

## CHAPTER 13 WOMEN IN BUSINESS

### OVERVIEW

The EuroCham Women in Business Sector Committee would like to express its sincere appreciation for the positive changes and efforts taken by the Government and relevant ministries to advance the position of women in both the workplace and society in general. We truly appreciate the Government's openness to consultation and collaboration.

Vietnam has long been committed to advancing women's rights. More than ten years ago, Vietnam prepared its first National Strategy on Gender Equality (NSGE) setting out its objectives and targets to improve gender equality from 2011 to 2020. The current NSGE, effective from 2021 to 2030, sets new goals for gender equality across various aspects of Vietnamese society, ranging from achieving a more equal gender ratio at birth to increased female participation in politics.

Underpinning the NSGE is the Law on Gender Equality,<sup>1</sup> ensuring women's equal opportunity in a variety of fields, including politics, economy, labour and education. We note that the Government has taken recent action to better enforce the Law on Gender Equality, as it recently issued Decree 125.<sup>2</sup> Decree 125 increases the fines applicable for gender discrimination and describes acts considered to violate gender equality in detail.

However, there is still much work to be done. Women continue to shoulder a greater burden of unpaid care work, which perpetuates the gender wage gap. Vietnam's transformation towards digitalization presents tremendous opportunities for Vietnamese women, but if managed incorrectly, it could result in their deeper marginalization. We encourage the Government to carefully navigate its way forward towards the future to ensure women can also benefit from Vietnam's digital transformation.

### I. LABOUR REGULATIONS AFFECTING FEMALE EMPLOYEES

Relevant authorities: Ministry of Labour, Invalids and Social Affairs (MOLISA), Department of Labour, Invalids and Social Affairs (DOLISA)

#### 1. Set out clear, concrete incentives encouraging employers to implement female-friendly policies

##### Issue description

Article 79.2(a) of Decree 145<sup>3</sup> encourages employers to take several measures to improve conditions for its female workers, such as permitting a flexible timetable, part-time work schedules or working from home, among others. However, no specific incentives are set out to provide these favourable conditions. It is therefore questionable whether this general encouragement would have any impact.

Article 83.2 states employers with large numbers of female employees will be eligible for a tax reduction as prescribed by tax laws, which repeats Article 11.2(a) under Decree 85.<sup>4</sup> However, this tax reduction is only available for the production, construction or transportation industries. It is equivalent to the actual costs incurred due to a limited number of expenses incurred on behalf of female employees. Under Article 21.1 of Circular 78<sup>5</sup>, employers

<sup>1</sup> Law No. 73/2006/QH11 dated 29 November 2006 of the National Assembly on Gender Equality (Law on Gender Equality)

<sup>2</sup> Decree 125/2021/ND-CP dated 28 December 2021 of the Government setting out penalties for administrative violations against gender equality (Decree 125).

<sup>3</sup> Decree 145/2020/ND-CP dated 14 December 2020 of the Government on the elaboration of some articles of the Labour Code on working conditions and labour relations (Decree 145).

<sup>4</sup> Decree 85/2015/ND-CP dated 1 October 2015 of the Government detailing a number of articles of the Labour Code in terms of policies for female employees (Decree 85)

<sup>5</sup> Circular 78/2014/TT-BTC dated 18 June 2014 of the Ministry of Finance guiding the implementation of the Government's Decree 218/2013/ND-CP of 26 December 2013, detailing and guiding the implementation of the Law on CIT (Circular 78).

within these industries employing between ten and 100 female workers who account for more than 50% of its total regular employees, or regularly employs over 100 female labourers who account for more than 30% of its total regular employees, are entitled to a very limited CIT cut. The tax reduction as set out in this article is limited not only in its scope of subjects, but also in respect of the items upon which the tax reduction may be calculated. Article 6.2.9 of Circular 78 limits the tax reduction to the equivalent of certain specific expenses.<sup>6</sup>

### Potential gains/concerns for Vietnam

Vietnam encourages employers to adopt various policies, such as flexible working and work-from-home, which would support women. However, due to the general nature of these encouragements and the failure to link them to concrete incentives, they have had little impact so far.

The tax incentive provided to companies employing many female employees is too limited to actually improve the position of women in the workplace. It applies to only a few industries and is equivalent to a very limited number of expenses already incurred by the employer. If anything, this tax cut would compensate the employer for some expenses already incurred, but would not provide external, driving motivation for change.

We believe that setting out clear incentives for employers who adopt policies in line with Article 79.2(a) of Decree 145 in forthcoming decrees would be helpful. Furthermore, the law regarding the tax cut for companies employing many female employees should be amended. It applies only to companies in the production, construction, or transportation industries. Instead, it should apply to all industries in Vietnam. Particular emphasis should be placed on rewarding companies which place women in top management positions, as women are still underrepresented in these positions in Vietnam. Instead of using a quota based on the total number of female employees at a company, we believe that a quota based on the number of female employees in upper-level management positions should be used. Across industries, it is common to see many female employees, but very few occupy key management roles. Finally, we believe a tax cut based on a flat reduction rate for companies with over 50% of their upper-level management team comprised of women would motivate companies to make a real change. Furthermore, childcare support would have a positive impact on male but especially female workers' productivity. Though the Labour Code and Decree 145 do not provide concrete tax incentives or subsidies, the Government should encourage companies to support their workers with childcare which would result in economic benefits.<sup>7</sup>

### Recommendations

We would like to make the following recommendations:

- Set out clear incentives for employers who adopt policies in line with Article 79.2(a) of Decree 145 in forthcoming decrees;
- Amend the law regarding the tax cut for companies employing many female employees concerning broadening the scope of applicable sectors and industries and the percentage of tax reduction; and
- Implement a quota based on the number of female employees in upper-level management positions instead of the total number.

## 2. Paternity leave should be extended for men

### Issue description

Under the current Social Insurance Law, men receive only 5 to 14 working days for paternity leave.<sup>8</sup> In contrast,

6 Expenses for vocational retraining for female labourers in case they need to change jobs; salaries and allowances (if any) for teachers in crèches and kindergartens organised and managed by enterprises; expenses for extra medical check-ups in the year, such as examination of occupational, chronic and gynaecological diseases for female labourers; allowances for female labourers after the first or second birth; and, overtime allowances for female labourers in case for objective reasons these female labourers do not take leave after childbirth or have breastfeeding breaks but continue to work for enterprises, who are paid under current regulations, including the case of payment of product-based wages in which female workers still work without taking leave as prescribed.

7 IFC: The Business Case for Employer-Supported Childcare in Vietnam, dated August 2020. Available at: <[https://www.ifc.org/wps/wcm/connect/e401b5eb-e38d-48d7-a4f2-2c10380ded49/Final\\_IFC\\_Childcare\\_Vietnam\\_Summary\\_Web.pdf?MOD=AJPERES&CVID=nkwDTbj](https://www.ifc.org/wps/wcm/connect/e401b5eb-e38d-48d7-a4f2-2c10380ded49/Final_IFC_Childcare_Vietnam_Summary_Web.pdf?MOD=AJPERES&CVID=nkwDTbj)>, last accessed on 29 October 2023.

8 Law 58/2014/QH13 dated 20 November 2014 of the National Assembly on Social Insurance (Social Insurance Law) at Article 34.2.

women receive a minimum of 6 months maternity leave.<sup>9</sup> While it is encouraging to see a long maternity leave period for women, it is unfortunate that men have such a short leave not only because this limits their opportunities to form a personal connection with their babies but also because of the resulting social impacts. The differential leave periods for men and women exacerbate the gender wage pay gap, as employers more readily hire men than women due to the risk that a young woman would take a long maternity leave while this risk does not exist for men; instead, their statutory leave period is equivalent to a short vacation. Another negative effect stemming from the differential leave periods is that women form a much stronger bond with the children so that even in later years, assume the role of the primary caregiver while the father takes a more subordinate role in caring for the children. This often means that the mother assumes much more of the household responsibilities, limiting her ability to pursue her career.

Several studies have found a direct relationship between shrinking the gender wage pay gap and implementing a paternity leave policy which provides extended leave for men on a “use it or lose it” basis. For example, Iceland introduced The Icelandic Act on Maternity/Paternity and Parental Leave (2000) in 2000 which provided both the mother and father with 3 months of leave, and then an additional 3-month period which they could divide between themselves as they saw fit. Under policies of this nature, there has been a dramatic decrease in the gender wage pay gap. It appears that these types of policies level the playing field in terms of recruitment, allow women opportunities to return to their careers sooner, and in general, create a household environment where both working parents more equally share household responsibilities.

### Potential gains/concerns for Vietnam

Vietnam’s General Statistics Office (GSO) estimates that the gender wage pay gap in Vietnam is at 29.5% on average; with a 21.5% gap in urban areas and a 35.2% gap in rural areas.<sup>10</sup> A policy change such as extended paternity leave may have a big impact. Reducing the gender wage pay gap should be prioritized for Vietnam, considering its obligations to promote gender equality under the EVFTA.

In addition to reducing the gender wage pay gap, extended paternity leave is also beneficial for child development, as it is very positive for children to have a strong relationship with their fathers. Fathers will benefit as well, as they will have the opportunity to build strong bonds with their young children.

### Recommendations

- Increase paternity leave to one month in the new Social Insurance Law, as an incremental step towards a policy which more equally divides maternity leave between the mother and father.

## II. ENSURING GENDER EQUALITY IN VIETNAM’S DIGITAL TRANSFORMATION

Relevant authorities: Ministry of Labour, Invalids and Social Affairs (MOLISA), Ministry of Education and Training (MOET), Ministry of Science and Technology (MOST)

### 1. Encourage women and girls to enter careers in innovation and tech industries

#### Issue description

The world is progressing towards a digital transformation. By 2050, 75% of jobs will be in the fields of Science, Technology, Engineering and Mathematics (STEM).<sup>11</sup> While this transformation presents many opportunities, it also presents the risk that these changes will exacerbate existing inequalities between men and women. According to

<sup>9</sup> Social Insurance Law at Article 34.1.

<sup>10</sup> “Vietnamese women continue to get less pay, face discrimination: report”, 28 October 2021, Vietnam Express. Available at: < <https://e.vnexpress.net/news/news/vietnamese-women-continue-to-get-less-pay-face-discrimination-report-4378415.html> > last accessed on 29 October 2023.

<sup>11</sup> “DigitALL: Innovation and technology for gender equality in Viet Nam”, Policy Brief, United Nations Vietnam, February 2023. Available at: <https://vietnam.un.org/en/221387-policy-brief-digital-innovation-and-technology-gender-equality-viet-nam> > (UN Policy Brief) last accessed on 29 October 2023.

certain studies, automation and technological advancements are forecasted to cause a rapid decline in demand for unskilled and low-skilled labor. Nearly 80% of women working in Vietnam are low-skilled or under-skilled.<sup>12</sup> These types of jobs are those most susceptible to being replaced by automation, and a study by the International Labor Organization found that women were 2.4 times more likely to be replaced by machines compared to their male counterparts.<sup>13</sup> The United Nations anticipates that women will lose five jobs for every one gained through Industry 4.0, compared to the loss of three jobs by men for every one gained.

At the same time, girls and women are greatly underrepresented in STEM educational programs and careers. Women represent only 36.5% of university graduates in STEM fields,<sup>14</sup> and another study showed that women comprised only 11% of those studying information and technology fields.<sup>15</sup> The innovation and tech sectors have the greatest gender imbalance of all sectors, with its workforce comprising of only 37% women.<sup>16</sup> Moreover, of this 37%, the majority of women are not performing technical roles such as software developer, but are instead performing supporting tasks such as testing, marketing, sales, administration and human resources.<sup>17</sup> Based on the current status of women's participation in STEM, women will be left behind in Vietnam's digital transformation and excluded from the prestigious and well-paying jobs of the future.

The Vietnamese Government has embraced digitalization, and is mapping Vietnam's path to the future through several key policy documents:

- National Strategy on the Fourth Industrial Revolution Towards the Year 2030, issued with the Decision 2289/QĐ-TTg dated 31 December 2020 of the Prime Minister (National Strategy on the Fourth Industrial Revolution);
- National Strategy on the National Digital Transformation Program through 2025, with orientations toward 2030, issued with the Decision 749/QĐ-TTg dated 3 June 2020 of the Prime Minister (National Strategy on Digital Transformation); and
- Business Support Program for Digital Transformation in 2021-2025.

However, none of these policy documents, or the legislation implementing them, provide any comment or focus on the dimension of gender. Accordingly, we recommend for the Government to substantively interpret Article 15 of the Law on Gender Equality which provides that men and women shall have equal access to science and technology and training in these fields. We encourage the Government to consider the barriers to women and girls from accessing these fields due to gender stereotypes within society and the educational sector, and to put policies in place to help women and girls overcome these obstacles and join the workforce of the future.

### Potential gains/concerns for Vietnam

If Vietnam succeeds in encouraging more women to enter the tech sector, it may lead to more technological innovations since research shows that diverse teams generate innovation.<sup>18</sup> Moreover, studies demonstrate that adding women to the workforce complements men – the increases in productivity are greater than those which may be gained through an all-male workforce. The International Monetary Fund (IMF) found that in respect to the bottom half of countries in its sample in respect to gender equality, if the gender gap were closed, GDP could increase by an average of 35%.<sup>19</sup> The advantages gained in respect of innovation and productivity by creating an inclusive workforce would help Vietnam transform its economy from one focused on manufacturing to one based on innovation and technology.

<sup>12</sup> Ibid.

<sup>13</sup> "Sinh Viên Nữ Trong Khối Ngành Stem Trên Thế Giới và Việt Nam - Thực Trạng và Bài Học" (Female Students in the Stem Industry in the World and Vietnam - Current Situation and Lessons), Tạp Chí Công Thương, 17 September 2021. Available at: < [https:// tapchicongthuong.vn/bai-viet/sinh-vien-nu-trongkhoi-nganh-stem-tren-the-gioi-va-viet-nam-thuc-trang-va-bai-hoc-83675.htm](https://tapchicongthuong.vn/bai-viet/sinh-vien-nu-trongkhoi-nganh-stem-tren-the-gioi-va-viet-nam-thuc-trang-va-bai-hoc-83675.htm).> (Female Students in STEM) last accessed on 29 October 2023.

<sup>14</sup> UN Policy Brief.

<sup>15</sup> Information Technology Human Resources Market 2020" of VietnamWorks InTECH, as quoted in Female Students in STEM.

<sup>16</sup> UN Policy Brief.

<sup>17</sup> "Gender equality in digital transformation in Vietnam: Opportunities and challenges", Lao Dong & Xa Hoi, 3 March 2023. Available at: < [http:// laodongxahoi.net/gender-equality-in-digital-transformation-in-vietnam-opportunities-and-challenges-1326472.html#:~:text=In%20recent%20years%2C%20women%20have,of%20the%20world%20\(25%25](http://laodongxahoi.net/gender-equality-in-digital-transformation-in-vietnam-opportunities-and-challenges-1326472.html#:~:text=In%20recent%20years%2C%20women%20have,of%20the%20world%20(25%25)>, last accessed on 29 October 2023.

<sup>18</sup> "Economic Gains from Gender Inclusion: Even Greater than You Thought", International Monetary Fund (IMF), 2018. Available at: <https://www.imf.org/en/Blogs/Articles/2018/11/28/blog-economic-gains-from-gender-inclusion-even-greater-than-you-thought>, last accessed on 29 October 2023.

<sup>19</sup> Ibid.

On the other hand, if women continue to be underrepresented in STEM education and careers, the gender wage gap will continue to grow, and women will become more marginalized. As mentioned above, currently the majority of the female workforce works in low-skilled jobs that will be the first to be replaced by automation in Industry 4.0. Innovation in Vietnam would also not meet its full potential.

### Recommendations

We would like to make the following recommendations:

- › Gather data on female participation in STEM educational programs and careers to ensure that the Government has an accurate perception of the actual STEM gender gap;
- › In issuing future policies in respect to Vietnam's digitalization and modernization, or amending existing ones, ensure that the issue of female underrepresentation in STEM and the information and technology sector is addressed;
- › Issue legislation implementing national policies on digitalization and modernization which include measures to foster greater female participation, which are time-bound, specific and measurable;
- › MOET should cooperate with stakeholders such as tech companies and potential investors to determine a specific direction for STEM education, which ensures the quality of training and that students are being taught the skills which will ultimately be required, as well as addressing negative social norms and gender stereotypes that often discourage girls from pursuing STEM studies from an early age;
- › MOET and MOLISA should develop vocational programs targeting the reskilling and upscaling of skills of female workers towards digitalization, particularly those in industries susceptible to replacement by automation; and
- › Implement campaigns and inspirational activities to change social awareness about the role of women in STEM professions.

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