



Changing the world through Education



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## Employability & Entrepreneurship Potential Assessment

Lao Cai & Hoa Binh (Vietnam)

## Abbreviations

AEA	Aide et Action
ILO	International Labour Organization
MOLISA	Ministry of Labour, Invalids and Social Affairs
DOLISA	Provincial Department of Labour, Invalids and Social Affairs
BOLISA	District Bureau of Labour, Invalids and Social Affairs
DARD	Provincial Department of Agriculture and Rural Development
EEPA	Employability and Entrepreneurship Potential Assessment
VTC	Vocational Training Centre
GSO	General Statistics Office of Viet Nam
PSO	Province's Statistical Office
PPC	Provincial People's Committee

## EXECUTIVE SUMMARY

Viet Nam's rapid economic growth in the last few decades was driven predominantly by productivity increases that came in the wake of a rapid shift of employment out of low productivity agriculture into higher productivity non-farm jobs. Viet Nam's economy began to industrialize and modernize. Poverty fell dramatically. But Viet Nam is facing new challenges. The pace of economic growth and the reallocation of jobs away from agriculture have slowed in the wake of structural problems in the enterprise and banking sectors and macroeconomic turmoil in recent years.

While the youth make up the majority of the country's workforce (around 51%); employment for them is increasingly challenging. Annually, about 1.2 to 1.6 million young people enter the workforce; however, many of them are either unemployed or underemployed. Besides, the quality of the workforce is poor, with limited number of skilled workers (only 43.1% of workers have gone through vocational training) (UNFPA, 2018). A large number of young people are struggling with finding stable jobs due to lack of appropriate skills required by employers. Equipping its workforce with the right skills will, therefore, be an important part of Viet Nam's efforts to accelerate economic growth and further its economic modernization in the coming decade and more.

Judging by the experience of Aide et Action (AEA) in other South-east Asian countries, the organization believes that economic modernization will involve a shift in labour demand from today's predominantly manual and elementary jobs towards more skill-intensive non-manual jobs and we aspire to be the forerunners of Skill Training and Development of youth in Viet Nam. Hence, AEA conducted an intensive Employability and Entrepreneurship Potential Assessment (hereafter referred to as EEPA or assessment) to study the job market and youth aspiration in Lao Cai and Hoa Binh provinces. AEA believes that the target youth are an invaluable source of insight into the program's effectiveness and beneficiary perceptions are an underdeveloped source of information that can improve practice, leading to better outcomes. Youth is involved in our various assessments in order to assess the value of an activity as perceived by project beneficiaries and to integrate findings into the project activities. Our EEPA is designed specifically to undertake the opinion of target youth and other stakeholders by giving preference to their priorities and concerns.

The assessment was conducted in June 2019 in Lao Cai and Hoa Binh by AEA internal assessment team. Primary information was collected through qualitative and quantitative research methods including focus group discussion, informal interviews and surveys. The EEPA followed an exploratory approach to assess the prevailing situation demand and supply in the market. Secondary information was used as a source of reference for arguments in analysing and comparing with information collected in the field.

Key findings from the assessment are as follows:

- *There is a big gap between labour demand and supply.* Enterprises are in high demand of workers, but they need skills and experiences. Nevertheless, many young people have just graduated, graduated with irrelevant qualifications, or even had no vocational training yet. Education and training program of our formal education system and vocational training institutions still contain an imbalance between theory and practice. As a result, graduates face difficulties in dealing with job interviews and starting their

new jobs. This explains why there are many unemployed or underemployed youths while companies are looking for a large volume of staff;

- *Young people have no or limited working and life skills.* Low educational qualification is one of the causes of high rate of unemployment and unstable jobs among the local young people. The number of young people with technical and vocational education and training certification remains very low. The majority of surveyed youths (i.e 71 of 130 in Lao Cai and 54 of 109 in Hoa Binh) had no technical skills and qualification. The group of targeted young people is also lack of other soft skills such as foreign languages and computer skills, which are necessary for their employment application process. In addition, young people also face other difficulties during their search for a job such as lack of job information, lack of a clear direction on future career, etc.
- *Stable jobs and self-employment are the most desirable by many young people to have better income.* Currently, their family income is low. Average monthly income of youths' whole family is VND8,361,591, with the family size of 5 members. It is because most people in rural areas are doing low-wage manual and unstable jobs. It is difficult for youths to find stable and high-income jobs due to lack of job information, relevant qualifications and experiences, and lack of available jobs in their home areas. They also lack soft skills such as computer knowledge, communication and English. To have sustainable incomes, youth desire to have permanent jobs or do their own business.
- *Youths prefer shorter time for vocational training.* A lot of government vocational training and even universities keep their curriculum for five to ten years without any change while the labour market keeps changing all the time. Though many young people would like to undergo some kind of vocational training and willing to pay a certain amount for it in order to get absorbed in the skilled labour force, most of them want to learn while working to earn some extra money to support their family and pay for school expenses or short courses of from 1 to 3 months, preferably near their home.
- *Retail & Market and Hospitality are the top trades for skill training for youths both in Hoa Binh and Lao Cai* that match youths' aspirations, economic factors, social parameters, competency of individuals, remuneration and future/career growth, industry requirements and the status of education of respondents. Following trades in Hoa Binh are Automobile, Construction, Fashion Designing, and Animal Husbandry. Following trades for Lao Cai are Animal Husbandry, Construction, Automobile, and Tours and Travels.
- *Vocational training has not been effective as expected.* The vocational training system has been improved and developed, providing more training courses relevant to youths' and market's preference. Vocational training institutions are developing according to a nationwide plan, with diverse forms of ownership and types of training. However, the quality of vocational training has NOT yet to meet the needs of the labour market in terms of professional and soft skills such as working manner and teamwork ability. Training structures and vocational qualification levels are not very well designed, failing to meet the labour demands of sectors and localities as well as the requirements for

high-skilled workers of the labour market. There's a lack of vocational teachers and training facilities both in terms of quantity and quality;

- *There are challenges in implementing government policies.* Government policies and programs supporting youths' vocational training and employment have been in place and implemented in localities. Provinces have also developed specific interventions to meet provincial targets on these issues. However, there remain difficulties, during the implementation of these policies and interventions, including limited funding, lack of coordination among implementing agencies, lack of detailed guidelines for the implementation, limited coverage of policies, and inappropriate training program/curriculum.

In order to address the above issues, the assessment team recommends that:

Local governments and departments in charge of vocational training and youth employment:

- Should create a platform for enterprises and VTCs to link together. While enterprises are in high need of workers, many people are still unemployed or underemployed, not regarding to a large number of people are working with low salary. Therefore, it is necessary to shorten the gap by promoting linkage between the demand for employment of youths and the demand for staff of businesses;
- Implement policies (such as scholarship) to support EM youth to study in VTCs;
- Conduct annual market assessment on job skills that are most demanded to inform youths as well as VTCs regarding vocational training;
- Provide necessary support to vocational training and investment for employment of sectors that have potential to promote employability and entrepreneurship opportunities. With reference to the above analysis & findings, the top selected trades for skill training in Hoa Binh includes Retail and Marketing, Hospitality, Automobile, Construction, Fashion Designing, and Animal Husbandry. Those for Lao Cai are Retail and Marketing, Hospitality, Automobile, Construction, Fashion Designing, and Animal Husbandry;
- Promote opportunities and create an enabling environment for self-employment/ entrepreneurship to be promoted. Many youths are enthusiastic to become entrepreneurs in trades. Some of them have even started their own business. However, they were struggling in making their business growing due to lack of business management skills, funding, output market, and updated market information/trend. While self-employment is good alternative option for the youth in local province, it should be encouraged and provided with support in terms of legal information and process, business planning, business skills, and capital;
- Strengthen coordination and partnership among stakeholders in improving the quality of vocational training and employment for youths. Stronger and better-informed linkage among local authorities, vocational trainings institutions, parents will provide valuable support and orientation for youths in terms of career choice, vocational training and job. Youths' interest, expectation and capability should be put in the centre for the government to have practical policies and investment, for training institutions

to provide them with appropriate vocational training courses, and for parents to have meaningful advice and support to their children in selecting vocational training courses as well as their future jobs.

Vocational training centres and institutions:

- Should conduct regular review/revise of training program to respond to the market demand. Market based working skills should be a focus of vocational training institutions as well as government policies and programs.
- Increase linkage with business sector (training contract with enterprises, for example);
- Operate short-term training programs on top ranking businesses to meet the demand of local market;
- Invite business representatives to participate in designing or providing inputs and feedback on training curriculum and internship program for students;
- Pay attention to develop life skills for students to help them be capable to show their professional working attitude and behavior;

Aide et Action:

- Conduct study on job market, youth's capacity and expectation and entrepreneurship potentiality at local context to understand gaps and opportunities facing EM youths;
- Pilot vocational training and entrepreneurship model in the provinces;
- Connect VTCs in the provinces with wider system nationally;
- Support with review/revise training program;
- Supporting training of VTC teachers.

AEA will take into careful consideration the above findings and recommendations in the development of program activities to ensure that our interventions will address raised issues to effectively foster the quality of vocational training and employment of young people in program areas in particular and in the country in general. At this stage, we recommend AEA to consider two models that have been implemented successfully in other regions of AEA International:

- (1) iLEAD model: The model has been successfully implemented in India, Sri Lanka and Philippines where more than 300 young entrepreneurs have been supported to start their own enterprise. They have not only started their own enterprise, but they are also creating jobs for others as well and the model has also been designed in a way where they are also acting as trainers in their own communities. In Viet Nam, based on this EEPA analysis total 7 potential trades have been identified, and the innovative processes need to be identified to implement the livelihood program according to the Vietnamese context;
- (2) Rural Eco Tourism model – My Gakidh Village: My Gakidh Village is an Initiative with the overall goal to curb rural-urban youth migration by providing livelihood skills and opportunities within their own rural communities in Bhutan which is being successfully implemented and have been appreciated by the local government and agencies as well.

While Hoa Binh and Lao Cai have advantage of natural landscape, interventions of community-based eco-tourism and environmental conservation projects promise high potentiality for economic development and job creation for local people.