CHAPTER 4 **HUMAN RESOURCES**

OVERVIEW

The EuroCham Human Resources and Training Sector Committee would like to express our sincere appreciation for the positive changes and the efforts taken by the Government and relevant Ministries in terms of improving regulations regarding labour, employment and training over recent years. We fully support the increased dialogue and consultation with the business community.

Vietnam's Socio-Economic Development Strategy (SEDS) 2011-2021 defines promoting human resources/skills development as one of the three breakthrough areas. The lack of necessary skills in primary industries and sectors is still the most significant challenge for the Vietnamese workforce, although training investment is increasing each year. Improving training, education and the legal systems on managing labour will help meet the demand for a skilled workforce, improved productivity and also promote a competitive and healthy investment environment.

We are very interested to see the on-going progress of labour quality, labour rights and labour commitment, especially since Vietnam has actively participated in global integration; signing and implementing many Free Trade Agreements (FTAs), including signing the EU-Vietnam Free Trade Agreement (EVFTA) with the European Union.

The EVFTA contains a robust and comprehensive chapter on Trade and Sustainable Development, which deals, inter alia, with labour matters relevant to trade relations between the EU and Vietnam. The objective is to promote mutual supportiveness between trade, investment and labour policies as well as to ensure that increased business relations do not come at the expense of workers' rights. In this context, Vietnam has committed to the ratification and effective implementation of the fundamental International Labour Organisation (ILO) Conventions, including the three pending ones (No. 87, No. 98 and No. 105). The FTA also includes commitments to promote responsible business practices (Corporate Social Responsibility, or CSR) at the level of enterprises, be it local or foreign investment. To ensure that Vietnam can comply with its commitments under the FTA, we suggest the following recommendations:

- Follow the action plan for the ratification of the pending ILO fundamental Conventions, whereby ILO Convention No. 98 will be submitted to the National Assembly in May 2019, ILO Convention No. 105 will be ratified by 2020 and ILO Convention No. 87 will be ratified within the next few years;
- Ensure that the revision of the Labour Code currently ongoing is in line with the FTA commitments, in particular, the establishment of independent workers' organisations;
- Begin the process to amend the Trade Union Law to reflect the principles of freedom of association, as set out in ILO Convention No. 87;
- Work with the ILO to monitor and facilitate the implementation of the FTA commitments;
- Upgrade the labour inspectorate system to improve its capacity to effectively implement core labour standards, and in particular, retain the provision in the draft revised Labour Code whereby the Labour Inspectorate would not provide any notice prior to undertaking a labour inspection; and
- Develop awareness on CSR principles in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights.

In order to effectively implement the EVFTA, Vietnam also needs to improve the country's working environment throughout preparations and enforcement of existing regulations (as presented in detail below) and passing new legislation.

I. EXPANSION TO EMPLOYER'S RIGHTS TO TERMINATE EMPLOYEES

Relevant Ministries: Ministry of Labour, Invalids and Social Affairs (MOLISA)

Issue description

Vietnam's labour law is generally very protective toward employees, especially on issues related to employment termination. Unlike in many other countries, Vietnamese law does not recognise the concept of 'termination at will'. Employment termination must follow strict requirements on reasons and procedures. The cases in which an employer can terminate an employee's employment contract are fairly limited. However, in practice, businesses – especially foreign investors whose global labour standards apply alongside local regulations – often rely on their internal global corporate policies or practices to deal with employment issues. Some breaches which seriously violate internal corporate policies and which, under these policies, would lead to immediate dismissal, do not meet the threshold for termination under Vietnamese law. Some employers have no choice but to terminate employment contracts with their employees to protect their business interests. However, this exposes them to the major risk of having this decision challenged by an employee and found unlawful by Vietnamese courts.

Potential gains/concerns for Vietnam

From the practical perspective of businesses in dealing with their employees, there are several major concerns regarding the labour laws on termination:

1. Unilateral termination (Article 38 of the Labour Code)

The scenarios in which an employer can unilaterally terminate their employees are limited under the law, according to which an employer can unilaterally terminate their employees in the following cases:

- Where the employee frequently fails to perform his or her assigned tasks in accordance with the terms of the signed employment contract;
- Where an employee is sick or has an accident and remains unable to work after having received treatment for a period of 12 consecutive months in the case of an indefinite-term employment contract, for 6 consecutive months in the case of a definite-term employment contract, or more than half the duration of the contract in the case of an employment contract for seasonal work or a specific task of less than 12 months. Upon recovery, the employee shall be considered for reinstatement or continue to work for the employer;
- In the event of a natural calamity, fire or force majeure as prescribed by law, and where the employer has exhausted all possibilities and is forced to scale down production and reduce the workforce; and
- Where the employee does not present him or herself at the workplace upon the expiry of the temporary suspension of his or her employment under the law.

These cases do not sufficiently reflect the practical situations of companies having to terminate the employment contract of their employees. Specifically, it is common for candidates to provide falsified information regarding their degrees, expertise and work experience during the recruitment process to increase their chances of being hired. Many employers decide to recruit those candidates based on false information, as the employee would not otherwise have met the recruitment criteria. When this deception comes to light after the employee's probationary period has ended, there is no regime under the law to terminate an employment contract with the employees for providing falsified information during the recruitment process. However, we note that under the draft revised Labour Code, this has been added as a ground for the employer's unilateral termination of the labour contract. We recommend legislators retain this important revision in the final version of the revised Labour Code.

Furthermore, there are other cases where an employee has been purposely absent from work without permission or proper reason. Under the current Labour Code, if an employee has been absent from work for 5 accumulated days in one month or 20 accumulated days in one year without proper reason, he or she would be subject to disciplinary action and dismissal. However, the statutory procedures to carry out a dismissal are very lengthy and troublesome (described in detail in section III below). For this misconduct, it is more reasonable to allow the employer to immediately terminate the employees' contract of employment to save resources and give them

more time to find alternative personnel. The draft revised Labour Code permits employers to unilaterally terminate the employment contract for this unauthorised absence with 3 working days' notice, and we encourage legislators to retain this provision.

Another issue concerns the termination of older employees. Under the current Labour Code, a labour contract automatically terminates once an employee has reached retirement age and contributed to the social insurance fund for the number of years required to receive a pension.[1] Under the current Labour Code, differential retirement ages apply for men and women – men retire at age 60, but women retire at age 55.[2] The draft revised Labour Code proposes gradually increasing the retirement age for men and women, whereby the final retirement ages will be 60 years old for women and 62 years old for men.

This unequal retirement age for men and women has been identified as a factor preventing women from being promoted to upper management positions. In fact, in a meeting with EuroCham's Human Resources and Training Sector Committee, the UN Women's Development Programme stated that they considered the differential retirement age as an obstacle to achieving gender equality in the workplace.[3] Accordingly, we encourage legislators to set the same retirement age for both men and women.

2. Labour discipline and dismissal

Dismissal is the most severe disciplinary action that can be taken against an employee. This action is limited to certain kinds of misconduct, in particular:

a. Where an employee commits an act of theft, embezzlement, gambling, intentionally causes injury, uses illicit drugs in the workplace, discloses technological or business secrets or infringes the intellectual property rights of the employer, or commits acts which are seriously detrimental or pose seriously detrimental threats to the assets or interests of the employer;

b. Where an employee who is subject to the disciplinary measure of a deferred wage increase, recidivates while the disciplinary measure is still in force; or where an employee was demoted as a labour reprimand and recidivates; and

c. Where an employee has been absent from work for 5 accumulated days in one month or 20 accumulated days in one year without proper reason.

Therefore, the scope of dismissal is narrow and does not cover many acts of misconduct that companies face. For instance, acts of sexual harassment, aggression and hostility, fraud, giving or receiving bribes or kickbacks and violent behaviour (including intimidation, attempts to instil fear in others or subjecting others to emotional distress) should also be subject to dismissal. The Labour Code does allow an employer to dismiss employees based on the severity of the damages caused, for example, if an employee "commits acts which are seriously detrimental or posing seriously detrimental threat to the assets or interests of the employer".

However, there is no clear guidance on the threshold for what should be considered 'seriously detrimental' or 'posing a seriously detrimental threat'. In practice, during the registration of internal labour regulations, each local Department of Labour, Invalids and Social Affairs (DOLISA) has a different interpretation of this provision. Some DOLISAs interpret it to mean that the employers, based on their business situation, should define the threshold of serious damage in their internal labour regulations. Meanwhile, other DOLISAs argue that serious damage must be defined as that with a total value equal to at least 10 months of the regional minimum wages applicable to the employees' place of work. The DOLISAs' different interpretation of this regulation has made the application of dismissal more difficult in practice. Moreover, for many acts of serious misconduct, it is not possible to prove material financial damages. For example, in most cases, it would not be possible to prove the damage caused by bribery, despite the fact that it may cause irreparable – though unquantifiable – damage to a company's reputation.

1 Article 36.4, Labour Code.

2 Article 187.1, Labour Code.

3 Meeting between UN Women's Development Programme and EuroCham's HR &Training SC, 16 August 2018, regarding consultation on the role and engagement of the private sector in Vietnam in promoting women's economic empowerment as part of the UN Women's Development Programme's regional programme on "Promoting women's economic empowerment at work in Asia".

Moreover, some of the provisions of the current Labour Code provide blanket protection to female employees from disciplinary action or termination who are pregnant, on maternity leave or raising a child under 12 months, rather than specifically addressing the issue of women facing discrimination based on these grounds.

Under the current Labour Code, even where a woman faces dismissal for reasons entirely unrelated to her pregnancy, maternity leave or raising a young child, she has protected status. This restriction is overly broad, and we recommend to tailor the restriction to meet the actual underlying objective of providing protection from discrimination to women in the workplace. Under the current Labour Code, the protected period could last for a very significant period of time. For example, if a woman committed a serious act of misconduct just before she became pregnant, the employer would be unable to discipline her for the nine months of her pregnancy, and then for an additional 12 months after she gave birth to her child. Thus, some employers would face the circumstance that they would have to maintain an employee's employment for almost two years after a very serious act of misconduct. In practice, we have seen many situations in which female employees who are expecting or raising a small child commit serious breaches causing serious damages to their employer. However, the employer cannot dismiss them and finally has to end up negotiating a mutual termination of employment contract and provide an exorbitant settlement package for the female employee. This situation causes difficulties and harm to employers' business because they do not have rights to protect themselves from employees' breaches, especially in cases relating to fraud, bribery, trade secrets and disclosure of confidential information. These restrictions on termination may also be counter-productive in achieving their objective of promoting women's equality in the workplace – employers may be more hesitant to hire female employees if they face the risk of being unable to dismiss them for serious acts of misconduct for periods of up to close to two years.

We note that the draft revised Labour Code has tailored the restrictions on termination of women who are pregnant, on maternity leave or raising a child of under 12 months by stating that an employer may not dismiss or terminate an employee on the basis of one these statuses, and by placing the onus of proof upon the employer to establish that the reason for the termination or dismissal is unrelated to the female employee being subject to one of these conditions.[4] We also note that the draft revised Labour Code has broadened the grounds of protection from discrimination to include "maternity" and "family responsibilities".[5] We believe that these changes more effectively implement the goal of protecting women from discrimination in the workplace.

The Labour Code also prescribes that an employer can dismiss an employee who is subject to the disciplinary measure of wage increase deferment but who recidivates while the disciplinary measure is still in force or who was demoted as a labour reprimand and recidivates, as described in point 2 above. In practice, many employees do not repeat the same act of misconduct. Instead, they commit other acts of misconduct which are equally or even more severe than the previous one. However, there is no legal basis for an employer to remedy this and dismiss them.

Furthermore, there are many deficiencies in the general labour disciplinary procedures. The statute of limitations for settling a labour disciplinary action varies from 6 to 12 months from the date of the occurrence of the misconduct. An employer must gather evidence, hold a disciplinary hearing and issue a dismissal decision within this limitation period. Presently, the general limitation period applicable to employee misconduct is 6 months, but it is extended to 12 months where the act of misconduct is directly related to finance, assets and disclosure of technological or business secrets. The current statute of limitations is problematic because many employees carry out their acts of misconduct in a surreptitious manner, so the employer only learns of the act of misconduct after the limitation period has already expired. For example, employee fraud is generally undertaken in a secretive manner to avoid detection, so is often only discovered at a much later date. Another problem with the current limitation period is that it often takes a considerable amount of time to gather evidence of the employee's misconduct, and employers have difficulty completing all the disciplinary procedures within the limitation period. As discussed in further detail below, the disciplinary hearing procedures can make this a very lengthy process to complete.

We are encouraged to see that disciplinary procedures have been simplified under the new Decree 148.[6] In order to dismiss an employee, an employer must hold a disciplinary hearing with the presence of both the employee and the executive committee of the trade union. Previously, an employer had to issue at least three invitations

4 Article 116, Draft Revised Labour Code.

5 Article 8.1, Draft Revised Labour Code.

6 Decree No. 148/2018/ND-CP of Government dated 24 October 2018 amending Decree No. 05.

to the required attendees before it was permitted to proceed in the absence of one of the parties. In practice, this often meant that it would take around one month to conclude the disciplinary hearing, since one of the required parties would not attend. However, under Decree 148, effective as of 15 December 2018, an employer is now only required to send one invitation to the disciplinary hearing and within three working days the invitees must confirm their attendance or explain their legitimate reasons for being unable to attend. The employer is permitted to proceed with the disciplinary hearing in the absence of one of the parties if they do not provide a legitimate reason for failing to attend. While this will likely streamline the disciplinary hearing procedure, there are still problems, as Decree 148 does not provide a definition of "legitimate reasons" so it will be unclear when the employer can proceed in the absence of one party. Moreover, there is no stated limit to the number of times a party can refuse to attend based on "legitimate reasons", so the disciplinary hearing process could ultimately take even longer than under the previous regulations.

Recommendations:

Therefore, to increase the quality of the workforce, facilitate fair competition in the labour market and attract more foreign investors and employers, legislators should seriously consider revising labour regulations to provide more power to the employers in dealing with termination cases. In particular, we recommend the following measures:

- Retain provisions in the draft revised Labour Code providing further grounds for the employer to unilaterally terminate employees, for instance where:
  - Employees have provided falsified background information during the recruitment process, which affects the employer's assessment; and
  - Employees have been absent from work without permission and/or proper reasons for a total of 5 working days within one month or 20 days within one year.
- Impose the same retirement age for men and women;
- Expand the scope of acts of misconduct subject to immediate dismissal (e.g. fraud, giving or receiving bribes or kickbacks, sexual harassment or aggressive, hostile and violent behaviour or having violated the internal safety rules which lead to potential risk to human life);
- Tailor the regulations on the restriction applied to the dismissal of female employees in accordance with the draft revised Labour Code, so that employers are prohibited from terminating or dismissing a female employee based on her pregnancy, maternity leave or raising a young child and placing the onus on the employer to establish that the employee's dismissal is for reasons unrelated to these statuses;
- Allow an employer to dismiss an employee who is subject to the disciplinary deferment of wage increase but who commits further misconduct with the same level of severity while the disciplinary measure is still in force or who was demoted as a labour discipline measure and commits a new act of misconduct with the same level of severity;
- Extend the statute of limitations for settling a labour disciplinary action from 12 to 24 months (we refer to the same statute of limitations for settling a labour disciplinary action with respect to cadres and civil servants under the Law on Cadres and Civil Servants).[7] This statute of limitations should be calculated from the date the misconduct was discovered by the employer, rather than from the date the act occurred;
- Provide further guidance on the definition of "legitimate reasons" for one of the required parties to refuse to attend a disciplinary hearing, and include a limit to the number of times a party may refuse to attend; and
- Set out the threshold as a basis to determine "seriously detrimental" or "posing seriously detrimental damages" – for instance, a specific monetary threshold – or, alternatively, remove the requirement for acts within this category to cause damage equivalent to a monetary threshold.

7 Law 22/2008/QH12 dated 13 November 2008 adopted by National Assembly on Cadres and Civil Servants

II. MANAGING FOREIGNERS WORKING IN VIETNAM

Relevant Ministries: The Government, Ministry of Labour, Invalids and Social Affairs (MOLISA), Vietnam Social Insurance Agency (VSIA).

1. Statutory Social Insurance contribution for foreign workers in Vietnam

Issue description

Under the Law on Social Insurance 2014 and Decree 143[8], from 1 January 2018, foreigners working in Vietnam will be subject to statutory Social Insurance ("SI") contributions. The people subject to the mandatory SI scheme are those who:

- Work under a work permit or practice certificate or practice license; and
- Maintain a labour contract with an indefinite term or a definite term of one year or more with a Vietnamese company.

The exemption of mandatory SI contribution includes those who:

- Work in Vietnam under intra-company transfer form as regulated in Decree 11[9] (managers, executive directors, experts or technicians of a foreign enterprise which has established a commercial presence in Vietnam and were employed by the foreign enterprise at least 12 months prior to being transferred); or
- Have passed the retirement age in accordance with the Labour Code.

In short, the contribution scheme for foreigners is similar to Vietnamese, including 5 regimes: sickness, maternity, labour accident, pension, and survivorship allowance. In which, the contribution to 3 short-term regimes (sickness, maternity and labour accidents) is applicable from 1 December 2018, and the remaining 2 long-term regimes (pension and survivorship allowance) will be applicable from 1 January 2022.

Upon the termination of the Vietnam labour contract or expiration of the work permit, and when the expatriates no longer live and work in Vietnam, they can claim a one-off allowance for the contribution period. The claimable amount and procedure are similar to that applied for Vietnamese.

Upon the release of the official guiding Decree, there are still several insufficient and impractical points in this Decree which will be discussed in the next section of this chapter.

Potential gains/concerns for Vietnam

Firstly, the Decree excludes foreign workers who are being internally transferred within enterprises in accordance with Decree 11. Decree 11 defines internal transfer as the transfer from the subsidiaries or headquarters on the business licence in Vietnam as the investors or owners of the entities in Vietnam. However, in practice, most foreign workers are assigned to Vietnam from the group companies rather than from the headquarters. This leads to the fact that this SI exemption is applied to limited individuals and results in double SI contribution in both their home and host countries.

Regarding SI regimes, even though the long-term regimes are expected to be effective from 1 January 2022, the application of 5 regimes would not be fair or practical for foreign employees who keep contributing to SI in their home country. We understand that the Government is considering the fact that Vietnam has not signed any bilateral agreements with other countries on insurance coverage. Without relevant bilateral agreements, this will definitely result in double cost for both employees and employers as well as administrative burdens. Furthermore, the application of pension and survivorship regimes is unnecessary and controversial, since foreign employees normally work in Vietnam for a short period of time, especially in light of strict management of foreign workers

8 Decree 143/2018/ND-CP dated 15 October 2018 of the Government on elaborating on Law on social insurance and Law on occupational safety and hygiene regarding compulsory social insurance for employees who are foreign nationals working in Vietnam

9 Decree 11/2016/ND-CP of the Government dated 3 February 2016 detailing the regulations on the implementation of a number of Articles of the Labour Code regarding foreign workers in Vietnam.

when the Vietnamese competent authorities review and approve the labour quota for work permit issuance. The Decree proposes that foreign employees in such cases will have the right to request a lump-sum payment before they leave Vietnam. However, the claim procedure will inevitably lead to a greater administrative burden for all stakeholders, including social insurance authorities, employers and foreign employees. In addition, the relevant dossiers of expatriates issued by overseas authorities are required to be translated into Vietnamese and notarised in accordance with prevailing regulations which are normally time-consuming.

In terms of contribution rate, based on the table comparing the social insurance contributions of foreign workers in Vietnam and other ASEAN countries that EuroCham's HR &Training SC has shared with MOLISA in our position paper dated the 2nd of October 2017, the contribution rate in Vietnam is far higher than other countries, but the rate of return is lower. The procedure of SI implementation for foreign workers is also a big question in practice. The insufficient procedure of SI implementation, especially the procedure to claim a lump sum when foreigners repatriate or move to other countries, will not have a positive effect on the attractiveness of Vietnam's investment environment.

Recommendations:

In view of these concerns, we recommend the following measures:

- Redefine the "inter-company transfer" definition to include expatriates who are assigned from group companies who have participated in home country to avoid double SI contribution;
- Not to apply the pension and survivorship regimes to foreign workers or apply only on an optional basis;
- Create the flexibility for foreign workers to receive a one-off social insurance allowance upon repatriation from Vietnam by authorising the employer to carry out the procedure on expatriates' behalf;
- Stipulate the lower ratio of SI contribution for employers and foreign workers making reference to countries in ASEAN or the Asia–Pacific region;
- Evaluate the impact of administrative procedures when applying each regime to facilitate the implementation of the executing agencies, foreign workers and employers; and
- The lump-sum allowance should be counted from the application date rather than from the date of issuance of a decision by the insurance agency.

Work permit

Issue description

The term "an intra-company transferee" in accordance with Decree 11 is defined as a manager, executive director, expert or technician of a foreign enterprise which has established a commercial presence in Vietnam and who was employed by the foreign enterprise at least 12 months prior to being transferred. In practice, Multi-National Companies (MNCs) have numerous subsidiaries around the world and often relocate their staff to different countries to maximise the skills of their global workforce. Unfortunately, intra-company transferees may only be recognised in Vietnam if they are assigned from the subsidiaries or headquarters registered on the business licence in Vietnam as the investors or owners of the entities in Vietnam. As a result, Circular 35[10] can only be applied in very limited cases.

In addition, due to the strict requirements on the legalisation of documents issued overseas, the time required to prepare documents for a work permit application can range from 2 to 3 months – or even longer due to the complicated procedures of legalisation in different countries. This is a continuing issue for both employers and foreign workers.

10 Circular 35/2016/TT-BCT of Ministry dated 28 December 2016 of Ministry of Industry and Trade on identification of foreign workers who are eligible for work permit exemption and internally reassigned by enterprises operating within eleven service sectors specified in Vietnam's WTO commitments on services.

The introduction of Circular 23[11] has led to a faster and more straightforward process compared to the existing paper-based procedure. However, some issues remain with the implementation in different locations. The processing time to receive the application, proceed and release the results of the work permit through the online procedure may take longer than the existing paper-based procedure due to technical problems in the online system. Furthermore, some local authorities are not familiar with the system and lack resources to handle these online applications. Recently, the Government has also introduced Decree 140 amending some articles of Decree 11 on managing foreign nationals working in Vietnam. One notable point in this Decree is the cancellation of the employer's responsibility to return the work permit of foreign employees to the local authority where the work permit was issued.

Potential gains/concerns for Vietnam

The narrow definition of intra-company transferee is not in accordance with international practice and often leads to impractical implementation. In practice, some local authorities sometimes require intra-company transferees who are being transferred (within the group) to Vietnam to submit their local employment agreements. As a result, intra-company transferees may be subject to statutory Social Insurance for foreign workers as well as the relevant local employment regulations. The preparation time for documents required for work permit applications causes significant difficulties for foreign employees and employers who wish to deploy their staff to Vietnam at the right time to meet business requirements.

The purpose of issuing work permits online is to help improve and shorten the processing time. However, frequent system errors and a shortage of staff handling the database have caused a delay in issuing work permit for foreign employees. As the result, either the corporation or the employee would prefer applying by paper rather than online to avoid complicated technical issues. Furthermore, paper documents can be reviewed by the handling staff at the time of submission and requests for supplementary materials made right away to save time.

Eliminating the employer's responsibility to return foreign employees' original work permit to the issuing authority after ending the assignment may cause risk for the employer if the foreign employees use that work permit for other undefined purposes.

Recommendations:

We suggest that the Government and MOLISA should consider:

- Supplementing the definition of "intra-corporate transferees from head office to its subsidiary" by "intra-corporate transferees within the group companies", as long as the sponsoring entity in Vietnam can prove that foreign employees are being assigned from subsidiaries within the same group;
- Deploy the fast-track service in which some required documents can be supplemented within the defined time. The higher fee for the fast-track service can be charged and having the system to control the employer will enable them to supplement documents as requested;
- Ensure the online system for work permit application runs smoothly and have experienced staff handling applications in order to avoid any delays processing and issuing work permits online and;
- Implement the detailed instructions on the process of revoking work permits by the employer after foreign employees end their assignment in Vietnam.

11 Circular 23/2017/TT-BLDTBXH of Ministry dated 15 August 2017 of Ministry of Labour, Invalids and Social Affairs detailing guidance on online issuance of work permit to foreign workers in Vietnam.

III. TECHNICAL AND VOCATIONAL TRAINING AND EDUCATION PRACTICE IN VIETNAM

Relevant Ministries: Ministry of Labour, Invalids and Social Affairs (MOLISA), Ministry of Education and Training (MOET).

Issue description

The Vietnamese economy continues to make significant steps forward. Vietnam has demonstrated true dedication to equipping its labour force with the training and access to quality education needed to empower workers to work more productively. Education has long been a priority for Vietnam and training and quality education remain paramount for the preparation of young people with skills for the workplace. The quality of training and education in Vietnam benefits from being at the highest possible standard. Truly significant improvements have been made in this area in the past year with the passing of Decree 86[12] and we are optimistic about the pace of these advances.

There continues to be a trend of Vietnamese graduates entering the workforce each year without the necessary skills for the workplace and we recognise the efforts made in the past year by the Vietnamese Government to address this matter. An educated and skilled Vietnamese workforce helps ensure the success of both domestic and foreign investment. Graduates from Vietnamese institutions must be equipped with the practical knowledge, technical and soft skills, resourcefulness, and mind-set for an ever-changing and evolving workforce. Recognised deficits in competencies are being addressed and minimised through a concentrated effort to ensure that students receive employability and technical skills training prior to graduation. Indeed, Decree 86 allows foreign training agencies to participate in this endeavour.

At the top end of the workforce, Vietnamese students can prepare for their careers by gaining access to top international universities both overseas and within the country. At the same time, learning opportunities at international institutions operating in Vietnam help students gain admission to top institutions once they reach university level and also provide students with international exposure and cultural sensitivity through the presence of foreign educators. International educational institutions in Vietnam account for a significant number of the foreign labour force and therefore places a larger burden on these institutions with the implementation of social insurance deductions for foreigners.

According to Decree 86, schools and kindergartens can tie up with accredited foreign educational institutions subject to the approval and specific guidelines of the Vietnamese Government. The Government will also issue specific guidelines on the integration of foreign and domestic courses and graduates of such integrated courses must receive certificates, which should be valid and be recognised by both Vietnam and the foreign country. This will certainly encourage foreign investments in the sector.

To further encourage foreign investment in this sector, local public education institutions are encouraged to partner with private international education institutions to conduct training of teachers working in the public school system. Partnerships with private institutions offering blended educational programs that combine online learning with face-to-face studies for training of Vietnamese teachers in the public school sector could be used to further develop local teachers with the international standard skills to continue to develop students with the expanding skills necessary for future careers in emerging industries which might not yet exist.

Today's learning environment is changing rapidly, and organisations are making it a priority to change the way they are creating, managing and delivering learning. They are exploring ways to increase the amount of experiential and informal learning they are able to deliver, as well as rethinking both new and existing content to be smaller and more mobile friendly. These priorities are aimed at delivering learning in a continuous, impactful way. The need to go beyond traditional courses and classes is clear, as nearly two-thirds of companies say they need people to connect to learning resources on a weekly or daily basis. This frequency cannot be achieved via courses and classes alone, so companies must develop new learning interactions in education to meet this need.

12 Decree 86/2018/ND-CP dated 6 June 2018 of the Government on foreign co-operation and investment in education.

Potential gains/concerns for Vietnam

Vietnam is our host country. We honour and respect Vietnamese culture and readily acknowledge the strides being made to improve the abilities of young people as they prepare to enter the workforce – particularly through the passing of Decree 86. Vietnam has shown its willingness to create partnerships of private education and training institutions operating in the country as well as from the expertise of foreign institutions to address current skills gaps. Partnerships with private institutions that offer flexible, blended online and face-to-face teacher training programs, English and soft skills training can be used to upskill Vietnamese educators in public schools, and also help Vietnamese students and fresh graduates entering the workforce acquire the necessary abilities.

Furthermore, while there are currently a number of initiatives underway to improve vocational and workplace skills training and education in Vietnam, more can be done to attract and recruit students into educational, vocational and technical training institutions. Additionally, much can be gained by building the capacity and fostering the quality of educational, vocational and technical training institutions, and continuing to offer opportunities for Vietnamese students to learn at international schools while at home in Vietnam.

Recommendations:

With the aim of supporting international standard education in Vietnam in order to enhance white-collar job readiness and increase productivity at the top of the labour pool, the Government should consider relieving the pressure on international education institutions by implementing an exemption on contributions to social insurance by foreign educators, since international education institutions employ them in significant numbers. If the Government is interested in promoting international education in secondary cities, it may wish to consider offering incentives to attract foreign investors to these regions. It is also recommended that the Government collaborate with international private institutions offering international standard teacher training and professional development to enhance the abilities of local teachers.

With the ongoing rapid changes in technology, the demand for coaching and mentoring programs continues to increase. The Government might also consider encouraging a continuous learning environment by supporting cooperative internship and mentorship programs in collaboration with the private sector through an online platform that provides new graduates or workers with a resource for guidance, opportunities and information in the area of continuous training opportunities and internships and mentoring.

With regards to technical and vocational education and training, we suggest that the Government leverages the expertise of the private sector. In particular, it should work with industry representatives as well as private education institutions already operating in Vietnam to develop curricula and training courses that foster lifelong learning as well as focus on developing skills such as computer literacy and coding, science and technology fundamentals, basic business skills and entrepreneurship. It would also be beneficial to invest in and support advanced vocational training for teachers, and sponsor the technical facilities and equipment of public colleges.

ACKNOWLEDGEMENTS

Eurocham Human Resources and Training Sector Committee.