The changing demand in the labour market and challenges for The Vietnamese higher education system

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Abstract

Recently, due to the increasing integration of the internal economy into the regional and international markets, the demand of the Vietnamese labour market has changed significantly. Apart from the professional knowledge, employers are now looking for the candidates with adaptability, flexibility, who are open to learn and who have good generic skills. In order to best satisfy the needs of the labour market, the post-school educational system, especially the higher education system in Vietnam has expanded rapidly. New policies, reforms and innovations have also been applied in the system, all with the same aim: to increase the quality of training and to best satisfy the needs of the labour market. Nonetheless, the impact of those applications has remained modest. This article wants to discuss the challenges the Vietnamese educational system has to face and to tackle in order to find out more practical solutions to enhance the quality of its ‘education products’ to better satisfy the needs of the contemporary labour market.

Keywords: labour market, higher education system, challenges, reforms, Doi Moi policy, Vietnam

1. Introduction

Vietnam has been famous for its war against America. After gaining the independence, Vietnam followed the Communist system and the economy had long stagnated as it shut its door to the outside world economy. For a long time after the war, Vietnam remained an under-developed country adopting a ‘centrally planned economy’ or ‘command economy’ where the direction and development of the economy were planned and controlled by the central government. The government was considered to be dictatorial: ‘a monopolist of capital and monopsonist of labour’ (Harrison, 2002, p. 402). Job allocation reflects this form of social organisation. Upon graduation, university graduates received their ‘job assignment’ informing them where they were allocated to work. Graduates did not have the right either to find work for themselves or to change the work they were assigned to.

The turning point of the Vietnamese economy was the Sixth National Congress in 1986 when the Doi Moi\(^1\) policy was adopted. Doi Moi aimed to replace the centrally planned economy with a socialist oriented market-based one. Although the Communist Party has

\(^1\) Doi Moi means reform or renovation.
retained their close control over the economy, this change is considered a major economic renovation or liberalization which has brought massive changes into the Vietnamese economy (Pham Thanh Nghi, 2010; Phung Xuan Nha, 2009; Tran Quang Trung & Swierczek, 2009; Trịnh Thi Hoa Mai, 2008). Its implementation called to a halt a long period of stagnation in the Vietnamese economy (Harman, Hayden, & Pham Thanh Nghi, 2010; Montague, 2013). Doi Moi has led profound changes in all areas of life. The internal economy developed rapidly and the private and foreign investment sectors boomed. In terms of human resource management, there is no more ‘job assignment’ for graduates. Graduates are now given the right, as well as the challenge, to stand on their own feet, and to thereby find and maintain their own work. The demand for high skilled labour force from an increasingly integrated economy with the booming of new sectors has increased rapidly. The higher education sector has also expanded sharply in order to meet the human resource needs of the open employment market.

Paradoxically, despite the fact that each year thousands of students graduate and many have difficulty finding work, employers also have to experience the difficulty in finding graduates with the required knowledge and skills. This happens despite much effort from the Government and the Central Ministry (Ministry of Education and Training – MOET) in creating and implementing various policies, reforms and innovations in the system, all with the same aim: to increase the quality of training and to best satisfy the needs of the labour market. Nonetheless, the impact of those applications seems to be modest. Employers still loudly complain about the scarcity of graduates who process such characteristics as adaptability, flexibility, who are open to learn and who have good generic skills to work in a competitive working environment. HE training seems to lag behind the development and the requirements of the labour market. There seems much for the HES to do to successfully implement one of its central missions: to provide high skilled labour force for the modernization and industrialization of the country.

This article aims to discuss the challenges the Vietnamese higher education system (HES) has to face in order to find out more practical solutions to enhance the quality of its ‘education products’ to better satisfy the needs of the contemporary labour market. First it will address the ‘historical’ mission of higher education in training labour force. This will be followed by the discussion about the changes in the labour market since the implementation of Doi Moi process. Finally the challenges the HES has to face to increase its responsiveness towards the need of the industry and the whole society will be examined. It is suggested that the main reason for the slower speed of development of the HES compared to the economy comes from the fact that while the economy is mainly market-led operated, the HES has remained under tight control from the Government and MOET. Unless this problem is soon recognised and resolved, the gap between higher education training and the expectation of the employers in the market will remain wide and be hard to bridge.

2. The traditional mission of the Vietnamese HES

The Vietnam HES has been at a much lower level of development compared to HESs in the developed countries where one of the fundamental missions of HES is to ‘provide an institutional basic for research into all forms of knowledge’ (Jarvis, 2002, p. 43). Since gaining independence in 1945, the HES in Vietnam has been developed with the main aim to
train and supply a skilled workforce for the development of the country (George, 2010; Tran Ngoc Ca, 2006). Research development is the mission of research institutions which were set up separately from universities. The HES was built following the old Soviet system where higher education institutions (HEIs) were small, mono-disciplinary, very specialised organisations focused on training the labour force to meet the projected labour requirements of each sector (George, 2010). Most universities are under both their Line Ministry2 and MOET. Now, 60 years after the country gaining independence, with the help brought about by the open door policy, the government and academics have started recognized the importance and necessity of university in enhancing research and development for the country. There is a strong call to take universities out of the Line Ministry control, to develop more multi-disciplinary universities and to enhance research capacity and output in the system. Nonetheless, the response seems to be slow. Until recently most universities in the system have remained mono-disciplinary, 13 of which are still under their Line Ministries whose primary aim is to urge universities to train skilled labour for their specific needs.

Recently MOET has launched an ambitious reform namely ‘Fundamental and Comprehensive reform of Higher Education in Vietnam 2006 – 2020’ (also known as Higher Education reform Agenda, or HERA)3. The reform promoted an agenda which maintains and emphasizes a strong focus on job orientation, in which 80% of students will enrol in professional oriented programs and only 20% in research oriented by the year 2020. HERA also aims to develop a curriculum that has strong professional orientation with the shift from the instructional to the learning paradigm and pays special pedagogical consideration in order to bring HE training more in line with the demand of the labour market (Harman & Nguyen Thi Bich Ngoc, 2010; Pham Thanh Nhi, 2010). Clearly, training and providing skilled labours, satisfying the needs of the labour market has remained one of the most importance missions of the HES in Vietnam.

The question is why it is so hard for the Vietnamese HES to implement successfully their traditional mission? It will be easy to understand when the system is weak in enhancing research capacity for its academic staff and students (a newly adopted mission), but the mission of training labour force for the market is what they have done for decades! What changes them from being an effective means of training and providing skilled labour force for the industry to the one receiving massive criticism over the weak ability in satisfying employment market demand?

There is a note worth to mention here. That is the traditional mission of universities in Vietnam was to prepare workers for a command economy in a socialist country where workers were required to follow orders, to listen and obey (Nguyen Van Lich, 2009). The teaching in HEIs has strongly reflected both Confucian culture and the old Soviet system top-down approach where the teacher is considered the primary source of knowledge. The main duty of students has been to receive knowledge from the teacher and then re-learn it for the exam (Dapice et al., 2008; Stephen, Doughty, Gray, Hopcroft, & Silvera, 2006; Vu Ngoc Hai, Dang Ba Lam, & Tran Khanh Duc, 2007; Vu Quang Viet, 2008). For a long time before

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2 For example, the University of Health was placed under the Ministry of Health; the University of Agriculture was under the Ministry of Agriculture and Development.

3 Government Resolution No 14/2005/NQ-CP.
Doi Moi, Vietnamese HEIs had retained their privileged position and there was rarely the case complaining about the quality of university graduates. Now, when the economy changes to adopt market-oriented approach, and when employers are seeking workers who can take initiative, proactive and creative, the workers who are the results of the traditional teaching and learning style is no more appropriate. The changes in the economy coupled with the expanding rapidly of the HES make it hard for the HEIs to keep a close eye on both their training quantity and quality and have created many challenges for the system in successfully achieving their traditional mission of providing quality workforce for the modernization and industrialization of the country. This will be discussed in detail in the following section.

3. The changes in the labour market and the challenges for HEIs in Vietnam

There has been massive change in the labour market since the implementation of the open door policy three decades ago. Together with the booming of the non-state sectors, Vietnam has also increasingly integrated into the global market, e.g. becoming a member of the Association of Southeast Asian Nations (ASEAN) in 1995, the World Trade Organization (WTO) in 2007, and recently a member of the Trans-Pacific Partnership (TPP) in October 2015. This requires changes in the internal economy to respond to the international competitive market. Instead of requiring loyalty, hard-work and obedience within the centrally planned economy, employers now require graduates to understand a foreign language (especially English), to have good communication skills, teamwork and personal skills, and to demonstrate such characteristics as taking initiative and being proactive (Ketels, Nguyen Dinh Cung, Nguyen Thi Tue Anh, & Do Hong Hanh, 2010; Tran Ngoc Ca, 2006; Tran Quang Trung & Swierczek, 2009).

With a strong growth in both private sectors and foreign direct investment, and the annual average Gross Domestic Product (GDP) growth rate of 7.5%, the Vietnamese economy has recorded a relatively high growth rate compared to other developing countries (Ministry of Planning and Investment, 2006, p. 1). Along with the growth in GDP, the structure of the economy has also been changed significantly. Although Vietnam remains a predominantly agricultural country, the share of employment in agriculture has declined, while the share of jobs in industry and service sectors has both sharply increased (The World Bank, 2008). In addition, the private and foreign direct investment enterprises increase and the country now is marked by an increasing number of small and medium enterprises (SMEs). According to the Spring 2011 report, the number of Vietnamese SMEs in 2011 was nearing 400,000, which represents 97-99% of the number of businesses of the country. These SMEs employed 77% of the workforce and accounted for 80% of the retail market (Runckel, 2011).

Alongside the shift to more varied job opportunities, employees have also experienced significant changes in employment practices. Like elsewhere in a market economy, employers also seek work-ready graduates. Not many organisations offer a probationary period for newly recruited workers even in the public sector in Vietnam. This together with the traditional view that training and development are not the employers’ responsibility but instead, is the responsibility of the government and the educational system (Le Chien Thang & Truong Quang, 2005), employers, especially the ones in SMEs are often not willing to provide in-house training for their working staff (Tran Thi Tuyet, 2011).
Nonetheless, the Vietnamese industry is still at an early stage of development, there are many ‘un-market’ factors co-existing in the market oriented economy, e.g. corruption in employment process, the role of setting up ‘relationship’ in doing business, or the sensitivity at work in a collectivist culture (Tran Thi Tuyet, 2014). These all require students, in order to be work-ready, be prepared for and become familiar with the working environment in Vietnamese enterprises. They need to be given more opportunity not only to enhance their professional knowledge, to develop the generic skills, but also to develop a good understanding about working like in the economy with a mixture of both market and un-market driven factors. This places a strong call for universities in the system to adjust their curriculum, to change the teaching style, to bring in more lessons from the economy and to collaborate with the industry to provide practical lessons for students through the programs such as internships or work placements in a meaningful working context.

The HES does not seem to response successfully to this call. Despite the strong call for change from employers and students, and the pressure from the policy makers, there is a weak response from universities. The last three decades has witnessed mainly the massive growth of the system; there is little evidence of change to respond to the demands in the labour market. The growth of the system is quite impressive, both in terms of numbers of education institutions and the number of students in the system. The number of students enrolling in the system in the school year 2013-2014 has increased 200% compared to the school year 2000-2001 and the number of HE institutions increase from 178 to 421 with the number of universities is nearly triple (please see detail in Table 1). Nonetheless, the increase in the number of institutions and number of students has not go along with the equivalent increase in funding, infrastructure and the number of qualified teaching staff, this has resulted in the claim of decrease of the quality of HE training.
### Table 1: Number of HEIs and students - period from 2000-2014

<table>
<thead>
<tr>
<th>School year</th>
<th>Number of HEIs</th>
<th>Number of HEIs’ students</th>
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<td></td>
<td>University</td>
<td>College</td>
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<tr>
<td>2000-2001</td>
<td>74</td>
<td>104</td>
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<tr>
<td>2001-2002</td>
<td>77</td>
<td>114</td>
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<td>2003-2004</td>
<td>87</td>
<td>127</td>
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<td>2004-2005</td>
<td>93</td>
<td>137</td>
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<td>2005-2006</td>
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<td>2008-2009</td>
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<td>2009-2010</td>
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<td>2010-2011</td>
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<td>2011-2012</td>
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<td>2012-2013</td>
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<td>2013-2014</td>
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(This statistics do not include 130 professional oriented colleges who belong to the Ministry of Labour – Invalids and Social Affairs and another 30 HEIs who are under the Ministry of Military)


The graduates from the system has increased speedily, there are more than 400,000 students finishing their HE study and seek opportunities to enter the labour market each year now. These young people are expected to have been equipped with up-to-date knowledge and skills and to help the economy speed up the process of integration into the world economy. Paradoxically, many of these graduates cannot manage their transition to work smoothly, a large number ends up unemployed or underemployed, while at the same time, employers loudly raise their voices concerning the quality of university graduates and the difficulty they face in looking for graduates with required knowledge and skills. The topic of inadequate quality of graduates has become a hot topic in many newspapers and online discussions. Most research in this areas (Fatseas, 2010; Nguyen Hoang Lan, 2014; Tran Ngoc Ca, 2006; Tran Quang Trung & Swierczek, 2009; Tran Thi Tuyet, 2015; Truong Quang Duoc, 2006) also indicates critical problems of the HES in enhancing graduate employability in Vietnam and all seems to support Tran Quang Trung and Swierczek (2009, p. 580) in naming the reasons for the low level of responsiveness of the HE to the demand of the labour market: the primarily focus of university on explicit knowledge, the design of the curriculum depriving the market orientation and the lack of or ignorance the need of employers in most universities. In 2006, the World Bank’s Vietnam Development Report found that skills and education of available workers ranked third in a list of constraints of doing business in Vietnam (World Bank, 2008). However, in 2012, skills and education become the biggest obstacle in the business climate in Vietnam (World Bank, 2012, p. 41).
This obstacle is also reflected in the contradicted situation in the skilled labour market: while employers complain about their difficulties in finding graduates with required knowledge and skills, the number of universities graduates who cannot find jobs increases massively. In 2010, the number of unemployed university graduates aging from 21 to 29 was less than 60,000 (about 6.84%). However, in 2013, this number had increased to 101,000 (9.89%) (Ngọc Hà, 2013), and it climbed up to 162,400 in the first quarter of 2014, then fluctuated and stopped at the number of 177,700 in the first quarter 2015 (Ministry of Labor - Invalids and Social Affairs & General Statistics Office, 2015). In fact, the representative of the General Statistics Office also confessed that the real number of university graduates who cannot use their knowledge and skills provided at the universities should be much higher as the survey did not distinguish the types of work graduates were doing, so they would be counted as employed even when their only conducted simple manual work (Ngọc Hà, 2013).

The investigation of the Second Higher Education Project (2012) also released disappointed results about the quality for work of university graduates: about 75% of university graduates have found jobs, among which only about 30% partly satisfy the employers’ requirements. Nearly 50% of the employed graduates need to be retrained in professional development, 20.5% need to improve generic skills, 17% need to be trained in IT or foreign language before getting involved in organizations’ work. Nonetheless, this finding is not as serious as Nguyen Ngoc Thang, Truong Quang and Buyens’s (2011, p. 106) claim that ‘up to 80% of graduates need specific employer training to match specific job requirements’. These authors also deliver a warning that many enterprises have to spend time (from one to three years) and money to retrain the employed graduates. This was not what employers in Vietnamese labour market expect, especially when the majority of enterprises in Vietnam are SMEs and employers often keep a close eye on cost spending for human resource (Tran Thị Tuyết, 2014).

Indeed, not only employers, but it seems that all related stakeholders (i.e. the government, MOET; universities, students and their families) have realized the gaps of supply and demand of skilled workforce. The government and MOET have issued different legal documents and instructions urging universities to seriously take on-board employability of their students. Apart from HERA, MOET also promotes different movements to increase the practicality of the higher education training. The call for the movements like ‘training associated with social needs’ (đào tạo gắn liền với nhu cầu xã hội), ‘education socialization’ (xã hội hóa giáo dục) (Vietnamese Government, 2015) is popular known in the system. This together with the development and implementation of the higher education institutions quality assurance criteria, which require the input and collaboration from employers, represent the effort of MOET to increase the responsiveness of the HES in the critical period of development of the country.

There is clearly an explicit call and pressure for universities to collaborate with employers to find ways to enhance graduate employability for their students in a new development period of the society. This call from the Central Ministry has gained significant support from the majority of researchers in the area; and the university – industry collaboration is considered one of the decisive solutions to bridge the gap between theory and practice and increase the responsiveness of Vietnamese universities in the critical period of time when the country integrating into the competitive world economy (Fatseas, 2010; Harman et al., 2010; Tran
Ngoc Ca, 2006; Tran Quang Trung & Swierczek, 2009; Tran Thi Tuyet, 2015; Truong Quang Duoc, 2006).

Nonetheless, the Vietnamese educational system in general and its HES in particular, are different from the labour market; it has to operate under tight control from the central government and MOET. In other words, when the economy is developed in the market oriented direction, the educational system has remained mostly under the central command management system. Most important decisions for the system are still made by the Central Ministry, and the mission of the majority university rectors has remained to ‘listen and obey’ those regulations and manipulations. Although recognizing the changes in demand of the labour market, universities, in a central command system, response slowly and passively.

Indeed, each university in the system still has many internal problems needing to be settled. They lack qualified staff. In 2012, 46% of university lecturers – nearly half the number of academic staff, held only a bachelor degree (MOET, 2012). It is claimed that these academic staff members are not qualified to be higher education lecturers (Ketels et al., 2010; Powell & Lindsay, 2010). On top of it, the ratio of students to teachers has remained very high. In 2005, the Prime Minister called for a reduction in the student-teacher ratio from 29:1 to 20:1 by the year of 2010 (Vietnamese Government, 2005). However, in 2012, according to MOET statistics, there were more than 84,000 university lecturers, both full time and casual staff, employed in the HES, with more than 2,200,100 enrolled students, indicating that the student-teacher ratio in 2012 is still higher than 26:1 (MOET, 2012). It is suggested that with the continued growth in enrolment numbers, these ratios may continue to rise (The World Bank, 2008, p. 179).

HEIs in Vietnam also operate under a tight budget. Most funding for state universities comes from the government budget and a little tuition fee from students. For a long time, with each student each year, university receives average 3.7 million VND (about less than 200USD) from the state budget and 1.8 million VND (about 100 USD) from student tuition fee (MOET, 2009). This fund, claimed by most universities in the system, is not enough to cover internal existing and traditional practices (which have increasingly become expensive), to develop their teaching and learning infrastructure for an increasing number of students, let alone creating more activities requiring more financial input and human resource to collaborate with outside stakeholders.

Although there is a loud call for change to be more responsive to the needs of the industry, universities in the system do not seem to be under any real pressure to seriously take on-board this new costly and expensive initiative. There is virtually no competition among universities in the system. Because of the low tuition fee policy, state universities are considered too ‘cheap’ compared to the fees students have to pay for private universities. Thus, most students who enrol in the private universities are the ones who cannot pass the university entrance exam to get into the state universities. Private HE does not seem to achieve a good ‘market share’ in Vietnam, in 2014, there are only 89 private universities compared to 347 state universities in the country (General Statistics Office, 2014). Moreover, many private universities experiences the hardship in recruiting new students, especially in the new school year 2015-2016 (Lam Yen, 2015) while all state universities are relax when
the number of students who want to get their feet in are always outnumber the ‘quota’ MOET assigns for each university.

4. Conclusion

Although training and providing skilled labour force for the development of the country is still considered as the central mission, HEIs in Vietnam do not seem to implement this mission successfully when the demand of the economy changes. The development of the HES seems to lag far behind the development of the industry. The lack of funding, lack of pressure in recruiting students, lack of experience in developing an open-market friendly curriculum and in collaborating with enterprises all keep universities to stick with their familiar practices and fail to satisfy the market’s changing demand. Creating university-enterprise collaboration or developing work integrated learning activities to better prepare students for the employment market is both timing and expensive (Choy & Delahaye, 2011; Jackson, 2015; Peach, Larkin, & Ruinard, 2012). With the existing problems in each university and the current situation of management in the HES, it is hard to translate the wills into practice and graduate employability will still remain an open question in Vietnam.

In order to ease the change for university to be more responsive to the demand of the labour market, it is necessary to change the current management of the system. It is not feasible to expect an educational system running under the central command policy to respond successfully to the changes in the market-led economy. Universities need to be given more autonomy and accountability. They should also be given more right and responsibility to be in charge of their student recruitment, of their tuition fee, and of their internal matters. Competition within the system needs to be created. On the other hand, more measures for quality assurance (graduate employment indicators included) need to be created and put in place to help the government take control over the quality output of each university in the system and to come up with the timely and sustainable policies to help translate the wills into practice.

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