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Gender Theme

VIETNAM’S FUTURE JOBS

THE GENDER DIMENSION
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This note was prepared by Wendy Cunningham, Lead Economist, Social Protection and Jobs Global Practice; Farima Alidadi, consultant; and Helle Buchhave (Task Team Leader), Senior Social Development Specialist, Social, Urban, Rural and Resilience Global Practice of the World Bank. It was prepared as part of the Gender Theme of the Australia–World Bank Partnership Program II (ABP II). The note draws on the Vietnam Jobs Diagnostic led by Wendy Cunningham and Obert Pimhidzai, Senior Economist, Poverty Global Practice.

The Gender Theme of the ABP II carries out comprehensive data- and evidence-based analyses on emerging challenges to gender equality and provides support to policy makers and innovative activities to address these challenges and increase women’s economic empowerment. The ABP II is funded by the Government of Australia. For more information please contact Dung Thuy Vu, Team Assistant, World Bank Hanoi (dvu1@worldbank.org).
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Jobs are the foundation of economic and social development, with significant implications for gender equality. Jobs can improve livelihoods and reduce poverty, promote economic growth, and bring together people from different social and ethnic backgrounds. They are a means to promote gender equity and transform it into social and economic progress. Jobs increase women’s ability to make their own choices, support their families, and participate more actively in their communities. However, various gender-related factors hinder women from fully accessing or benefiting from jobs. This note summarizes progress toward and challenges to gender equality in terms of jobs in Vietnam, based on the World Bank’s new publication Vietnam’s Future Jobs: Leveraging Megatrends for Greater Prosperity. The note also provides policy options for moving toward more gender-equitable jobs.

Vietnam will only reach its goal of becoming a middle-income, inclusive, and democratic country if it closes the economic and social gaps between men and women. Gender equality across jobs is a key input to achieving this development goal. Women who access and thrive in modern jobs will generate economic growth, earn higher incomes, and develop agency and voice to play a more proactive role in their personal and public lives. This knowledge note summarizes findings specifically related to challenges and opportunities for women workers from the World Bank’s Vietnam Jobs Diagnostic titled: Vietnam’s Future Jobs: Leveraging Megatrends for Greater Prosperity (box 1).

The Vietnam’s Future Jobs: Leveraging Mega-Trends for Greater Prosperity report outlines the future of jobs in Vietnam and portends a better future for women workers. In fact, women’s jobs have improved in recent years. The emergence of the export-oriented apparel and textiles sector created more than one million wage-paying jobs, most of which were filled by women. The gender wage gap has been falling since 2008. The gap in women’s and men’s labor force participation is low by global standards; and female labor participation rates are high.

However, women are not faring as well in other aspects of the labor market. The wage gap persists due to occupational segregation, the burden of unpaid family care, discrimination against women in the workplace, and labor laws that limit women’s careers options. Women from ethnic minority groups fare particularly poorly due to the dual hit of gender and ethnic disparities.

Emerging megatrends are expected to create new risks and opportunities around jobs for Vietnamese women. Demographic trends will expand “pink collar” jobs in the form of market-based eldercare. The rise of knowledge economies can benefit women, who have higher education rates than men. However, if not managed, these same trends could threaten the advances already made by women. The aging population may require more of women’s homecare time, thereby crowding out time for work. The rise of knowledge economies may by-pass women, because they are less engaged than men in science, technology, engineering, and mathematics (STEM) education and careers.

Six reforms can set the stage for more inclusive and higher quality jobs for women:

1. Revising the labor code to guarantee equality of labor market opportunities between men and women;
2. Alleviating household constraints, especially due to the aging population, through the development of a comprehensive long-term care system;
3. Fostering gender-neutral and female-friendly industry through trade and foreign investment strategies;
4. Providing skills training and mentoring to expand job opportunities for women in the traditionally male-dominated STEM-related fields;
5. Using labor law and the workplace to encourage a shift in gender norms; and
6. Leveraging the potential of agro-chains to open market opportunities for women from ethnic minority groups.
FIGURE 1: Female labor force participation, global, 2015

Progress Toward Gender Equality in Vietnam’s Labor Market

Relative to men, Vietnamese women fare well by some labor market measures. Their participation rate in the labor force is high, with 76 percent of adult women (ages 15–64) working in the country compared with 49.6 percent of women globally and 61.1 percent of women in East Asia and the Pacific. Vietnam is far above the trend line, with the rate of women participating in the labor force much higher than would be expected for a country at its level of development.

The rate of women’s participation in Vietnam is lower than that of men, unless women’s domestic responsibilities are accounted for, in which case the rates are equal. Approximately 84 percent of men work in the country, meaning that in the week before the survey, they spent at least an hour doing labor that earned them a wage or created output that could be sold (monetized). This definition does not include, and thus labor force participation rates do not count, work that cannot be monetized. Among women who are not “working,” 40 percent claim that they are dedicated to homecare compared with 2 percent of men. If we expand the definition of “working” to include those who are dedicated to homecare, both men and women would have labor force participation rates of about 85 percent. During the prime working ages of 30–55, almost all women and men work (figure 2). Under this definition, a higher share of women work into old age than men do.

Working women are more likely to be engaged in contract wage employment, while men dominate noncontracted wage employment. Women are 8.8 percent less likely to hold wage-paying jobs than men with similar characteristics (Demombynes and Testaverde 2018), but they are 2 percent more likely to hold a wage-paying job with a contract than men with similar characteristics.

BOX 1: Vietnam’s future jobs: leveraging mega-trends for greater prosperity

Jobs have been a key part of Vietnam’s rapid transformation to a modern, globally integrated, and middle-income country. The World Bank report, Vietnam’s Future Jobs: Leveraging Mega-Trends for Greater Prosperity, explores the challenges and opportunities facing Vietnam. It argues that Vietnam’s 50 million jobs, along with its transformation toward a service and manufacturing economy, in addition to its impressive labor productivity and wage growth, have contributed to plunging poverty rates and strong economic growth over the last decades.

New transformational megatrends could threaten or positively shift Vietnam’s employment landscape. For example, the rise of knowledge-intensive industries will require new skill sets, production processes, and export models; an aging population will demand care services from a shrinking working age population; and automation could replace some workers and transform the jobs of others.

Vietnam’s jobs structure is not conducive to adapting to these megatrends. Most of Vietnam’s jobs are in family farming, household enterprises, or low-skilled labor which may not translate to better jobs. Few jobs are currently positioned to embrace the megatrends: only 2.2 million jobs are offered by foreign factories paying more than minimum wage, while registered domestic firms do not provide more than six million jobs.

However, policy actions can support the segments of the economy that could leverage the megatrends to create more, better, and inclusive jobs. Three areas of reform are needed: (1) creating more jobs in jobs-intensive segments of the modern sector, specifically through Vietnam’s small and medium enterprises, agro-industry, and value chains; (2) enhancing the quality of jobs in traditional sectors such as family farming and household enterprises; and (3) connect qualified workers to the right jobs, which requires a mix of upgrading skills, matching jobs to people, and alleviating constraints to work.

Source: Author’s calculations based on World Development Indicators (extracted June 2017).
such as age, level of education, and region. This means that working women have greater access to social benefits through their jobs and are guaranteed at least a minimum wage. Men, by contrast, hold 70 percent of the uncontracted wage-paying jobs.

The growing export sector, particularly textiles, has been a strong source of contracted wage-paying work for women. By 2012, women held 53 percent of export jobs compared with 35 percent held by men (Hollweg 2017). By 2015, 68 percent of workers in foreign-owned companies operating in Vietnam were women, almost 1.5 million workers. The gender imbalance is largely due to the concentration of exports and foreign investment in traditionally female sectors, particularly textiles and apparel. Indeed, women’s employment increased substantially at registered firms in the textile and apparel sectors from 2004 to 2014, even as their overall share in the industry remained constant at 80 percent (figure 3). Services and commerce are also important sectors for female employment in registered firms, although not to the same extent as apparel and textiles (figure 3).

Challenges: Gender Wage Gap and the Related Underlying Gender Gaps

The gender wage gap persists, although it has fallen in recent years. Men earn about 10 percent more than women, which is surprising because, as noted above, women are more likely than men to be in contracted wage-paying jobs. When the earnings of Vietnamese men and women with similar education levels, living in the same regions, and of the same age and ethnicity are compared, the gender wage gap is even higher at 12.6 percent. This means that women earn 12.6 percent less than men with the same education, ethnicity, and age profile. However, as figure 4 illustrates, this gap has decreased in recent years, falling from 15.4 percent in 2011 to 12.6 percent in 2014 (figure 4) (Demombynes and Testaverde 2018).

In fact, the gender earnings gap is likely larger than the wage gap. The gender wage gap only measures the difference in remuneration between men and women who hold wage-paying jobs. But 66 percent of Vietnam’s jobs do not pay a wage. Instead, family farmers and household enterprise owners are remunerated through their profits. Women work in these types of jobs more than men do. For example, in 2015, almost 52 percent of farm workers were women, and approximately 48 percent were men. About 55 percent of self-employed nonfarm workers were also women compared with 45 percent men. These two types of jobs are low productivity and return earnings that are on average below the minimum wage. Further, they tend to be risky sources of income because they are subject to adverse weather shocks and are highly sensitive to small price changes or shifts in consumer buying patterns. They tend to require long working hours and difficult work conditions. Women also make up a large share of unpaid family work in agriculture.

Underlying Gender Gaps Related to the Labor Market and Social Norms Help to Explain the Gender Wage Gap

1. Women are disproportionately represented in low-paying occupations with lower rates of return. Women dominate in the service and sales jobs (figure 5), which are among the lowest paying (figure 6). But even there, men earn more than women. In fact, women only earn more than men as clerks, another relatively low-paying occupation.

The occupational segregation may be related to underlying gender disparities. While girls and boys have different career goals that, if fulfilled, would result in higher female earnings, these aspirations begin to shift as they become women and men. During postsecondary school, girls begin to cluster into management, education, and health; boys cluster into information technology and the sciences. Factors related to nonwage-paying jobs, such as the stability of having a formal contract, social insurance, paid leave, and shorter weekly hours, may be traded off for lower pay, including low-level public sector jobs (Chowdhury et al. 2018). Further, the flexibility of owning one’s own firm is more valued by women—
who say that they can better balance their work at home with this type of job; this may push women into jobs offering lower remuneration.

Gender segregation also persists at the top of the occupation ladder. Only 25 percent of managers are women, and they earn 91 cents on the dollar (figures 5 and 6). At the top of the occupational pyramid, 22 percent of firms had a female top manager in 2015, and female-led enterprises tend to be smaller than male-led ones. In Vietnam—and in the East Asia region as a whole, female entrepreneurs consider their lower level of managerial skills to be barriers to their success. For example, a survey of 500 female enterprise owners (men were not surveyed) indicated that female entrepreneurs wanted to improve their skills, especially in business management and leadership, through training and education (World Bank 2012b). While female participation is low in top managerial positions, it is about 50 percent higher in firm ownership.

2. Time use and household responsibilities limit women’s choices and gains from the job market. Social norms still dictate that women are responsible for the household. In fact, women spend significantly more hours on household work than men. For example, ActionAid Vietnam (2016) collected information on time use from 800 people in 9 provinces and found that women worked an average of 35 hours per week compared with 21 hours for men. Women without an education worked more than 9 hours of unpaid care work daily. These household responsibilities, with time requirements equivalent to a full-time job, limit women’s access to the labor market. Jobs requiring long working hours, that are remotely located (requiring long travel), or that offer unusual working hours may not be compatible with household responsibilities, limiting employment options for women. These factors may also push women toward jobs that pay less in exchange for more family-friendly policies, such as family leave and social insurance (Chowdhury et al. 2018).

The homecare constraints to bettering women’s jobs may become more intense as an aging population increasingly demands women’s time for eldercare. The child and elderly dependency ratio is expected to grow into the foreseeable future (figure 7). This growth is driven by an aging population because child dependency ratios are expected to remain constant. The increasing number of elderly could put pressure on women to provide unpaid care services for family members, crowding out

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2 Ibid.
their time for work or pushing them into lower-paying but family-friendly jobs.

3. Gender discrimination and social norms play a role in the gender wage gap, but they are more difficult to measure. While Article 40 of the Law on Gender Equality mandates nondiscrimination based on gender in hiring, there is still discrimination in recruitment. For example, a review of advertisements for top managers and supervisors found that 65 percent specified a male (gender) requirement for the job (ILO 2016). In addition, social norms on women’s traditional role in society help explain the gender wage gap. According to results from the 2001 World Values Survey, 86 percent of respondents stated that being a housewife was just as fulfilling as working for pay (Dalton and Ong 2001), and 86 percent of them also agreed that a woman needed to have children to fulfill their role.

4. Labor laws may introduce gender disparities. Laws created with good intentions could still introduce gender inequalities. For example, Article 160 of the Labor Code excludes women from 70 occupations that policy makers deem as harmful to childbearing and parenting functions, such as work that requires regular immersion in water or regular underground work in mines. Women should be given the choice to decide whether they would like to work in such jobs, regardless of their parental status, especially because these sectors may offer better pay. For example, in 2008, the average yearly salary per worker in mining and quarrying was VND 51,687,149, or approximately US$2,269 (Ha 2012), which is slightly higher than the average annual income of US$2,200 per worker in 2017 (PwC 2017).

5. Pension laws may contribute to the gender wage gap. The structure of the country’s pension system provides incentives for workers to retire at an early age. Article 54 of the Law on Social Insurance mandates that men and women retire at 60 and 55, respectively. Because they can retire and receive full benefits at those ages, many spend almost half of their adult lives not working. For women, the legal retirement age reduces their careers earlier than those of men, decreasing their prospects for promotion (World Bank 2011). It may also limit their chances of receiving training to advance to senior positions later in their careers.

**Ethnic Minority Women and the Double Burden**

Women from ethnic minority groups are particularly challenged, facing both gender and ethnicity-related constraints in the labor market. Ethnic minorities are less likely than people of Kinh or Hoa ethnicity to hold a wage-paying job and, as discussed above, women are generally less likely to hold a wage-paying jobs than men. Only 17 percent of working women who do not self-identify as Kinh or Hoa hold a wage-paying job compared with 22 percent of Kinh or Hoa women and 32 percent of men who belong to an ethnic minority. Furthermore, women from ethnic minority groups who do hold wage-paying jobs earn 17 percent less than ethnic minority men, 35 percent less than Kinh or Hoa women, and 50 percent less than nonethnic minority men. Female ethnic minorities are clustered in lower-paying and less-stable agricultural self-employment roles. For example, 59 percent of women from ethnic minority groups are self-employed in agriculture compared with 40 percent of women from the ethnic majority (table 1).
Various gender-based constraints underlie the aforementioned gaps between the ethnic minority groups and the dominant Kinh group. For example, women from some ethnic minority groups spend more than nine hours per day in unpaid care work compared with five hours among Kinh women. Lower literacy rates, inadequate access to basic services, and living in remote rural areas with higher rates of poverty also limit job opportunities for Vietnam’s ethnic minority women.

**Opportunities for Leveraging Megatrends**

Moving forward, the evolving local and global landscape offers many opportunities for jobs in Vietnam. For Vietnamese women, the new megatrends will affect their job landscape for better and worse.

- **Rise of the Asian consumer class.** The consumer class in Vietnam and the region is growing and is expected to demand more and higher-value goods and services. Jobs will diversify within sectors into higher value jobs and shift across sectors toward manufacturing and services. Because a large share of female employment is in that sector, the expected manufacturing boom may benefit women. The predicted growth in service jobs may also provide opportunities for women, who already cluster in the sectors.

- **Shifting trade patterns.** Changing patterns of globalization toward more sophisticated exports that involve new technology and knowledge have the potential to create better jobs for women if the higher value-added domestic and Foreign Direct Investment led exports are in industries that typically hire women, such as textiles and food packaging. However, if the higher value-added exports are primarily in male-dominated sectors, such as heavy machinery or transport, or if women lack the needed skills for the new opportunities, women may be hindered in their ability to take full advantage of this megatrend.

- **Increase in global knowledge economies.** Knowledge jobs are developing, especially in design, research and development, marketing, after-sale services, logistics, and vertical farming. These higher value-added jobs could help women move toward knowledge tasks that are further up the value chain. Given their higher levels of education compared with men, women could benefit, but their limited access to in-firm training compared with men may limit their growth into these jobs.

- **Automation.** Machines, robots, artificial intelligence, and information technology are entering workplaces

**TABLE 1: Jobs portfolio of rural people by gender, 2014**

<table>
<thead>
<tr>
<th>Male</th>
<th>Ethnic minority</th>
<th>Ethnic majority</th>
<th>Female</th>
<th>Ethnic minority</th>
<th>Ethnic majority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a wage-paying job (%)</td>
<td>32</td>
<td>34</td>
<td>17</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Self-employed in agricultural role (%)</td>
<td>62</td>
<td>40</td>
<td>59</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Self-employed in nonagricultural role (%)</td>
<td>4</td>
<td>11</td>
<td>6</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Annual earnings, agriculture (in thousands of Vietnamese dong)</td>
<td>5,074</td>
<td>8,201</td>
<td>3,531</td>
<td>5,684</td>
<td></td>
</tr>
<tr>
<td>Annual earnings, wage-paying (in thousands of Vietnamese dong)</td>
<td>11,881</td>
<td>19,602</td>
<td>9,834</td>
<td>15,058</td>
<td></td>
</tr>
</tbody>
</table>

Source: Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)’s estimate based on Vietnam Household and Living Standard Survey 2014 (VHLSS) and UN Women 2016.
and will affect the nature and number of jobs available for everyone. Jobs will become less gendered through automation, and women’s higher levels of education will help them with the skills to operate machinery. However, there is a risk that the best source of jobs for women—the textile and apparel sector—will shed labor. To adjust, the industry needs to begin moving toward specialized apparel and knowledge tasks that are higher on the value chain and that cannot be replaced by machines.

- **Demographics.** The growth of the elderly population in Vietnam and in wealthy neighboring countries could either benefit or hinder women’s job prospects. A large elderly population is already increasing the market for “pink collar jobs” in the care economy, both in Vietnam and around the globe. These occupations are already among the fastest growing and could be a substantial source of new jobs for women, although experience in other aging countries has demonstrated that these jobs often pay low wages. If this market does not grow in Vietnam, the demographic trends could put pressure on women to provide unpaid eldercare services for their families.

### Opportunities for Preparing for a Future of Gender Equality

Reforms are needed to set the stage for more productive, better paid, and higher quality jobs for women. While much has been written on the need for childcare services to alleviate women’s home burdens and greater access to education, this note proposes additional policy angles as described below.

1. **Promote laws for equality of opportunities**

Specific reforms can strengthen the labor code’s efforts toward gender equality, including:

- Equalize the cost to employers for hiring women or men. Considering that women do the bulk of household work, labor laws can incentivize men to absorb some of this burden. For example, annual leave stipulations should be gender neutral. And the introduction of paternity leave into the labor code could lower the cost differential of hiring women versus men.

- Let women, rather than the law, make decisions about work, including allowing women to choose for themselves whether or not to accept overtime work and to determine the duration of their prenatal leave.

Women should be able to take maternity leave before or after a pregnancy, to curtail their maternity leave if desired, and to be the sole decision maker regarding the suspension of a work contract due to pregnancy. Gender discrimination for the 70 occupations should be eliminated.

- Directly address gender discrimination, including the introduction of clearly defined laws against sexual harassment as well as explicit and well-known processes for to address it.

2. **Develop markets to alleviate household constraints, especially those related to the aging population**

A comprehensive long-term care system is crucial. It should offer a broad range of services in homes, communities, and institutions to alleviate the burden of household eldercare on women. Thailand, for example, has a program in its rural areas that pays community-based caregivers a monthly stipend to provide in-home services. China has also implemented a pilot program that utilizes the role of the private sector to establish or strengthen community care centers that provide comprehensive services (O’Keefe et al. 2016). These systems provide the support that would otherwise have been provided by daughters and daughters-in-law and provides income to people wishing to remain active.

3. **Foster gender-neutral industries**

The rise of the knowledge economy, a growing service economy, and a greater reliance on automation will favor more educated workers. Because women already have higher education levels than men, these jobs should naturally benefit them, however, as noted above, it matters what is being exported. Policy makers should include a gender lens on their strategies for negotiating foreign investment or for supporting export strategies.

4. **Provide skills and mentoring to expand job opportunities for women in traditionally male-dominated sectors**

Vietnamese women can benefit from the employment growth, however, more needs to be done to ensure their inclusion. Skills training for women must be prioritized. Only 2 percent of women have technical or vocational secondary or higher education compared with less than 10 percent of men. As noted above, skills development is needed for both low- and high-skilled occupations.
Greater female engagement in STEM can encourage women to diversify their job prospects, explore sectors traditionally dominated by men, and be better prepared for knowledge-intensive labor markets.

5. Leverage labor laws and workplace norms to allow men to play more active roles in the household and to be more willing to accept women as their managers

Encouraging men to increase their participation in homecare and other related household responsibilities is critical to reducing the burden on women and to making advancements toward gender equality. Such a social change is a long process, but labor laws can provide incentives. Promoting a work environment where women hold higher-level and managerial positions will also force a change in gender norms in the workplace and provide role models for young female professionals.

6. Design policies that target women from ethnic minority groups

Many ethnic minorities are not engaging in the emerging economy due to the remoteness of their rural communities, their limited engagement with the service and manufacturing sectors, and weak connections with developing the agriculture sector, the food industry should invest in cities close to agricultural production bases to create employment opportunities. In addition, steps should be taken to enhance the quality of existing jobs for ethnic minority communities, including those held by women, in the traditional sectors of agriculture and family farming. For example, encouraging the sector to diversify into high-value and varied crops that meet the demands of the rising Vietnamese consumer class would be especially beneficial to ethnic minority women who depend heavily on agriculture as their main source of income. This would also allow them to balance household and market work.

In closing, emerging megatrends offer Vietnam new opportunities to equalize the job prospects of men and women. Policy makers can contribute by developing policies and incentives to capitalize on these megatrends so that the new jobs not only benefit Vietnam’s women, but also significantly advance the country’s development goal of becoming a middle-income, inclusive, and democratic country.

References
