



Received: 03-03-2024
Accepted: 13-04-2024

ISSN: 2583-049X

Job Creation theory of Some Researchers and Employment Status of Vietnam in 2023

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Abstract

The study of job creation has many research authors such as John Maynard Keynes, Arthur Lewis, Harry Toshima, Harris Todaro, Researchers stand from different perspectives to analyze job creation through the relationship between employment and labor supply and demand, the movement of jobs from rural to urban areas, the formal and informal economic sectors, different business sectors: Agriculture, industry, Fishery, forestry... Applying the

principles of these studies to analyze Vietnam's employment situation in the post-covid period (Up to 2023) is necessary. From these analyses, the authors propose some difficulties and limitations in employment in Vietnam in 2023. From there, the authors propose some solutions to overcome limitations in employment in Vietnam. At the same time, it shows readers an overall picture of employment in Vietnam in the post-covid period.

Keywords: Job Creation, Job Creation Theory, Vietnam's Employment Situation in the Post-covid Period

1. Some studies on job creation theory

The labor and employment management mechanism is an integral part of the economic management mechanism, in which the State combines with the market to establish supply and demand relationships for labor and employment. To regulate and create jobs to achieve planned socio-economic goals, economic researchers have analyzed a number of economic theories in the field of employment.

*** John Maynard Keynes's theory of job creation**

J.M. Keynes (1883- 1946) was a British economist. His famous work is "General Theory of Employment, Interest Rates and Money" published in 1936. In this work, J.M. Keynes considers employment in the relationship between output - income - consumption. Use - invest - save - jobs. According to him, in an economy, when output increases, income increases, investment increases, employment increases and vice versa. The psychology of the masses is that when total income increases, consumption also increases, but the rate of growth in consumption is slower than the increase in income and there is a tendency to save a part of income, making consumption demand effective or not. Actual consumer demand decreases relative to income, leading to a part of consumer goods and services being unable to be sold. Excess goods are the cause of the crisis, affecting the scale of production in the next cycle, so employment decreases and unemployment increases. On the other hand, in a market economy, when the scale of capital investment increases, the limited efficiency of invested capital tends to decrease, creating a narrow limit on the income of entrepreneurs in future investment. Entrepreneurs only actively expand investment when the limiting efficiency of capital is greater than the interest rate. When the limited efficiency of capital is less than or equal to the interest rate, they do not actively invest, so the scale of production is narrowed, leading to reduced employment and increased unemployment. According to Keynes, to increase employment and reduce unemployment, we must increase aggregate demand in the economy. The government has a role in stimulating consumption (productive and non-productive consumption) to increase aggregate demand through direct increases in government spending, or through government policies to encourage investment. Of private individuals and socio-economic organizations. Keynes also used measures: Lowering lending interest rates, reducing taxes, subsidizing investment prices, printing more paper money to allocate to the state budget to increase investment and offset government spending. He advocates increasing the economy's aggregate demand by all means, including encouraging investment in activities that paralyze the economy such as: Production of weapons and ammunition, arms race, militarization of the economy.

J.M. Keynes's theory of employment is built on assumptions that are true for developed countries, but not entirely appropriate for developing countries. Because in most poor countries, the fundamental reason for difficulty in increasing output and creating jobs is not because aggregate demand is not high enough. In developing countries, when aggregate demand increases, prices will increase, leading to inflation. Therefore, the measure of increasing aggregate demand to increase production scale and create jobs is not suitable for all countries and in all periods. On the other hand, if jobs are created for urban areas and some industrial centers by increasing aggregate demand, it will create a wave of migration from rural to urban areas and increase urban unemployment. This could reduce employment and national output of the whole country.

* **Theory of job creation by labor transfer between two sectors of the economy**

This theory of Arthur Lewis - a Jamaican economist was born in the 50s of the twentieth century, and received the Nobel Prize in 1979. The basic idea of this theory is to transfer surplus labor from the agricultural sector to modern industrial sector invested by the foreign capitalist system in backward countries. This process will create conditions for the economy to develop. Because in the agricultural sector, land is limited and labor is too abundant. In addition to the number of workers needed for agricultural production, there are also surplus workers working in odd jobs, small businesses, family services and women workers. These redundant workers have no jobs. In other words, they have no salary or income. Therefore, moving labor from the agricultural sector to the industrial sector has two effects. First, move less labor out of the agricultural sector, leaving only enough labor to create a fixed output. Thereby increasing output per capita while creating jobs for redundant workers in agriculture. On the other hand, this move will increase profits in the industrial sector, creating conditions to enhance growth and economic development in general.

* **Harry Toshima's theory**

According to Harry Toshima, a Japanese economist, he studies the relationship between the two agricultural and industrial sectors based on the distinct characteristics of developing Asian countries - the monsoon. It is wet rice agriculture that is highly seasonal. Wet rice agriculture still lacks labor at the peak of the season and only has a surplus of labor during the idle season. Therefore, he believes that it is necessary to retain agricultural labor and only create more jobs in the idle months by increasing crops, diversifying crops and livestock... At the same time, using idle labor in agriculture into industrial production sectors that require a lot of labor. Further facilitation of full employment for all farm family members during the leisure months will raise their annual income levels and will expand the domestic market for industries and service. Thus, the labor force will be fully utilized.

* **Harris Todaro's theory of job creation by labor mobility**

Todaro's theory was born in the 60s and 70s of the twentieth century, researching employment through labor mobility on the basis of regulating income and wages between different economic sectors. According to him, workers in rural areas

have low average income. They choose to move workers from low-income areas to higher-income urban areas. Thus, the process of labor migration is spontaneous, depending on the choices and decisions of individuals. This makes the supply and demand of labor in each region unstable, making it difficult for the government to manage labor and demographics.

The Harris Todaro model allows us to explain why unemployment exists in urban areas in developing countries, and why people move to cities despite the problem of unemployment. To solve this problem, the Harris - Todaro model recognizes the existence of the informal economic sector. It is an economic sector that includes activities that, while not strictly illegal, are often not officially recognized by society and most of which are not registered with the state. Such as family labor, freelance work, motorbike taxiing, street vending, knife sharpening, sidewalk food service, scrap metal collection, shoe polishing, etc.

In general, these employment theories focus on researching and determining the relationship between labor supply and demand that affects employment. Although those arguments do not clarify the role of the Government through a system of economic policies combined with social policies to create stable jobs for the economy, they have a suggestive effect for us when analyze the current employment situation and propose appropriate solutions to create jobs for workers in Vietnam.

2. Vietnam's employment situation in 2023

In 2023, the picture of Vietnam's labor and employment situation has the following positive and negative points (Data according to the General Statistics Office in 2023):

Positive points:

(1) The labor force aged 15 and over in 2023 will reach 52.4 million people, 666.5 thousand people higher than the previous year

The labor force aged 15 and over in 2023 will reach 52.4 million people, an increase of 666.5 thousand people compared to the previous year. Of which, the labor force in urban areas is 19.5 million people, accounting for 37.3%, in rural areas is 32.9 million people, accounting for 62.7%; The female labor force reached 24.5 million people, accounting for 46.7%, the male labor force reached 27.9 million people, accounting for 53.3%.

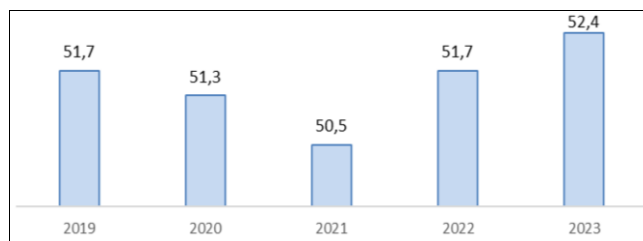


Fig 1: Labor force, period 2019 - 2023 (Million people)

The labor force participation rate in 2023 is 68.9%, an increase of 0.3 percentage points compared to 2022. The labor force participation rate of men is 75.2%, an increase of 0.2 points percent compared to the same period last year, while this figure for women was 62.9%, an increase of 0.4 percentage points compared to the previous year.

(2) Employed workers aged 15 and older in 2023 will reach 51.3 million people, an increase of 683.0 thousand people (equivalent to an increase of 1.35%) compared to 2022. Number of employed workers recorded increased in both urban and rural areas as well as in men and women

Employed workers in 2023 will reach 51.3 million people, an increase of 683.0 thousand people (equivalent to an increase of 1.35%) compared to 2022. The number of employed workers will increase in both urban and rural areas. rural areas as well as in men and women, the number of employed workers in urban areas is 19.0 million people, an increase of 1.8% (corresponding to an increase of 331.8 thousand people), workers in urban areas rural areas is 32.3 million people, an increase of 1.1% (corresponding to an increase of 351.1 thousand people); The number of employed workers among men reached 27.3 million people, an increase of 1.4% (equivalent to an increase of 386.6 thousand people), 0.1 percentage point higher than the increase among women (1.4% compared to with 1.3 %).

By economic sector, employed workers in agriculture, forestry and fishery are 13.8 million people, down 118.9 thousand people, corresponding to a decrease of 0.9% compared to the previous year; The industrial and construction sector is 17.2 million people, an increase of 248.2 thousand people, equivalent to an increase of 1.5%; The service sector with 20.3 million people, increased by 553.6 thousand people, equivalent to an increase of 2.8% and maintained the highest increase compared to the other two areas.

(3) The rate of trained workers with degrees and certificates in 2023 is 27.0%, an increase of 0.6 percentage points compared to the previous year

The rate of trained workers with degrees and certificates in the fourth quarter of 2023 is 27.6%, an increase of 0.3 percentage points compared to the previous quarter and an increase of 1.2 percentage points compared to the same period last year. Thus, by the end of 2023, the country still has 38.0 million untrained workers. This number shows that there is no small challenge in improving the technical expertise of workers. Therefore, developing specific policies and training programs is a very urgent requirement in the near future.

Overall, in 2023, the trained workforce with degrees and certificates is estimated to be 14.1 million people, accounting for 27.0%, an increase of 0.6 percentage points compared to 2022.

(4) The average monthly income of workers is 7.1 million VND, an increase of 6.9%, equivalent to an increase of 459 thousand VND compared to 2022

The average monthly income of workers is 7.1 million VND, an increase of 6.9%, equivalent to an increase of 459 thousand VND compared to 2022. The average monthly income of male workers is 8.1 million VND, double 1.36 times the average monthly income of female workers (6.0 million VND). The average income of workers in urban areas is 1.4 times that of rural areas (8.7 million VND compared to 6.2 million VND).

In 2023, workers working in a number of economic sectors will record a fairly high average income growth rate compared to the previous year. In particular, the average monthly income of workers working in the mining industry is 10.3 million VND, an increase of 11.2%, equivalent to an increase of about 1 million VND compared to the previous year; Accommodation and food service industry is 6.8

million VND, an increase of 8.6%, equivalent to an increase of 540 thousand VND; Transportation and warehousing industry is 9.8 million VND, an increase of 8.3%, equivalent to an increase of 749 thousand VND; Wholesale and retail industry, car and motorbike repair is 8.3 million VND, an increase of 7.8%, equivalent to an increase of 598 thousand VND; agriculture, forestry and fisheries sector is 4.1 million VND, an increase of 6.6%, equivalent to an increase of 255 thousand VND.

The average monthly income of salaried workers in 2023 is 8.0 million VND, an increase of 5.8%, equivalent to an increase of about 433 thousand VND compared to the previous year. Male workers have an average income 1.14 times higher than the average income of female workers (8.4 million VND compared to 7.4 million VND). Workers working in urban areas have an average income of 8.9 million VND, 1.24 times higher than the average income of workers in rural areas (7.2 million VND).

(5) Compared to last year, the unemployment and underemployment situation has improved

The end of the year is the time when businesses step up production and business, both to complete yearly targets and to meet market demand. Therefore, the increased recruitment demand of businesses in the last months of the year is an opportunity for the market to have more new jobs, contributing to reducing the unemployment rate of workers. In 2023, the country will have nearly 1.07 million unemployed people of working age, down 14.6 thousand people compared to the previous year. The unemployment rate among the working age in 2023 is 2.28%, down 0.06 percentage points compared to the previous year. Thus, the synchronous implementation of solutions includes implementing Resolution No. 01/NQ-CP dated January 6, 2023 of the Government on main tasks and solutions to implement the Socio-economic Development Plan. Association, State budget estimates and improving the business environment, enhancing national competitiveness in 2023 have contributed to improving the unemployment situation of workers.

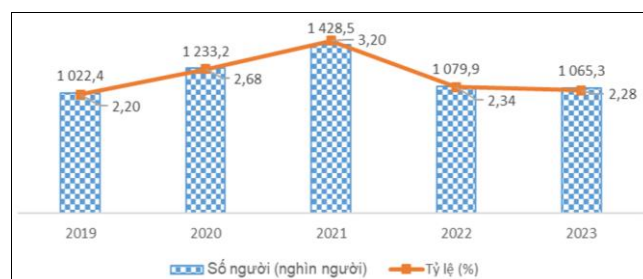


Fig 2: Number of people and unemployment rate in the working age, period 2019-2023

The number of underemployed people in the working age is 918.5 thousand people, down 79.8 thousand people compared to the previous year. The underemployment rate among the working age population in 2023 is 2.01%, down 0.20 percentage points compared to the previous year. The underemployment rate in urban areas is lower than in rural areas (1.61% and 2.26%, respectively). Thus, in 2021 alone, the Covid-19 pandemic has caused a lot of disruption to the labor market in urban areas, causing the underemployment rate in urban areas to be higher than in rural areas [1]. However, in 2022 when the Covid-19 epidemic is well controlled, our country's socio-economic situation continues

to record bright spots in most industries and fields; Therefore, the labor market has returned to the commonly observed trend as before and this trend continues in 2023, causing the underemployment situation of workers to continue to improve.

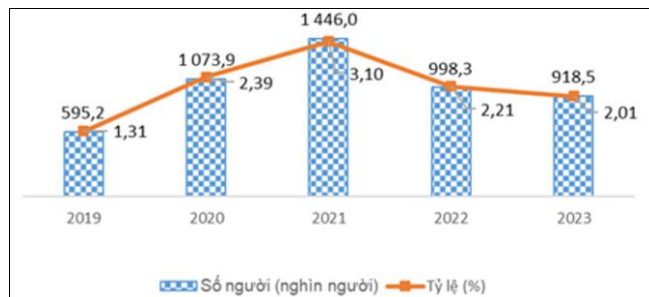


Fig 3: Number of people and underemployment rate in the working age, period 2019-2023

In 2021, the age underemployment rate in urban areas is 3.33%, in rural areas it is 2.96%. In 2020, the age underemployment rate in urban areas is 1.65%, in rural areas it is 2.80%. In 2019, the age underemployment rate in urban areas was 0.72%, in rural areas it was 1.62%.

Of the total 906.6 thousand underemployed people of working age in the fourth quarter of 2023, the agriculture, forestry and fishery sector is the area with the highest proportion of underemployment with 43.6% (equivalent to with 394.9 thousand people lacking jobs); Next is the industrial and construction sector, accounting for 29.7% (equivalent to 269.6 thousand people); The service sector accounts for the lowest proportion with 26.7% (equivalent to 242.1 thousand people). Compared to the same period last year, the agriculture, forestry and fisheries sector and the service sector had a decrease in the number of underemployed workers of working age (down 23.7 and 30.1 thousand people, respectively). Meanwhile, the industrial and construction sector increased (up 62.2 thousand people). Thus, compared to the same period last year, workers working in the industrial and construction sectors are still most affected by unemployment.

3. Some difficulties and limitations on employment in Vietnam in 2023

Although our country's current labor productivity has improved, it is still at a low level, the economy still relies mainly on labor-intensive industries and services that use a lot of unskilled workers. In addition, workers today have many employment options in terms of time and income, so some industries do not recruit enough workers because income compared to spending is not symmetrical.

There have been certain improvements in the professional level of the workforce, but overall, the quality is still low. The ability to work in groups and professionalism in work is still weak, the tendency to master theory but lack practical ability is still common, leading to many businesses not being able to recruit the right job positions.

The minimum wage between the public sector and the private sector is quite different in Vietnam. Skilled workers are moving to the private and foreign-invested sectors with higher wages and a more competitive working environment. Students at universities and colleges who have just graduated often lack experience and skills, their training is not directly to specific occupations, and their

knowledge is still academic. Gen Z generation (born from 1997 to 2012) has access to science and technology earlier and more, so they are quick to start businesses while in school or after graduating, they create their own path. I got positive results for myself, but this number is not much.

The impact of the Industrial Revolution 4.0 improves production capacity, promoting economic development following the trend of increasing the signing of agreements... This trend also significantly affects labor demand and technical requirements. Skills change rapidly.

4. Some proposed solutions to overcome the employment situation in Vietnam

To overcome the above shortcomings and limitations and improve the quality and structure of labor in our country today, it is necessary to synchronously deploy the following solutions:

Firstly, promote training, retraining, additional training, and training at enterprises, industrial parks, and production and business establishments to effectively attract on-site labor to thoroughly solve the problem of labor shortage. Local human resource shortages and labor disruption problems serve rapid and sustainable economic recovery.

Second, create a favorable, safe and transparent business investment environment to contribute to attracting investment, developing production and business, creating jobs to reduce unemployment, and promote labor market development. Encourage skilled workers to work abroad, especially in markets with high and stable income, thereby contributing significantly to the country's foreign exchange source, increasing accumulation and improving worker and family life; improve the quality of human resources.

Third, businesses need to be more proactive in finding sources of goods to arrange jobs for workers, and strengthen preventive vocational training to retain workers. In particular, businesses need to have plans to prepare, arrange and allocate personnel when receiving orders in the near future.

Fourth, workers also need to proactively learn more jobs, equip them with knowledge and soft skills, especially communication and teamwork skills, discipline, professional ethics and labor responsibility, and capacity. Applying information technology and foreign languages to have sustainable jobs, meeting requirements in the context of the 4.0 Industrial Revolution and deep international integration. The development of human resources is one of the prerequisites for the country's economic development. Therefore, it is necessary to have priority policies in employment issues, ensuring workers' rights, creating a dynamic, creative, and democratic working environment so that workers can feel secure in their work. Dedication.

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