as compared to the South. One of the possible explanations is that the number of people, among those who have quit, lost their employment, or stopped working has been relatively higher in the North than in the South. If this is the case, the adjustment led by labour demand has been even greater in the North than suggested above and started long before 1986. The South has also, to a certain extent, been affected by the policy decisions made in the second half of the eighties: around 9% of the people presently inactive did quit working before the age of retirement in 1989-91.

On the whole relatively less women than men quit working before the age of retirement. This is particularly the case in the North where the pattern of early withdrawals for women seems to result from two major shocks, the end of the war and the launching of the Renovation strategy, including resolutions 111 and 176. In the South, the rate of early withdrawals from activity is approximately the same for men and women until 1985. After 1985, relatively more men quit working before the age of retirement.

There may be a few reasons underlying this situation. It should first be reminded that the rate of participation to the labour force is higher for men than for women. Moreover, women withdraw from the labour force earlier than men on average, as Table 1 below shows. This is probably related to the role of the women in the family. Many women stop working to raise their

Figure 6. Percentage of respondents who stopped working before the legal age of retirement relative to the total number of respondents reaching the age of retirement each year, by sex (centred moving average over three years)



children. Yet, among respondents who left the labour market early, 2.2% still work for a few hours a week, two-thirds of them being women.

Table 1. Main characteristics of the age of withdrawal from activity for the people who stopped working before the legal age of retirement.

	Number	Mean	Median	Mode	Percentiles		
					25	50	75
Men	305	49	51	60	44	51	57
Women	443	39	40	50	29	40	50

To separate the female population who might have stopped working for family reasons, particularly child bearing and raising, we now focus on the men and women who were over forty years old when they stopped working. Table 2 and Table 3 below present the educational achievement of the inactive population who were more than forty years old when they stopped working. These tables show that the inactive respondents who stopped working before the legal age of retirement for reasons other than illness or invalidity have reached higher levels of educational achievement, both in terms of school attainment and in terms of diploma obtained, than the inactive respondents who stopped working at or after the legal age of retirement. 25% of the men and 14,5% of the women who stopped working before the age of retirement have a vocational or technical certificate, or a university degree. For the people who stopped working at or after the legal age of retirement, the corresponding proportions are 0% for men and 4,4% for women. The regularity of the phenomena is too strong to accept the idea that it could be purely coincidental. On the contrary, it suggests that in many cases, whatever the cause of withdrawal from activity, people have been unable to find an employment in line with their level of education. This could explain the difference observed between men and women with regard to withdrawal from activity, since the level of education and diploma is higher for men than for women among the group who withdrew early from the labour market.

Table 2. School attainment of the inactive respondents who worked in the past, according to their age when they stopped working, by sex (percentage)

	Stopped working before The age of retirement			Stopped working at or after the age of retirement		
	Men	Women	Total	Men	Women	Total
Never attended school	3,1	12,8	7,6	6,9	31,9	24,8
Uncompleted primary school	10,2	21,0	15,2	41,4	44,4	43,6
Completed primary school	12,6	21,0	16,5	24,1	11,1	14,9
Uncompleted lower secondary	17,3	13,2	15,4	10,3	5,6	6,9
Completed lower secondary	15,4	9,6	12,7	6,9	4,2	5,0
Uncompleted upper secondary	9,8	5,9	8,0	6,9	0,0	2,0
Completed upper secondary	31,5	16,4	24,5	3,4	2,8	3,0
Total	100,0	100,0	100,0	100,0	100,0	100,0
Number of cases	254	219	473	29	72	101

Table 3. Highest diploma obtained by the inactive respondents who worked in the past according to their age when they stopped working, by sex (percentage)*

	Stopped working before the age of retirement			Stopped working at or after the age of retirement		
	Men	Women	Total	Men	Women	Total
No diploma	19,9	46,4	31,5	56,5	80,1	72,5
Primary school certificate	17,6	15,9	16,9	26,1	10,9	15,9
Lower secondary certificate	17,0	13,8	15,6	13,0	2,2	5,8
Upper secondary certificate	20,5	9,4	15,6	4,6	2,2	2,9
Vocational/technical certificate/diploma	9,7	8,7	9,2	0,0	2,2	1,4
University degree or equivalent	15,3	5,8	11,1	0,0	2,2	1,4
Total	100,0	100,0	100,0	100,0	100,0	100,0
<i>Number of cases</i>	<i>176</i>	<i>138</i>	<i>314</i>	<i>23</i>	<i>46</i>	<i>69</i>

*The number of respondents differs in Table 2 and Table 3 because of the number of missing answers in Table 3.

While the reasons for early withdrawal from activity may differ between men and women, it is also possible that men face more difficulties than women in looking for other employment and are more selective than women about work they accept. Their level of education is on average higher than that of women in the same situation which would substantiate the selectivity hypothesis. Moreover, as shown in Table 1, men are closer than women to the age of retirement when they stop working which means that it may be more difficult for them to find other employment. These are only hypotheses that need further investigation. In particular, it is necessary to study the work situation of women who did not choose to change employment in the past as compared with men in the same situation.

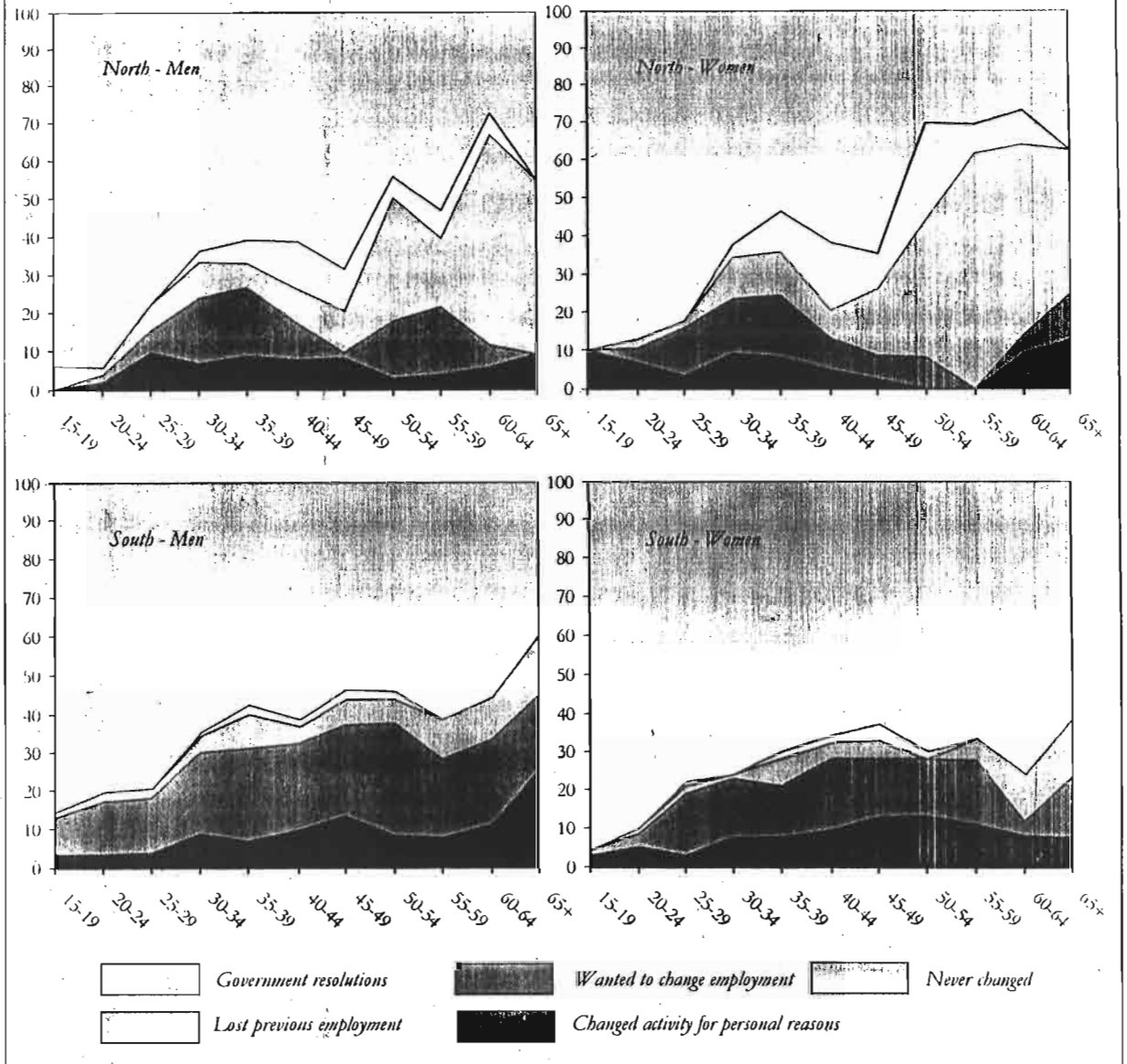
II. Characteristics of the respondents who changed employment at least once

At the national level, the people who have never changed employment and the people who have changed employment at least once in the past are not homogeneously distributed with respect to sex and age. We will present the main characteristics of the observed population before examining the role of education and training on the one hand, and the sector of activity on the other hand, in the mobility of labour.

A. The variations according to age and sex

The age distribution of the active population according to whether they have changed activity or not, and in the latter case, according to the reason why they have changed activity (see Figure 7), shows that, on average, the proportion of people who have changed activity at least once increases with age. Half of the respondents who never changed activity, but only 25% of the respondents who changed activity in the past, are less than 33 years old now. Moreover, the mode for the respondents who have never changed activity is

Figure 7. Age-group distribution of the active respondents according to the reason why they changed activity, by region and by sex (percentage)



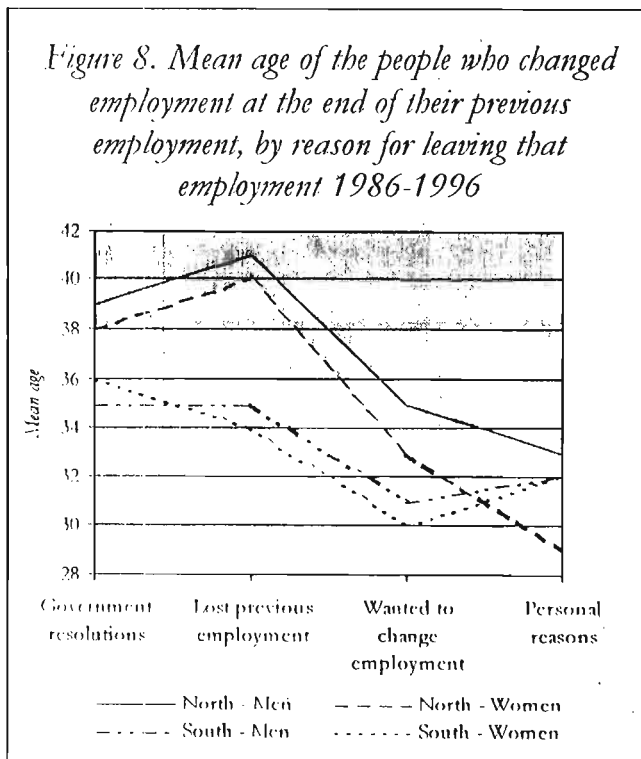
24 years, while 50% of the working respondents who never changed activity entered the labour market after 1985. In the North and the South, for both men and women, there is an association between the structure of the population in terms of age groups and whether or not people have changed activity in the past⁵. Among the respondents who have changed activity, there is an association between the structure of the population in terms of age groups and the cause for change in activity (non-voluntary or voluntary) for men and women in the North. No such association can be observed in the South.

⁵ Only 13 age groups, from 20 to 84 have been retained to compute the Eta coefficient because the number of cases was insufficient in the other groups.

In the South, all the age groups have registered more or less the same rate of change in activity. The rate of change of people aged 25 or younger is however, a little under average, while that of the people over 60 is a little over average, particularly for men. This indicates that the mobility of labour is normal in the South in that it did not affect particularly any age group. In the South, around 40% of the men aged 30 to 64 and 30% of the women aged 30 to 60 have changed employment at least once in their active life, the main reason for change being that they wanted to change employment.

The situation is quite different in the North. For each age group, the loss of the previous employment is an important cause of change. It is particularly the case for men over 45 years old and women over 40 years old. As many as 60% of the women aged 55 to 59, and a little more than half of the men aged 60 to 64 have changed activity because they lost their previous employment.

To assess which age groups were most affected by the ongoing restructuring of the economy, it is necessary to analyse the age of the people at the time they stopped their previous employment. It may be observed on Figure 8 that the mean age is higher in the North than in the South, except for women who quit their previous employment for personal reasons. The



men and women who had to change employment in the North were around 40 years old on average, whereas they were around 35 years old in the South. In the North, people over 49 years old represent 10% of those who lost their employment due to Government resolutions. Yet, as many as 50% of people in the North and of women in the South, and 80% of men in the South were between the ages 30-39 at the time they lost their employment. Although the layoffs resulting from Government resolutions have, to the extent possible, taken the form

of early retirement, the people who lost their employment due to Government resolutions were, in the majority nowhere near retirement. There is a possibility that younger people have been chosen or volunteered to quit their employment following resolutions 111 and 176 precisely because they were not too old and could be expected to find other employment relatively more easily than older people. Moreover, people who lost their employment within

the framework of those two resolutions received some amount of money which, although small, could help them until they found other employment, or began their own self-employed activity. If the average age at which people did change employment is any indication of the labour market situation, then the people who lost their employment were not necessarily in a very good position to find other employment since they were older, on average, than the other people looking for employment. In fact, and with the limitation that the present situation may result from choice as much as constraint, it may be mentioned that 5% of the people who have lost their employment due to Government resolutions are now wage workers while 80% are self-employed. The corresponding figures for the South are respectively 44% and 52%.

In sum, the major structural adjustment that took place after 1985 mainly affected the North, people around 40 years old, and more women than men. Beyond the non-voluntary changes due to the change in the economic and institutional environment, women appear more stable than men in their employment, with people in the North being less willing to change employment than people in the South.

B. The role of education and training in labour mobility

A series of homogeneity tests have been run to assess the homogeneity of the population in terms of education level, the highest diploma obtained, and initial training⁶. These tests show that the distribution of men and women according to the general level of education should be considered different in the North and the South within each category of respondents, except for the respondents who lost their employment due to Government resolutions 111 and 176. This is not surprising as these Government resolutions concerned employees of the public sector (both the civil service and the State sector). It suggests that there has been a certain homogeneity in the choices made by the employer at the national level, even though, as we have noted earlier, the South has not been affected to the same extent as the North by those resolutions. The hypothesis that the respective distributions of men and women according to the highest diploma obtained and according to the type of training received are different within each category of respondents can also be accepted, except for those who lost their previous employment, because of Government resolutions or for any other reason. In other words, the South and the North present a certain homogeneity in terms of the highest diploma obtained and in the type of training received for men and women, when they have not themselves decided to change employment.

For respondents who never changed economic activity or decided themselves to do so, the homogeneity of the age structure for each category

⁶ The purpose of homogeneity test is to compare two distributions according to the same characteristics to assess the likelihood that they are identical. If the Pearson chi-square is smaller than the level of significance alpha, at least two of the tested distributions are likely to be different. In the opposite case, all the tested distributions can be considered identical.

of respondents has been tested, as differences in the age structure would affect the structure of the observed levels of education and training. On the basis of the test, we accept that the age structure is identical in the North and the South for each of the categories of people who have changed activity at least once in the past. As a consequence, for people who have changed activity, no regional difference in the distribution of the population according to educational achievement can be explained by differences in the age structure of the observed groups of respondents. Meanwhile, the age structure of people who have never changed activity differ in the North and the South, for both men and women. For the respondents who never changed activity, it is thus necessary to compare the educational achievement within each age group to remove any effect due to the age structure. The sex structure of the observed populations has also been tested. The results of the test show that the sex structure of the sample cannot be accepted as an explanatory variable for the differences observed in the North and in the South, within each category of respondents.

Men and women who never changed employment, or willingly changed employment present higher levels of educational attainment and higher diplomas in the North than in the South. There is no association either between the general level of education attained and whether or not people change activity, or between the general level of education and the non-voluntary character of the change, except for the women in the North. This means that the general level of education attained does not determine the fate or behaviour of the people in terms of change in activity. However, the highest diploma obtained explains at least part of the distribution of people in the North who have changed activity. We stated earlier that the age structure was also an explanatory factor of the distribution of respondents with regard to change. There is a strong relationship between the age structure and level of general education on the one hand, and the highest diploma obtained on the other hand.

There is also a relationship between the highest diploma obtained and complete levels of general level of education, except for the women in the South. In the North, there is a relationship between the distribution of people who completed the last level of education they attended and their situation with regard to change in economic activity. There is no such relationship for people who never attended school and for people who dropped-out. This shows that beyond the age structure effect, there is a relationship between the level of education and the situation with regard to change in the North.

Tests examining the relationship between the type of initial training and whether men and women in the North and the South changed labour activity show a correlation in all four categories of respondents⁸. Table 4 below

⁸ For a more detailed analysis of initial training, see Chapter I.

shows that the main difference in the North between people who have changed activity and those who have not. We find that a relatively higher share of people who were trained in large enterprises or in the army have changed activity while a relatively higher percentage of people trained in long term public vocational/technical schools have never changed activity. The age structure partially explains this situation. Yet, bearing in mind the number of people who had to change activity in the North, it is of interest to see that, on average, those who have lost their employment probably had lower levels of training than the people who have not changed employment.

In the South, the main difference between those who have changed activity and those who have not is the relative importance of the army in the former category while family based training is relatively more important in the latter category. Among people who never changed activity and never changed specialisation, we find that 31.4% of small enterprise heads, 14.8% of self-employed, and 48.8% of family workers have received training in the family occupation. Moreover, 89.2% of small enterprise heads, 76.6% and 96.4% of family workers who have been trained in the family occupation have never changed activity. These people are thus remarkably stable in terms of employment.

Table 4. Distribution of the sample according to the type of initial training received, by region, sex and situation with regard to change in activity

	North				South			
	Men		Women		Men		Women	
	Never changed activity	Changed activity	Never changed activity	Changed activity	Never changed activity	Changed activity	Never changed activity	Changed activity
Voc./techn. school (long term)	39.2	25.7	39.2	26.4	15.3	14.3	13.4	11.3
Voc. private inst. (long term)	1.0	0.0	0.8	0.4	4.8	3.5	2.6	5.8
Large enterprise	10.0	19.3	10.8	21.3	3.3	5.0	4.6	6.5
Army	7.5	12.8	2.8	3.8	3.1	6.3	0.3	1.4
Apprenticeship in a small enterprise	1.7	1.8	2.6	3.0	6.7	6.0	4.0	5.1
Family occupation	6.6	1.8	3.8	3.4	13.6	6.8	15.9	10.6
Public or coll. inst. (short term)	5.8	8.7	3.8	8.1	6.6	9.3	3.5	6.8
Private institution (short term)	2.7	2.3	4.4	3.0	3.8	5.8	3.9	4.4
No training	25.3	27.5	31.8	30.2	43.0	42.5	51.9	47.4
Other	0.2	0.0	0.0	0.4	0.0	0.5	0.0	0.7
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<i>Number of cases</i>	<i>411</i>	<i>218</i>	<i>390</i>	<i>235</i>	<i>819</i>	<i>398</i>	<i>898</i>	<i>293</i>

The differences observed in the type of training between the North and the South are structural and reflect the past differences in the education and training system as well as in the labour allocation system. In each system there has to be a relationship between the type of professional training offered and received, and the skills required to find employment on the labour market. Since 1954, there has been more emphasis in the North on formal, public education, the private system being virtually outlawed. Meanwhile, in the South, a private system of training co-existed with the public system.

Further, the requirements of the employers in terms of educational achievement were apparently lower than in the North.

In sum, the stock of human resources is far from homogeneous in the country in terms of education and training, while we have seen that the behaviours in terms of mobility also differ between the two regions. The results obtained so far suggest that there are two labour markets in the country, one in the North and one in the South, with the labour force having different education and training characteristics and different behaviour with regard to change in activity. We suggest that these characteristics are due to historical differences in the conception and organisation of the labour market. A closer look at the youngest generation, particularly those who have entered the labour market after 1986 shows that there are differences between the North and the South in terms of education and training among those of the respondents who have never changed activity. Nevertheless, the two regions present no statistically significant differences for respondents who have changed employment at least once⁹. It is however too early to assess whether the structural transformations that the Vietnamese economy has undergone will have any homogenisation effect on the structure of education and training, and on the labour market at the national level¹⁰.

Homogeneity tests have been run on the level of general education, delineating two sub-samples in each region and for each sex, according to whether the respondents have changed activity in the past or not. These tests show that the hypothesis that the distributions of the level of general education are homogeneous for men and women in the North should be rejected, while it can be accepted for women and men in the South.

In the North, the men and women who changed economic activity present an educational profile different from that of men and women who did not change activity. The hypothesis that men and women who never changed employment have identical distributions in terms of level of education can be accepted, as well as the assumption that the men and women who changed activity at least once in the past have identical distributions in terms of level of education. In the North, people who changed employment have, on average, reached a lower level of educational attainment than the people who never changed employment.

It should be reminded at this stage that most of the changes in the North were non-voluntary. It is thus of interest to observe that these changes affected mostly people with lower education levels. Yet, the analysis in terms of level of general education does not allow us to go beyond that observation since in the North the distribution of people who changed activity, based on the reason for change, can be considered homogeneous for both men and

⁹ The Pearson Chi-square is equal to 0 for the level of education, the highest diploma obtained, and the type of training, for the respondents who never changed activity.

¹⁰ See Chapter I.

women. In the South, the men and women who have changed activity present the same educational profile as the men and women who never changed activity. This suggests that, in the South, the level of education, the highest diploma or the type of training received do not determine the behaviour of the individuals with regard to change in activity.

At the national level, the age distribution of men and women is similar for people who have changed economic activity at least once and those who have not¹¹. The distributions vary across categories of respondents, with respondents who never changed activity being younger than the respondents who changed activity in the past. The women who never changed activity have lower levels of school attainment than the women who have changed activity at least once. 38% of the women who never changed activity have a level of schooling inferior to lower secondary. Moreover, the proportion of women who completed each level of schooling is higher for the women who never changed activity. For men, no major difference in level of schooling appears between those who have changed activity and those who have not. Yet, the levels of school attainment are comparable for men and women who have changed activity. Among the respondents who never changed activity, the women have levels of school attainment noticeably lower than men. We mentioned above that the share of women is relatively high as compared to that of men among the respondents who never changed activity. No difference between men and women can be accounted for by the age structure of the sampled population. There is a possibility that the limited mobility of women, as compared to men finds its roots in the education level of women, itself largely determined by the social context¹².

¹¹ The likelihood of the hypothesis is confirmed by the homogeneity test on age groups at a 5% level of significance.

¹² See Chapter I

C. Sectoral structure of the economy and labour mobility

The sampling design of the survey makes it necessary to separate the urban and the rural areas to analyse the sectoral shifts in employment, because the rural areas are underweighed in the survey as compared to reality¹³. Table III.6 shows that the direction of change is the same for the rural and the urban areas. Among those respondents whose present occupation is non-agricultural, around 1/4th are presently employed in industry and 3/4th in services. The population presently employed in agriculture is marginal. It seems there is a convergence at the national level between the structure of employment in rural and urban areas for non-agricultural households.

Table 5. Changes in sector of activity in urban and rural areas (%)

Present employment		Previous employment				
		Agriculture	Industry	Services	Total	Number of cases
Urban areas	Agriculture*	0.2	0.0	0.5	0.7	3
	Industry	1.0	14.2	11.1	26.3	89
	Services	2.5	30.7	39.9	73.0	270
	Total	3.6	44.9	51.5	100.0	
	Number of cases	22	275	315		612
Rural areas	Agriculture*	0.5	0.0	0.3	0.8	4
	Industry	1.9	9.1	13.1	24.1	162
	Services	8.0	26.5	40.5	75.1	457
	Total	10.5	35.7	53.9	100.0	
	Number of cases	39	133	201		373

* Respondents working in agriculture, but having non-agricultural occupations.

The share of services is also important, in terms of employment, for the people who have never changed employment, but the share of the industry, and even agriculture is relatively higher for the people who have never changed employment than for the people who have changed employment in the past, both in urban and rural areas. This suggests that the past mobility has increased the tendency to the tertiarisation of the economy. In fact, this statement should be linked to the very high number of self-employed in the sample.

Strikingly, for family workers, the shift is intra-sectoral, where it is mixed, that is both intra- and extra-sectoral for the other types of employment: 53% of the heads of small enterprises and of the self employed, and 45% of the employees have changed sector of activity. The proportion of people who have shifted from services to the other sectors is lower for the self-employed than for the other two types of employment. Meanwhile, the proportion of people who have shifted from agriculture and industry to services is higher for the self-employed than for the other two types of employment. After the change in employment, the share of the people employed in services has been multiplied by 1.3 for the heads of small enterprises and by

¹³ The Chi-square test shows that the urban and rural areas are not homogenous with regard to the structure of the sectors of activity.

1.7 for the self-employed while it did not change for the employees. There is a strong correlation between the type of employment and the sector of activity, in both rural and urban areas, as shown by the computed value of the Beta coefficient.

Keeping in mind that around 75% of the changes in employment have occurred after 1985, the interpretation of these patterns may focus on the changes witnessed by the Vietnamese economy over the past ten years. The transition towards a market-oriented economy and the reforms in the public sector have favoured or forced people to find employment for themselves. Because of legal and capital constraints on establishing private enterprises, large undertakings remain in the State or joint venture sector. For many industrial activities, the minimum size required to enter the market cannot be reached by the private sector. Moreover, the net job creation by the State over the past ten years has been insufficient to allow the new entrants on the labour market and people who have changed activity to be employed as wage workers for the State. On the other hand, the private sector still offers little employment opportunities. Therefore, it seems that self-employment is one of the only two possibilities left for those who did not have the minimum capital, and/or the required skills, or family conditions to establish their own enterprise. The other possibility was unemployment.

The satisfaction with present employment clearly shows that the people who have changed activity have not necessarily had too many options when they looked for other employment. The proportion of people satisfied with their present employment is systematically higher for people who have never changed employment than for the people who have changed employment, both in the North and in the South, for men and women. The level of satisfaction of the people who have changed employment is higher in the South than in the North, which corresponds to the fact that most changes in the South were voluntary while they were forced in the North. Moreover, the level of satisfaction is also systematically higher for men than for women. The gap between the levels of satisfaction reached by men and women is larger in the South than in the North, confirming that the differentiation between men and women on the labour market is more important in the South than in the North.

The percentage of respondents unsatisfied with their present employment is highest for self-employed and family workers in the North. For men and women, in the North and in the South, the proportion of people who are satisfied with their present employment is relatively lower for the self-employed and the family workers than for the heads of small enterprises and wage-workers.

Among the people who have changed activity, as many as 85.4% have also changed specialisation. A change in specialisation may reflect a change in employment or a change within employment. Changing specialisation may re-

flect an improvement for the concerned person if it follows a promotion. When reconversion is necessary, changing specialisation may entail a lowering of the working status rather than an improvement.

D. Changes in specialisation

The most remarkable feature of the changes in specialisation at the national level is the increase in the proportion of people engaged in an occupation for which they have received no training. This proportion goes up from 34% to 73% of the respondents who have changed specialisation, when considering respectively the first and the present employment. For people who have changed activity, the proportion has also doubled. Apart from respondents who had received no training for their initial specialisation, the majority of people who have received no training for their present specialisation had been initially trained in vocational/technical schools or in large enterprises. Breaking down the population according to region and sex leaves no doubt about the nature of the changes in specialisation. The number of men who have received no training in their specialisation has been multiplied by 4 in the North and by 12 in the South. Meanwhile, the number of women who have received no training in their specialisation has been multiplied by 25 in the North and doubled in the South. However, the share of people without any initial training was relatively high for men in the North and women in the South, respectively at 26% and 45%. The scope for increase was thus narrower for those two categories. After the change between the initial specialisation and the present specialisation, the percentage of people who have received no training for their present specialisation is higher for women than for men in both regions.

The breakdown of respondents by type of employment shows that for each category, the number of people without any training in their specialisation has roughly doubled. The wage category of workers has the lowest percentage of people engaged in occupations for which they have received no training (53%), while the self employed and heads of small enterprises have the highest (more than 80%). At present, most of the employed respondents are engaged in activities for which they have received no training. This means either that the training system is inadequate with regard to the labour market and/or that the requirements of the labour demand are particularly low. In fact, we have shown earlier that both explanations are valid. In particular, the latter finds its validity in the importance of the self-employed among the people presently working. The self-employed mainly engage in petty trade and proximity services which generally require neither specific training nor capital.

The changes in specialisation reflect the shifts in the sectors of activity. Most of the respondents have changed specialisation to engage in an occupation in trade and services. The share of people engaged in service occupations has multiplied by 2 while the share of people engaged in trade occupations has multiplied by 5. Meanwhile, the share of workers in industry, crafts and

construction decreased by about half, reflecting a 50% decrease in the number of people engaged in this type of occupations. Generally speaking, the changes in specialisation show that the absolute number of cadres, technicians, administrative staff, and workers in industry, crafts and construction has declined while the number of workers in trade and services increased.

In terms of the level of specialisation, Chapter I showed that there was a relationship between diplomas obtained and labour specialisation. It may be observed from Table 6 that, at the national level, the number of workers in the sample has increased after the change in specialisation, their share going up from 73% to 87%. This Table shows clearly that, while a number of people were able to improve their working status, more than 3/4th of cadres, technicians and administrative staff have become workers.

Among the people who have changed specialisation, very few have been able to improve their working status (see Table 7). Most of the respondents have not changed working status while they changed specialisation. Yet, differences may be observed between people who never changed activity and those who did, as well as among the people who changed activity. First, it should be noted that a change in activity status results most often in a lower working status. Upward mobility is less developed than downward mobility, even for the people who never changed activity, although the relative share of the people who were promoted is still higher for them than for any other categories of respondents. Among people who changed activity at least once, the share of people who have been able to improve their working status since they first entered the labour market is highest for the people who voluntarily changed activity, that is for the people who wanted to improve their situation at work and for those who changed activity for personal reasons. Relatively more people have also seen their situation at work worsen among people who were forced to change activity, particularly among the people who changed activity due to government resolutions 111 and 176. The importance of the share of people of each category who did not change working status reflects the importance of the workers who remained workers, in the sample.

These findings tend to confirm what was observed when looking at the training for the initial and present specialisation: the changes in specialisation reflect in many cases a disjuncture between training and actual labour activity.

Table 6. Changes in specialisation

Present specialisation	Initial specialisation				Number of cases
	Cadres	Technicians	Administrative staff	Workers	
Cadres	12,1	12,1	16,7	5,3	63
Technicians	3,0	7,5	3,3	2,4	27
Administrative staff	3,0	3,7	3,3	1,8	19
Workers	81,8	76,6	76,7	90,6	755
Total	100,0	100,0	100,0	100,0	
Number of cases	99	107	30	628	864

Table 7. Changes in working status due to change in specialisation, according to the change in activity

	Higher working status	Similar working status	Lower working status	Total	Number of cases
Never changed activity	16.0	60.0	24.0	100.0	100
Changed activity	8.1	69.4	22.5	100.0	764
government resolutions	2.6	71.9	25.5	100.0	153
Lost previous employment	7.9	67.3	24.8	100.0	101
Wanted to change employment	8.2	69.9	21.9	100.0	329
Personal reasons	12.7	67.4	19.9	100.0	181
Total	9.0	68.3	22.7	100.0	
Number of cases	78	590	196		864

Differences appear between regions, and at the regional level, between men and women. The share of workers in industry, crafts and construction has decreased in the North more than in the South, while the share of women specialised in industry, crafts and construction declined more than that of men in the same occupations. Women, particularly in the North, now specialise in low skills trading activities. Most of them were earlier workers in industry, crafts and construction. Men tend to specialise in both trade and services. In the South, however, the share of industrial male-workers is still relatively high. In the North, 16% of the men and 30% of the women had a lower working status after their last change in specialisation while the share of people who improved their working status was 11% and 3% respectively. In the South, 19% of the men and 26% of the women had a lower working status after the change in specialisation while the share of people who improve their working status was 12% and 9% respectively. This is consistent with the other information gathered so far and points at the problem met by the women, as compared to men in both regions, but more so in the North.

Looking at the changes in specialisation for each type of employment brings further insight into the labour movements (see Table 8). It may be observed that the proportion of people who have been able to improve their working status is relatively more important among the wage-workers. This is partially due to the fact that 81% of wage-workers have never changed employment: as many as 34% of the wage-workers who have never changed employment have been promoted. Yet, even wage-workers who have changed employment have been relatively more able to improve their working status than the other types of workers. This is due to the fact that virtually all cadres, the major part of the technicians, and most of the administrative staff are wage-workers. The other types of employment do not offer many opportunities for an improvement of the working status. On the contrary, we have seen that many respondents had to become self-employed as a way to resume working. 12.3% of them were cadres, 12.5% were technicians, and 2.5% were administrative staff. Most of them have seen their working status lowered.

Table 8. Changes in working status due to change in specialisation, according to the type of employment

	Higher working status	Similar Working status	Lower working status	Total	Number of cases
Head of small enterprise	3.4	76.4	20.2	100.0	89
Self employed	1.1	71.8	27.1	100.0	417
Wage workers ¹	28.3	55.0	16.7	100.0	210
Never changed employment	34.1	45.5	20.5	100.0	41
Lost previous employment	21.1	52.6	26.3	100.0	19
Wanted to change employment	19.0	71.4	9.5	100.0	21
Personal reasons	24.5	57.1	18.4	100.0	98
Personal reasons	36.2	53.4	10.3	100.0	58
Family workers	0.0	79.4	20.6	100.0	63
Unemployed	8.0	76.0	16.0	100.0	25
Total	9.0	68.3	22.7	100.0	
Number of cases	78	590	196		864

E. Level of wages and change in specialisation and/or activity

We have seen the consequences of changes in activity and specialisation on the labour market. These consequences cannot, however, be fully appraised without examining what was the impact of change on the income derived from work. In terms of income, the survey does not allow a comparison between the income derived from work before and after the change in specialisation and/or activity. However, the income of the people who have changed activity and/or specialisation can be compared to that of people who have never changed activity or specialisation. Given the structure of the questionnaire, there are only two categories of respondents for whom the income derived from the main activity can be observed directly, wage workers and family workers. For the self-employed and the heads of small enterprise, only the turnover can be observed. The turnover may not be the best indicator of the income derived from work so we will focus here on the two former categories of people.

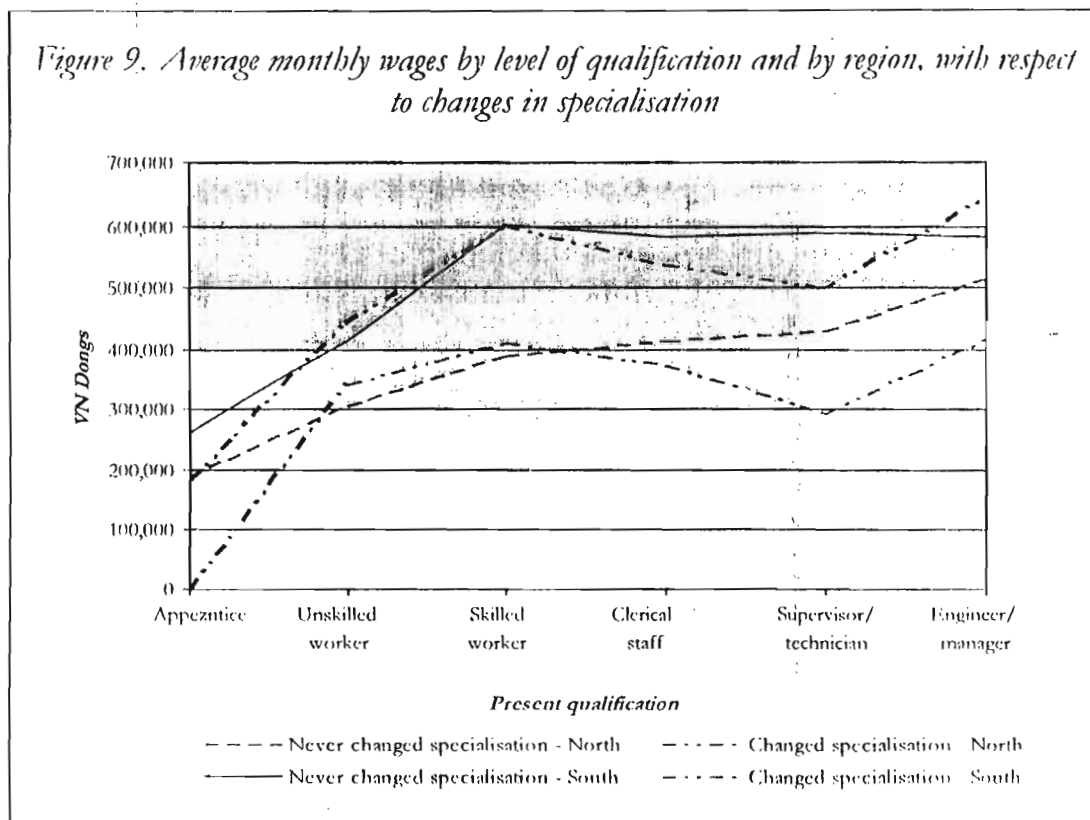
Only 15%¹⁴ of the people working for their own family do receive wages. Among them about one fourth have changed activity and/or specialisation at least once in the past. The smallness of the sub-sample does not allow an extensive analysis of the differences in income within the group of the family workers. However, it may be observed that the average monthly income, for the family workers who do receive an income, is higher for those who have not changed activity/specialisation than for those who have (see Table 9 below).

¹⁴ 42 people.

Table 9. Average monthly income of the family workers who do receive an income, by region, change in specialisation and change in activity (VN Dongs)

	Never changed specialisation		Changed specialisation		Never changed activity		Changed activity	
	Number of cases	Mean	Number of cases	Mean	Number of cases	Mean	Number of cases	Mean
North	5	500,000	5	212,000	5	452,000	5	260,000
South	26	686,538	6	366,667	25	694,000	7	385,714

A more detailed analysis can be conducted on the wages of the wage workers. It may be observed from Figure 9 that the people who have changed specialisation do, on average, have the same levels of wages as the people who have never changed specialisation. It thus seems that the people who have seen their working status improve/deteriorate fall in higher/lower categories and receive an income in line with what the people who have never changed specialisation receive in that category. An interesting exception to



this observation is supervisors and technicians, who have lower average monthly wages when they have changed specialisation, both in the North and in the South of the country. This may suggest that the experience in the employment is an important element of wages for this category. Indeed, keeping constant the year of starting present employment, we find that in 75% of cases the supervisors/technicians who have changed specialisation receive lower wages than the supervisors/technicians who never changed specialisation. Moreover, 70% of the supervisors/technicians who have changed specialisation have also changed activity while only 2% of the supervisors/technicians who never changed specialisation did change activity at least

Figure 10. Average monthly salary by qualification, reason for last change in employment and sex

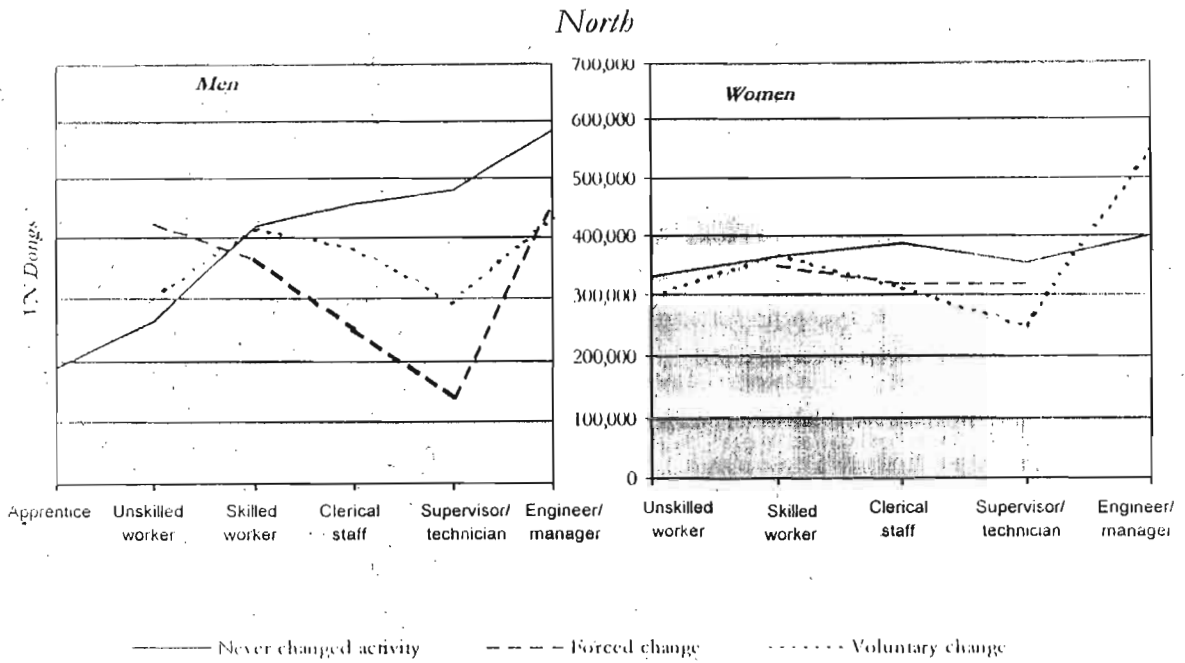
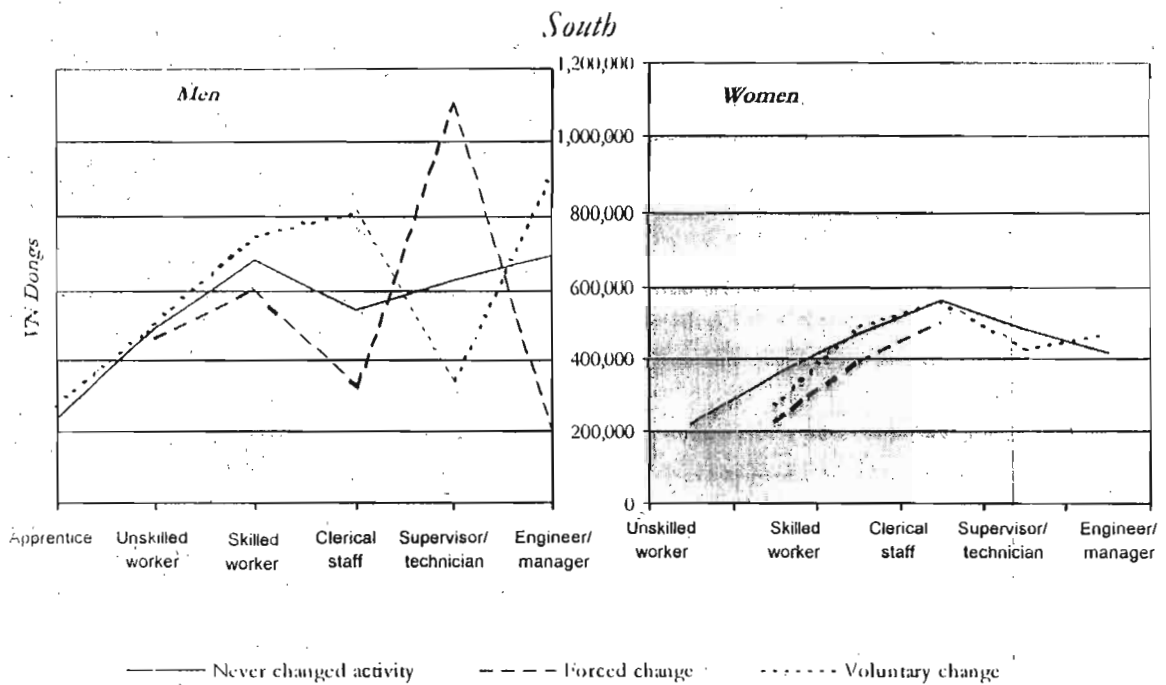


Figure 11. Average monthly salary by qualification, reason for last change in employment and sex



once. This tends to strengthen the idea that the experience gained with an employer in an activity may be useful in obtaining an employment as su-

pervisor/technician, but not in obtaining wages on par with wages obtained by the people who never changed specialisation. As could be expected from the diversity of situations with regard to changes in activity, the situation is different in the North and in the South, for men and women (see Figures 10 and 11). On average, the women who have changed activity do receive lower wages than do those women who have never changed activity. Women who wanted to change employment seem to have done better in the South, where they receive higher average wages than both women who never changed specialisation and in the North women who have lost their employment due to the resolutions 111 and 176. The situation is not so clear for men. On average, in the North, men who have changed activity receive lower wages than men who have never changed activity. In the South, men who have lost their previous employment due to the government resolutions receive the lowest average wages. Except for the supervisors and technicians, the men who wanted to change employment receive, on average, higher wages than the people who never changed employment.

The patterns observed suggest that there is a relationship between the reasons for change in activity and the level of the average wages observed between the people who have changed activity and those who have never

changed activity. We mentioned earlier that most of the changes in specialisation had been forced in the North, while they were more often voluntary in the South. Yet, these observations do not give any direct indication as to whether the situation of people who have changed activity with respect to wages has improved or deteriorated.

III. The search for other employment

Having studied the result of labour adjustment on people who have changed activity and/or specialisation in terms of employment, we now turn to the adjustment process itself. This section will address the duration of the search for the respondents' current employment, the search methods used and the search for other employment for the people who are presently employed.

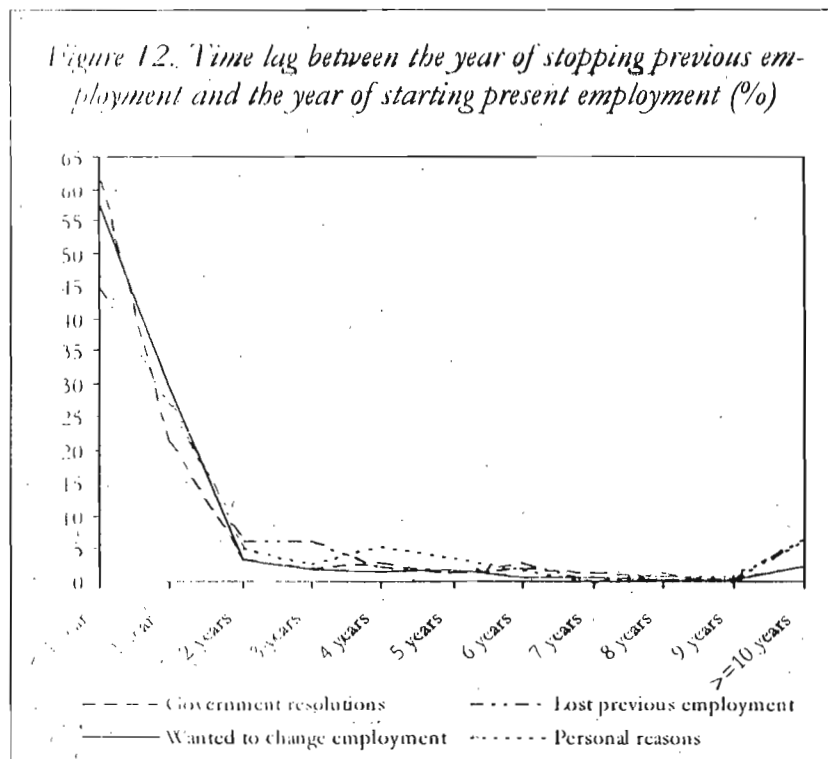
A. Duration of the search for present employment

The consequences of the change in activity can be assessed for the respondents in terms of the relative difficulty, or ease of finding new employment. In particular, we will analyse in detail the recruitment procedures for those of the active respondents who were working for wages at the time of the survey. The age, sex, region, highest diploma attained, and type of initial training will be retained to differentiate the respondents, in addition to the reason why they have changed activity, since these variables have been found relevant to explain the differences observed between the respondents in

terms of change in activity. Nevertheless, attention will also focus here on the sector of activity of the respondents, and on the changes in specialisation.

1. The time lag between the end of the previous employment and the beginning of the present employment

The most striking feature of the population is that 54% of the people have found new employment in less than a year from the date of stopping their previous employment. The number of people who have found new employment in one year or less represent 81% of the population. There is a relationship between the reason for change in activity and the time lag between the date of stopping previous activity and the date of starting present activity¹⁵. At the national level, 82% of the people who lost their employment due to government resolutions and 87% of those who wanted to change employment (see Figure 12) have started their present activity within a year from



stopping the previous employment. More than half of the people in these two categories of respondents have found another employment within a year from stopping the previous employment. The proportions are respectively only 72% and 73% for the people who lost their previous employment and for the people

who changed employment for personal reasons. Simultaneously, the share of the people who stayed ten years or more without working is relatively lower for the people who changed activity due to government resolutions and for people who wanted to change employment. No relationship was found at the national level between the level of education and the time elapsed since the end of last employment for respondents who lost their employment due to government resolutions.

The reasons underlying this situation are however probably different for the four groups of people. It should be kept in mind that the time span

¹⁵ The respective values of the Eta coefficient and of the observed F are 0.155 and 8.230. $F(3,80)=2.72$ at a 5% level of significance. The hypothesis that there is no relationship should thus be rejected.

between the end of previous employment and the starting of new employment is not necessarily unemployment. It may also be withdrawal from activity. This is probably the case of the respondents who stayed ten years or more without working.

Table 10 below presents no definite pattern for the time elapsed between the year of finishing previous employment and the year of resuming work. Keeping in mind that most respondents have found other employment relatively fast, we may assume that those of the respondents who took more than two years to find other employment had an inadequate level of education and training, chose to withdraw from the labour market for a while, or proved more selective in their search for employment. The Eta coefficient has been computed to assess whether there is a relationship between education, training and the time elapsed between the end of the previous employment and the beginning of the present employment. These tests show that, at the national level, there is a relationship between the general level of education and the period spent without working only for respondents who lost their employment due to government resolutions. The highest diploma obtained explains the time elapsed between the end of the previous employment and the beginning of the present employment only for the people who lost their previous employment. In terms of training, the relationship exists only for people who wanted to change employment. Thus, there is a relationship between education, training, and the time spent without working for all the respondents except for those who have changed employment for personal reasons, but the nature of the relationship varies with the reason for change. The fact that most of the respondents who lost their previous employment reside in the North while the majority of respondents who chose to change employment because they sought to improve their situation are settled in the South throws some light on this situation. We have mentioned that formal education and training had been emphasised in the North, and that the government orientations influenced the structure of the labour market in the North. The result could be that people with a lower level of education find it more difficult to find other employment. It is also not surprising to note the importance of training in the South, given the structure of the labour market and the relatively lesser importance of diploma and formal training in the South.

Separating respondents who started working two years or less after finishing their previous employment and those who resumed working more than two years after the end of their previous employment, our Chi square tests results indicate that the two categories of people are homogeneous with regard to the highest diploma obtained, regardless of the reason for change in employment. However, in terms of initial training, the two categories of people are not homogeneous for the sub-samples of women who have chosen to change employment, in the North as well as in the South. In the North, women who have remained unemployed more than two years are mainly

women without any initial training. In the South, they are women who have been trained in apprenticeship or who have followed short-term training. This confirms the importance of formal training on the labour market in the North, particularly for women, and casts some doubts about the adequacy of the apprenticeship and short-term training for women on the labour market in the South. For the other respondents, it seems that the explanation of the distributions observed in terms of time elapsed between the end of previous employment and the beginning of present employment must be sought elsewhere. There is a possibility that some of those who stayed a few years without working actually decided to withdraw temporarily from the labour market, because they did not want to work, because the type of employment they could find did not suit them, or because they did not know how to look for a job. Nevertheless, the sector of activity and the type of specialisation may also have some explanatory power.

Table 10. Distribution of the respondents and median of the time lag between the year of stopping previous employment and the year of starting present employment according to the reason for change in activity, by region and by sex.

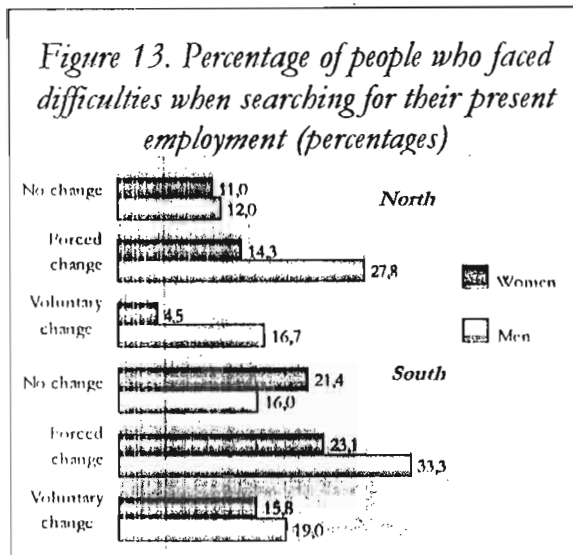
	North						South					
	Men			Women			Men			Women		
	Cases	%	M*	Cases	%	M*	Cases	%	M*	Cases	%	M*
government resolutions	6	20,7	6,0	7	38,9	6,0	6	11,3	2,5	4	16,0	6,50
Lost previous employment	4	13,8	1,5	5	27,8	2,0	12	22,6	3,0	3	12,0	6,00
Wanted to change employment	10	34,5	8,5	3	16,7	2,0	22	41,5	1,0	8	32,0	3,50
Personal reasons	9	31,0	3,0	3	16,7	5,0	13	24,5	2,0	10	40,0	3,00
<i>Total</i>	<i>29</i>	<i>100,0</i>		<i>18</i>	<i>100,0</i>		<i>53</i>	<i>100,0</i>		<i>25</i>	<i>100,0</i>	

* Median of the time lag between the year of stopping last employment and the year of starting present employment.

2. Duration of the search for employment for wage-workers

Analysing the data collected about the way the present wage-workers have searched for employment and eventually been recruited casts an interesting light on the difficulties faced by the people who changed employment. Among the people who were forced to change employment, relatively more people claim they have faced difficulties when searching for the present employment. Meanwhile, it seems that changing employment has proved more difficult on average for men than for women, and for people in the South than for people in the North. This is interesting considering the hypothesis that the labour market fluidity is higher in the South than in the North. The explanation does not lie in the duration of the search for the present employment. Indeed, the average duration of the search for present employment is longer in the North (7 weeks for men and 6 weeks for women) than in the South (4 and 5 weeks for men and women respectively). Yet, it may partly lie in the fact that in the South, fewer people found their employment within less than a week from leaving the previous employment, as compared with the North (see Figures 13 and 14).

It should be noted that 79% of the people who changed employment in the North and 88% in the South found employment within a month of leaving their previous employment. In the South, men did on average find their present employment faster than women. The people who chose to change employment, either because they wanted better employment or due to

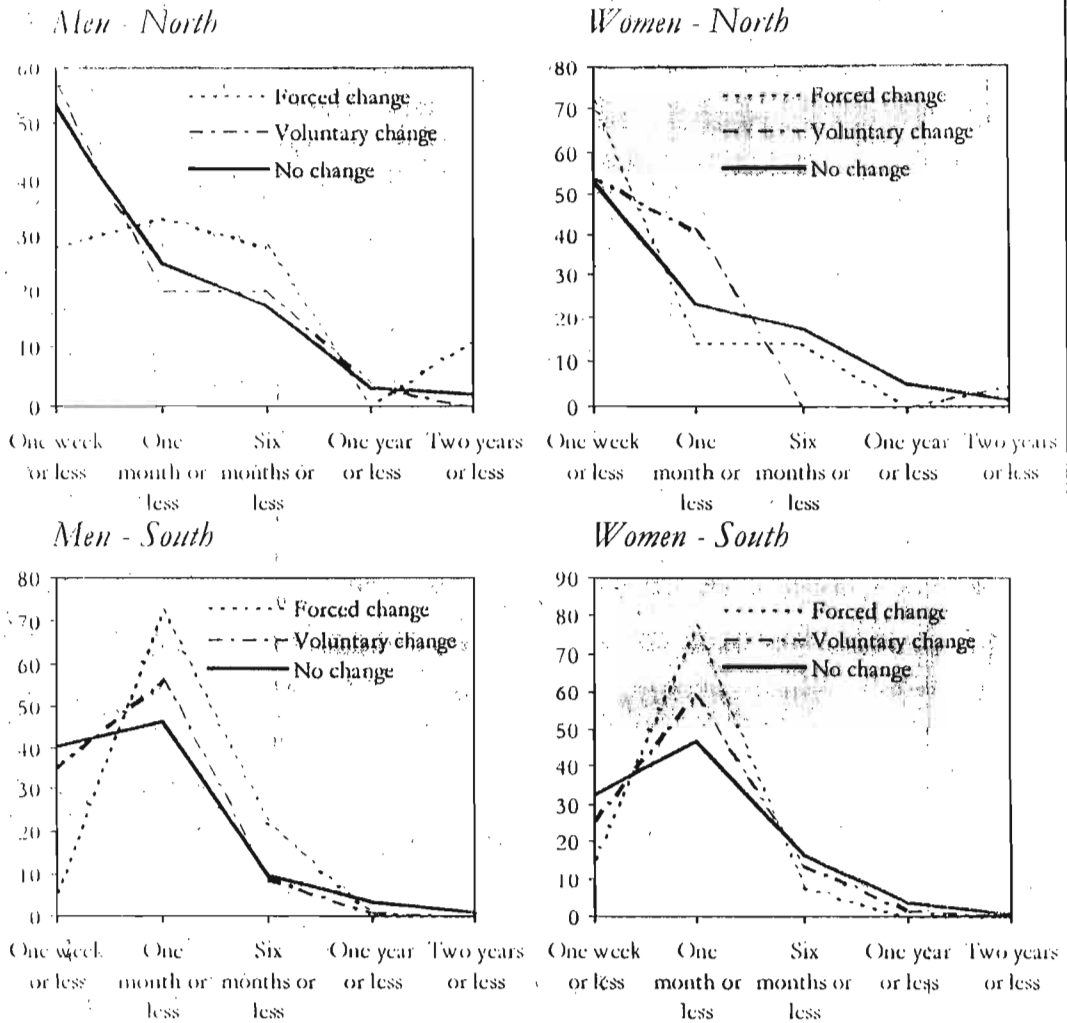


personal reasons, found employment faster than the people who never changed employment. On the contrary, the people who were forced to change employment took longer to find their current employment. This is particularly true for men. In the North, men who were forced to change employment have taken a relatively long time to find their current employment: only about 30% of them have found employment within a week from leaving their previous employment while about 10% took more than two years. On the con-

trary, the women who were forced to change employment found their present employment faster than the women who never changed employment.

Although more people in the South state they have faced difficulties when looking for their present employment as compared to the North, the data collected show that on average, people in the South do find employment faster than in the North. Further, the people who have changed employment have found employment faster than those who never changed employment, except for men who lost their previous employment in the North. It should be remembered that this sub-sample comprises only people who could find salaried employment. Those who could not have withdrawn from the labour market, are unemployed, or are working on own account or for their family. There is a possibility that their skills are higher than average, despite the fact that many of them did not receive any training for their present occupation. The fact that the age of the people who changed employment is higher on average than that of the people who never changed employment, suggests experience as a possible explanation. But a shorter duration of the search for employment may also reflect emergency and/or lower expectations. It is difficult to determine whether the difficulty in finding employment, reflected by the duration of search for present employment stems from the expectations of the labour force, or from the situation of the labour demand.

Figure 1-4. Duration of the search for present employment for the wage workers



Yet, we can observe the average level of wages as related to the duration of the search for present employment. In the South, the level of wages increases with the duration of the search, but only marginally for men. Assuming a minimum transparency on the labour market in the South, and assuming that the level of wages is determinant in the decision of the job seeker, this means that men are aware that a longer search will bring diminishing returns, and that the men who search relatively long for employment do face difficulties. Similarly, with the same hypotheses, the interest of women is to search for employment for two to four weeks. Pursuing the search longer also brings diminishing returns, when the cost of the search is taken into account. Those who search for more than a month are either not aware of the fact that a longer search will not, on average, entail higher wages, or do face difficulties in looking for employment.

In the North, the average level of wages of men decreases with the duration of search for employment, particularly if the search lasts beyond a

month, suggesting that people who cannot find employment fast, either because their characteristics do not match labour demand, or because they do not have the required connections, face difficulties on the labour market and have to accept lower wages. The situation is the same for the women who search for employment for more than a month. However, the women who search for employment for two to four weeks receive wages almost at par with those of men, and pursuing the search beyond a week entails higher wages. Given that a majority of women in the North have found their present employment within a week of finishing their previous employment, it may be felt that emergency and lack of information could explain why they have not pursued the search beyond a week.

Obviously, it is also possible that the labour force has limited access to information concerning labour market situation, as well as the lack of required signals to decide when they should stop the search for employment.

3. The unemployed people who have worked before

We will try here to determine the profile of those of the people who have a working experience but have not yet found new employment in order to determine whether they differ from the other respondents who have changed activity, and if so, how they differ.

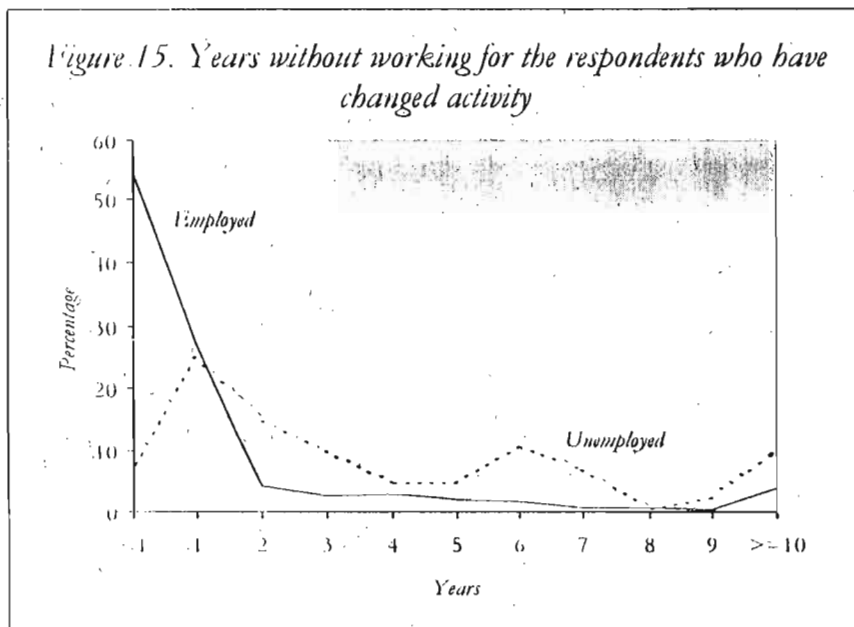
As in the case of people who have found employment, there is a relationship between the reason for leaving previous activity and the time spent without working in both regions and for men and women. The Chi-square test shows that there is an homogeneity between the two groups of respondents (the respondents who have resumed working and those who are still unemployed) with regard to the general level of education, except in the South for men who have resigned from their previous employment. For these men, the level of education of the unemployed is lower than the level of education of the employed. The criteria used to compare the two groups is the completion of the levels of education, since these two sub-samples of men are found homogeneous with respect to the highest diploma obtained. The share of the people who completed a level of general education is respectively 45.5% and 60% for the 22 unemployed and 215 employed. Looking at the time spent without working, half of the employed have found employment in less than a year from resigning from their previous employment, while half of the unemployed have quit their previous employment a year ago.

The employed and unemployed populations are homogeneous with respect to the highest diploma obtained except for men who lost their previous employment in the North and for the women who wanted to change employment in the South who present lower diploma levels for the unemployed than for the employed respondents. In these two cases, the average time spent without working is longer for the unemployed than for the employed respondents. This is actually systematically the case when the respondents are

grouped by region, sex and reason why they changed activity, even for the cases where the education level does not appear as an explanatory variable.

In terms of initial training, the distribution of employed and unemployed respondents can be considered homogeneous with respect to region, sex and reason for change in activity except for three categories of respondents in the South: men who wanted to change employment, women who lost their employment due to government resolutions, and women who wanted to change employment. The most striking thing about the initial training received by the two first categories of people is that the training of the people who have found employment is more formal for the unemployed than for the wage earners. This confirms the idea that in the South formal training and diplomas do not have the same importance in terms of job search as in the North. In the third category, women who wanted to change employment, those who are unemployed have received no training or a short term training in private or public institutions¹⁶. This confirms that the short-term training seems to be a problem for the women in the South.

The distribution of the sample according to the number of years spent



without working suggests that there are differences between the respondents who have found employment and those who have not. The share of people who have stayed without working for one year is approximately the same for both groups of

people, at around 25%. Over half of the people who are presently employed, but only 8% of the unemployed have stopped working for less than a year. On average the unemployed present longer periods without working than the people who are presently employed do. This suggests that the probability of finding an employment decreases with the duration of unemployment¹⁷.

¹⁶ It should be mentioned that they represent only four cases. This is even more interesting since we have mentioned earlier that the short-term training seemed to be a problem for the women who had changed employment in the South, as compared to the North.

¹⁷ However, the data collected through the survey do not allow us to compute the actual duration of unemployment. The time elapsed since the end of the previous employment does not necessarily correspond to the duration of unemployment.

B. The potential mobility

The shape of the curve of voluntary changes in activity in time suggests the use of an exponential model to predict the number of changes in 1996. The interval of confidence at 95% is [35,211]¹⁸, meaning that the number of people who could change activity in 1996 could vary between 35 and 211 if there were no change in the trend. The number of people who have actually changed employment between the beginning of 1996 and the time of the survey was 22. But 422 persons, that is 12% of the people working at the time of the survey were looking for other employment. The survey took place between the beginning of November and the beginning of December 1996. The answers collected on the month people changed employment show that there are very few changes in November-December. There is thus reason to think that potential mobility is much higher than actual mobility¹⁹. Theoretically, the employed people looking for other employment are in a better position than unemployed people to find employment. It should however be kept in mind that 66% of the people who want to change employment are not wage-earners and thus are not necessarily in a better position than the unemployed people when looking for wage-earning employment. Indeed, most of them do look for a wage earning employment as Table 11 shows. This Table also shows that relatively more self-employed and family workers are looking for other employment which reflects the fact that more people in these two categories are unsatisfied with their present employment, as compared to heads of small enterprises and employees.

Table 11. Distribution of the active population looking for an employment, by type of employment sought for and by present situation with regard to work

	Looking for a wage-earning employment		Planning to start/Change own activity		Total looking for an/another employment			Total active
	Number	%	Number	%	Number	Total	% of total active	Number
Heads of small enterprise	10	55.6	8	44.4	18	100.0	7.3	248
Family workers	27	77.1	8	22.9	35	100.0	12.2	287
Self-employed	147	64.8	80	35.2	227	100.0	14.8	1538
Wage-earners	119	85.0	21	15.0	140	100.0	9.6	1463
Unemployed	185	82.6	39	16.4	224	100.0	82.1	273
Total*	488	75.8	156	24.2	644	100.0	16.9	3809

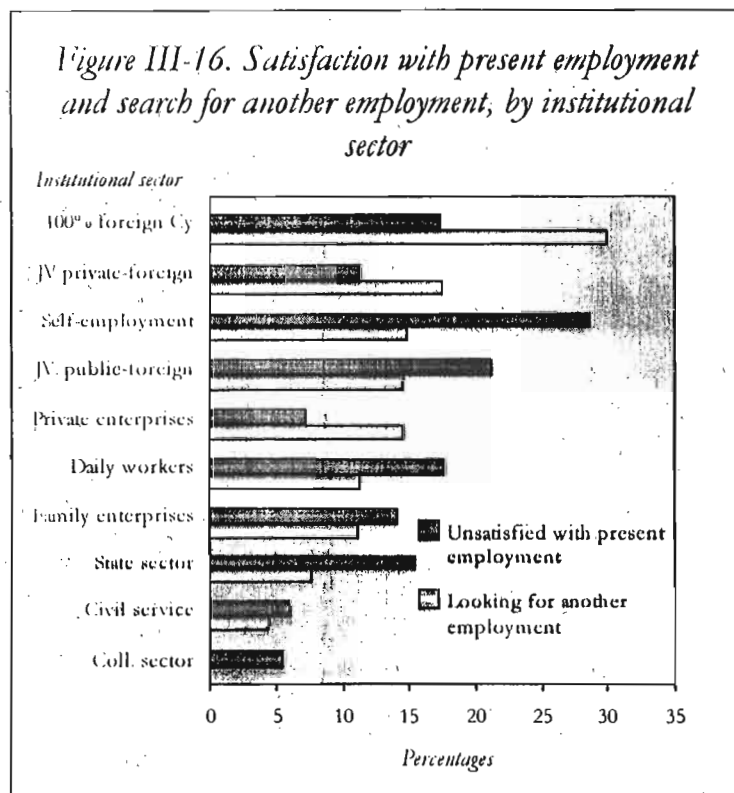
* Three missing cases

The search for other employment depends on the expectations of individuals as much as on the information they have on the situation on the labour market which is based on their own experience and on external

¹⁸ Two models were fit, one on the entire population who voluntarily changed employment in the past, and the other on the people who voluntarily changed employment after 1985. The two regressions give the same interval of confidence. The value of R square is 0.912 in the first model and 0.898 in the second model.

¹⁹ Regressions were also fit separately for the South and the North, but they give very similar results. The number of people who have voluntarily changed employment in the past is higher in the South than in the North, but the trends are identical in the two regions.

sources. Half of the respondents who are looking for other employment are people who have never changed employment. However, it may be observed that the proportion of people who are looking for other employment is higher among the people who have changed employment at least once in the past than among the people who have never changed employment. For people who have never changed specialisation or activity, there is a relationship between the type of training they received for their present employment and the fact that they look for other employment²⁰, whereas there is no such relationship for people who have changed specialisation and/or employment in the past. Less than 5% of the people who have received training in a public institution are presently searching for other employment. On the other hand, 13% of people without training or trained as apprentices in small enterprises are now looking for other employment. The more the training is formal and long, the more specialised people's skills are and the less willing they are to change employment. We



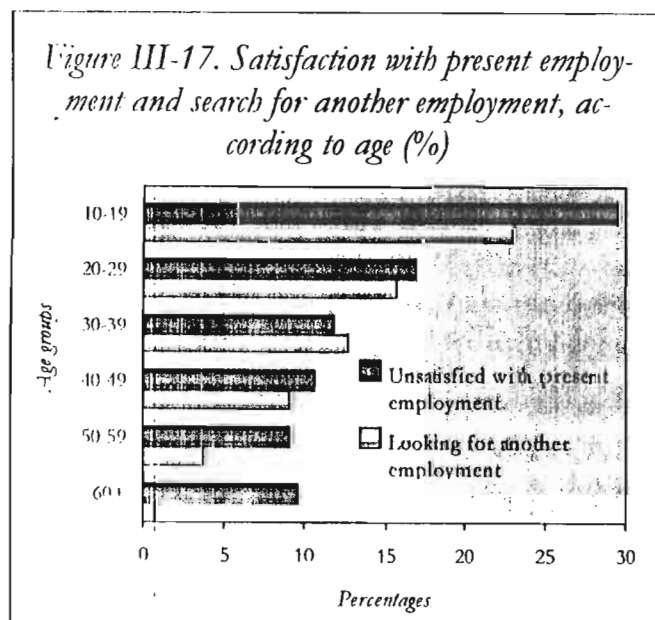
have seen previously that long term formal training was more characteristic of the North, while relatively shorter, more informal training was more characteristic of the South. We have also seen that in the past people in the South had proved more willing to change employment than people in the North. This observation seems to be valid for potential mobility.

Looking at the search for other employment by institutional sector, it appears that relatively more people looking for another employment work in the private or joint-sector as opposed to the collective or public sector. This is only partially linked to the satisfaction with present employment. The proportion of people looking for other employment is relatively high among the people working for private enterprises, foreign companies and private-foreign joint-ventures. Yet, for these three categories of people, the proportion of people unsatisfied with their present employment is lower than the proportion of people looking for another employment. Although satisfied with their

²⁰ For the people who changed specialisation, the value of the observed F is 4.648. $F_{0.95}(9,2554)=1.83$. For the people who changed activity, the value of the observed F is 5.059. $F_{0.95}(9,2518)=1.83$.

present employment, these people do not consider they have reached their optimum in terms of employment and think it is possible to improve their satisfaction by changing employment. Conversely, in the other institutional sectors, a number of people are not satisfied with their present employment, but are not looking for other employment. They think their chances to find employment that would suit them better are so slight that it is not worth their effort to look for other employment.

Age is an important factor in the search for other employment²¹, as Figure 17 shows. The proportion of people looking for other employment decreases with age. So does the lack of satisfaction with present employment. The gap between the lack of satisfaction with present employment and the search for another employment is the biggest for the people over 50, and for the people under 20 years old, reflecting the fact that it is more difficult for them to find a better employment than for people in other age groups. It should be mentioned here that there is a possibility that the of satisfaction may have been overestimated, because satisfaction is a highly subjective variable. At least part of the respondents may have declared they were satisfied, thinking that they cannot find better employment, and assessing their situation by comparison with a situation where they would have no work. Another factor that might explain why the percentage of people searching for other employment decreases with age is experience in the employment. The longer the experience in the employment, the lower the probability that a given per-



son to change employment. Indeed, the difficulties in looking for other employment increase with professional experience as the position sought is also higher. Two types of professional experience should be distinguished here to understand the relative importance of improvement within current employment versus improvement through a change of employer. The first type is general professional experience. The second type is the professional experience within current employment.

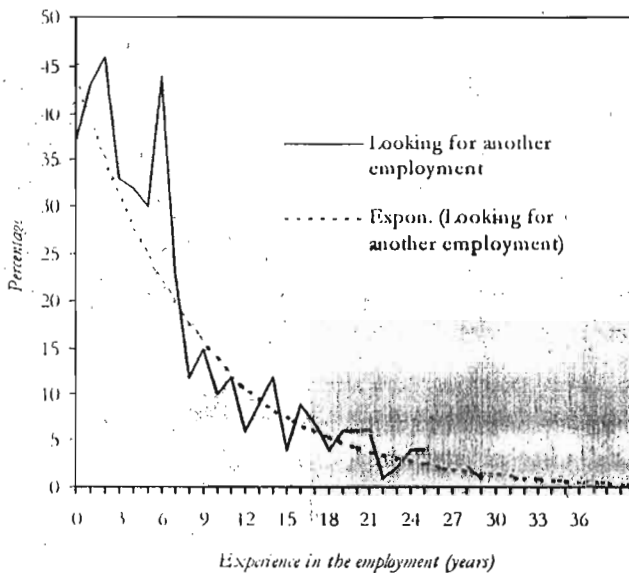
The chances for a given individual to improve his/her position on the labour market through a change of employer increases with age and general experience up to a point, but then decreases as it is felt by employers that

²¹ A linear regression of the percentage of people looking for another job over age gives for R square a value of 0.785. The fitted function has a negative intercept (-0.6104). The value of the constant is 38.9517. Observed $F(44) = 160.86$.

younger people, though having a shorter working experience, are likely to have higher productivity. Of course, the turn-point age varies with the degree of dependence between skills and working experience. The benefit derived from changing employment must be balanced, for each individual, against the cost of leaving present employment. Indeed, long term work with an employer provides advantages that may be of a monetary nature, such as seniority premiums, or non-monetary. Moreover, changing employment involves the risk that the new activity will eventually not fulfil the expectations of the employee or the employer. In the first case, the actual benefit of changing employment would be lower than the expected benefit. In the second case, the employee might lose his/her employment. Younger people are more likely to accept that risk than elder people. Consequently, the longer the experience in employment and the higher the age, the greater the cost of leaving that employment, while the expected benefit depends on the position of the

individual in his/her occupation and position. In the sample, 60% of the people who search for other employment are 32 years old or less, and 90% are 43 years old or less. People aged 32 or less represent 43% of the total active sample population while people aged 43 or less represent 77% of the active population. Among the people who have chosen to change activity in the past, the people aged 32 or less at the time of change represented 69% of the total, and the

Figure III-18. Relationship between the working experience in the employment and the search for another employment



people aged 43 or less, 91%.

We have observed that in the past voluntary mobility had been higher in the South than in the North, and that the women had proved more reluctant than men to change employment. Table 12 shows that while

Table 12. Distribution of the people looking for another employment, by region, urban and rural areas and by sex

Region	Urban/rural areas	Men		Women		Total	
		Number	Percentage	Number	Percentage	Number	Percentage
Whole country	Urban	157	13.7	137	13.0	294	11.4
	Rural	66	10.6	62	8.6	128	9.5
	Total	223	12.6	199	11.2	422	11.9

relatively less women are searching for other employment, particularly in rural areas, the potential mobility reflected by the intentions of the people interviewed is higher in the North than in the South. We still cannot conclude that there has been a change in mobility trends because we do not know how many people intended to change employment in the past. Moreover, the fact that people look for other employment does not mean that they will actually change employment. Conversely, some people may decide to change employment without looking for employment prior to leaving present employment. Nevertheless, we have observed that in the North voluntary mobility had been increasing rapidly in the recent years. This is confirmed by the intentions of the respondents.

It may also be further observed that the proportion of people who search for other employment is lower in rural areas than in urban areas and that the gap between urban and rural areas is larger in the North than in the South. Looking at the intentions in terms of work place location, we find that almost half of the respondents in rural areas want to look for a job in the sub-district/commune where they live. This may be related to the possession of a motorcycle²². In rural areas, 72% of the families of people presently looking for other employment have no motorcycle. The corresponding figure for urban areas is 53%. Obviously, the fact that the family has at least one motorcycle is still does not mean that the respondent can use it to search for employment or to go to work. Nevertheless, the people whose family do not own at least one motorcycle present a marked preference for work in the sub-district/commune where they live. It may be added that the transport infrastructures are usually better in urban than in rural areas which makes it easier to move from one point to another.

²² Among the people presently looking for another employment, only two belong to families owning a car. Motorcycle is the most common individual means of transportation.

Conclusion

The information collected about the changes in activity and specialisation when viewed together do seem optimistic. The on-going changes in the structure of the Vietnamese economy were inevitable, but their cost for the labour force is high and future direction in terms of development is uncertain. An important part of the labour force have changed activity and/or specialisation or withdrawn from activity. The people who have changed activity have often had little choice, and there is, in most cases, no relation between their specialisation and their current occupation. This is particularly the case for the self-employed. The result is a relatively high level of dissatisfaction with present employment, which partly translates into ongoing job search for employment, among those who think they have a chance to find other employment. However, the bottlenecks on the labour market make it unlikely that most of the people who want to change employment will actually find a more preferable form of employment in the near future. The net employment creation by the public sector is low and the private sector is not developing fast. The shift from agriculture to industry and services has been of less than 9%²³ in the past, with most of the shift in sector of activity having actually occurred in the past ten years. The tertiarisation of the economy is not here the sign of an industrial sector employing less people because of the gains in productivity, but the sign of the lack of development of the industrial sector, mainly attributable to the restructuring of the State sector, and the slow development of the private sector. There is no significant development of labour intensive industries at the national level. In the medium-long term, this could prove a problem for Vietnam in terms of integration to the world economy. In the short term, it is a problem for employment.

It may also be observed that the North and the South of Vietnam present distinctive features which suggest that there are two labour markets in the country. Beyond the historical reasons that explain this situation, there does not seem to be a real convergence of the two regions in terms of labour mobility behaviours over the recent years. The labour market is more flexible in the South and mobility more common than in the North. The result is a stock of human resources with a general level of education lower than in the North, but with more specialised shorter training, where training has been provided. These characteristics of the labour force makes it easier for them to change employment. Yet, this model could find its limits in the capacity to absorb new technologies. On the other hand, behaviours and policies in the North put more emphasis on educational achievement and formal, long term training. People in the North are thus less mobile in the short term, due to relatively higher levels of general education and training, and to the past organisation of the labour market, but could prove more capable to improve their

²³ When the rural and the urban are weighted by their respective shares in employment, that is respectively 81% and 19% according to the 1996 Employment Survey of the Ministry of Labour. See *Status of labour - Employment in Vietnam*, Ministry of Labour, Invalids and Social Affairs, Statistical Publishing House, 1997.

skills, provided that the labour market offers them the opportunities to do so. There is little scope for change in behaviour so long as the labour market does not offer the labour force employment opportunities. It may be mentioned that the situation of women is particularly alarming, although it is not clear, at this stage, whether this results from the characteristics in terms of education and training, from the behaviour of women, or from the nature of labour demand. Generally speaking, information about labour demand is necessary to have a better understanding of the mobility potential of labour.

Ministry of Labour, Invalids and Social Affairs

CEPRH
Centre for Population
and Human Resources

ORSTOM
French Institute for
Research on Development

***Observatory system
of employment
and human resources
Vietnam***

Report on the first round survey, 1996

Hanoi, 1998

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