

LABOR MARKET SITUATION IN PHU THO PROVINCE PERIOD 2016-2020 AND SOLUTIONS TO 2025

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Abstract

The labor market in Phu Tho province in recent years has initially developed and achieved initial results. Labor supply in the province is quite plentiful, the quality of training tends to increase over the years. In 2019, the percentage of trained employed workers was at 24.5%. Labor demand in the province has increased, due to the stable economic growth of the province in recent years, creating many jobs for laborers. In particular, the development and economic restructuring of the province created labor demand in new occupations such as manufacturing, automation, tourism and travel service. However, the labor market information system in the province still has some limitations, including: Labor mainly works in short and medium term forecasts; Lack of assessment on the fluctuation of labor supply - demand relationship; Lack of binding mechanism for business establishments to provide reliable information, etc. Based on the results manifold political implications are derived.

Keywords: Labor, supply - demand, market, transition, Phu Tho province.

1. Introduction

In the context of international integration, the requirement for the quality of human resources in Phu Tho province has been increasing aiming to prepare a labor force capable of responding to the economic development of the province and other neighboring provinces (Ha Noi, Bac Ninh, Vinh Phuc, etc). The population of the province was over 1.4 million people. The labor force in the province is quite plentiful,

participating in all sectors. In recent years, the movement of human resources in the province has also taken place quite strongly, especially the movement of agricultural, forestry and fishery labor to other sectors, labor migration from rural to urban and increasing the number of people working in industrial zones. Especially, participating in labor export has the great impact on the socio-economic development of the province. Over the past years, the local government has always

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considered human resource development as a key factor that has decisive significance in the development of the province. This is one of the four strategic breakthroughs to motivate the industrialization, modernize, and brings the province's economy to rapid and sustainable development. Therefore, the local government has always focused on training human resources both in the quantity as well as the quality [1].

In fact, the development of human resources in Phu Tho province also faces some difficulties from the competition for social resources (especially human resources for industrial zones and clusters, high quality human resources moving to provinces/cities with higher living standards and income) are increasingly severe [2]. Meanwhile, the capacity, qualifications and professional skills of the contingent of teachers, lecturers and managers of vocational training institutions in the province still have some limitations. For instance: the lack of and outdated teaching and practice facilities and equipment; the system of programs and textbooks was slow to be renovated and updated; the workers' skills in using foreign languages has still limited; the human resource training is not really associated with the needs of the businesses' demand, so there is still a redundant situation, laborers must participate in retraining before participating in the production process at the enterprise, etc [3]. As the result, the average income per worker in Phu Tho province is at the middle and low level compared to the national average (about 76%) [4].

By the year 2025, human resource development continues to be one of the

important factors affecting the socio-economic development of Phu Tho province. For such reasons, the assessment of training needs of human resources in the province in the period 2010-2020 in a complete and comprehensive manner. It will show the changes in the quantity and quality of human resources. In addition, it is very crucial to build a plan to train high-quality human resources to meet the requirements of innovation, economic restructuring, increase labor productivity and ensure socio-economic development.

Therefore, the assessment of the current situation of the labor market in Phu Tho province in the period of 2016-2020 in the context of the industrial revolution 4.0 aims to provide solutions, recommendations and orientations to 2025 to improve the quality of labor to contribute to socio-economic development of Phu Tho province. The authors carried out this study with three specific goals: (i) Assessing the current situation of labor supply and demand in Phu Tho province (in terms of number of laborers, working age, unemployment rate, trained worker rate, labor productivity); (ii) Analyzing of attitudes and trends in labor market organization in Phu Tho province in the context of national integration and digital transformation trend; (iii) Proposing some recommendations to improve the quality of labor force in Phu Tho province in the context of national integration and digital transformation trend.

2. Methods

To achieve the research goals, with the communication system approach, the

research is conducted according to a process consisting of the following steps:

(i) System approach: With this approach, the labor situation is approached from the perspective of a part of management functions.

(ii) Data collection and processing: To collect data related to the situation and data on quantity, quality, socio-economic indicators, etc. of labor force in Phu Tho province from the General Statistical Office and Phu Tho Statistical Yearbook. Research using desk research to collect necessary data. The collected data were classified, aggregated and calculated the necessary indicators and drawing illustrative tables and charts.

(iii) Data analysis: The study uses descriptive statistics and comparative analysis to clarify the variation of analytical indicators.

3. Results and discussion

3.1. Current situation of the labor market in Phu Tho province in the period 2016 - 2020

3.1.1. Labor structure

By the end of 2019, the population of Phu Tho province reached 1,466.4 thousand people. Population growth in recent years has led to an increase in the labor force, an average increase of 13.4% per year. The total number of people of working age tends to increase in the period 2016-2020, specifically, from 765 thousand people in 2016 to 850.6 thousand people in 2019, an average increase of 3.6% per year. On the other hand, the population structure of working age compared to the total population of the province accounts for over 50% (Figure 1).

Unit: Thousand people

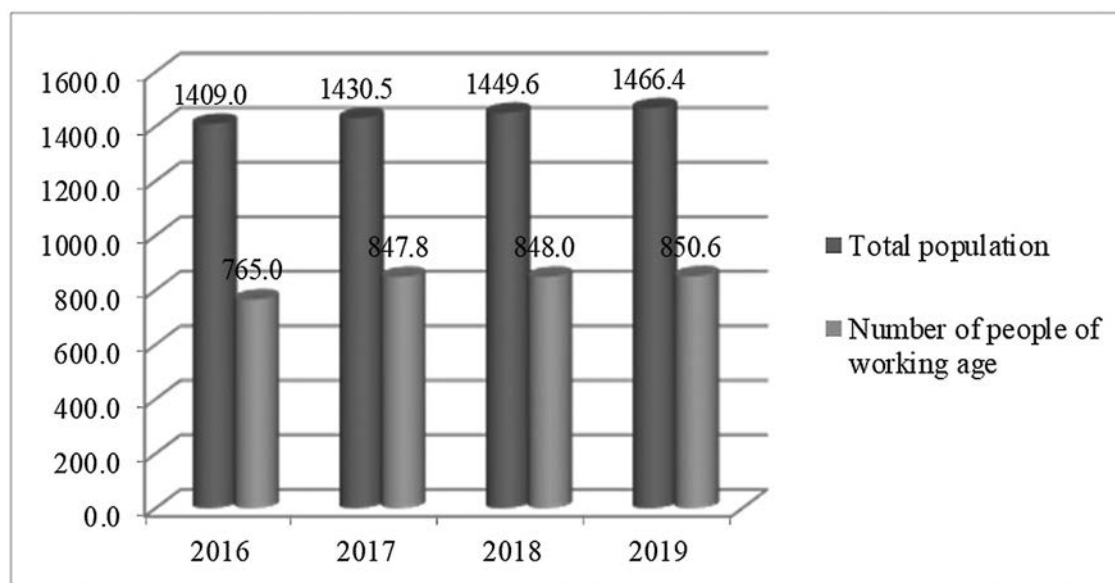


Figure 1. Labor scale in Phu Tho province over the years [4-7]

The total number of annual employees of Phu Tho province tends to decrease slightly in the 2016-2020 period, averaging 0.2% per year. In 2019, the total number of employees working annually was 840.2 thousand people, accounting for 57.3% of the total population of the province. In terms of types of enterprises, the number of employees working in the state-owned enterprises was 71.4 thousand people (account for 8.5%); the number of employees working in the non-state enterprises was 706.3 thousand people (account for 84.06%); about 62.5 thousand employees working in the foreign investment enterprises (account for 7.44%) [4-7].

In terms of kinds of economic activities, in the 2016-2020 period, laborers working in kinds of economic activities tend to fluctuate, specifically, the agriculture, forestry and fishery have the highest proportion of labor among the total number of laborers in Phu Tho province. In 2019, the number of laborers in the agriculture, forestry and fishing sector was 394.1 thousand people (account for 46.90%). In contrast, the number of laborers in the industry – construction sector is 234.4 thousand people, account for 27.90%. The industry of trade and service sector with 211.7 thousand people (account for 25.20%). (Figure 2).

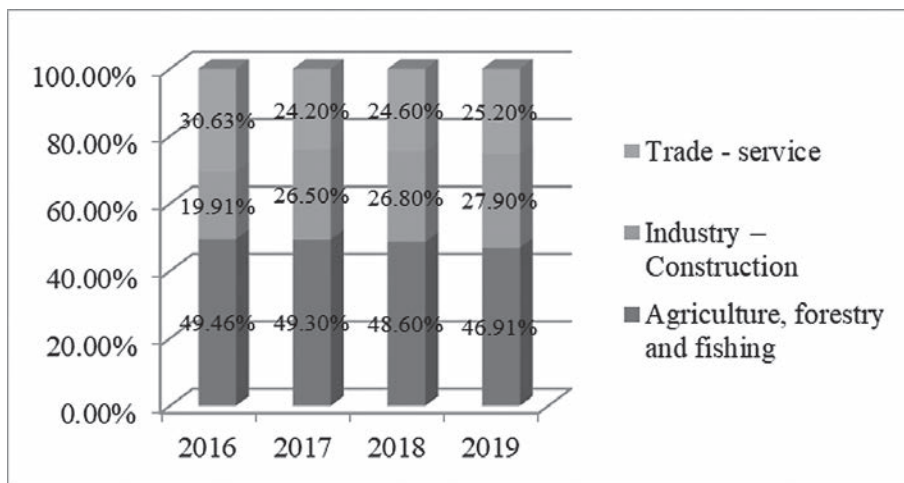


Figure 2. Labor structure in kinds of economic activities in Phu Tho province for the period 2016-2020 [4-7]

In terms of labor force by sex, total number of male and female laborers in Phu Tho province tends to increase in the period 2016-2020, average decrease of 3.6% per year. In terms of labor force by urban and rural areas, the total number of laborers in urban areas is 140.4 thousand people, accounting for 16.51% of the total labor force

of the province in 2019. In contrast, the total number of rural laborers is 710.2 thousand people, accounting for 83.49% of the total number of laborers in the province [4-7]. It can be seen that the number of laborers concentrated in rural areas is still too large, leading to the difficulties for the province to create jobs for rural laborers.

Factors affecting labor demand:- Economic restructuring:*

The economy in Phu Tho province in 2019 was continuing to grow, exceeding the plan. The total product in the province (GRDP) in 2019 at constant 2010 prices was estimated at 44,093.3 billion VND, an increase of 7.83% compared to 2018 (exceeding the plan by 0.23%); of which the industry and construction, the service and the agriculture, forestry and fishery sector increased by 12.22%; 6.99%; 3.43% respectively.

Economic structure (value-added structure) in 2019: The agriculture, forestry and fishery sector accounted for 21.03% (21.57% in 2018); Industry and construction accounted for the proportion of 38.77% (reaching 37.86% in 2018); the service sector accounted for 40.2% (in 2018, it reached 40.57%). The economic structure in 2019 was continuing to have a positive shift, slightly decreasing the proportion of the agriculture, forestry and fishery and service sectors, increasing the proportion of the industry and construction sector.

Therefore, the trend of labor structure of the province has also changed rapidly. The labor structure has continuing to shift rapidly in the direction of reducing the proportion of the labor force in the agriculture, forestry and fisheries sector, increasing the proportion in industry and services [4].

- Number of enterprises in Phu Tho province:

As of December 31, 2019, the total number of actual enterprises operating in economic sectors was 4,701 enterprises, compared with

2016, an increase of 1.47 times, an average increase of 13.77% per year. In which, there are 24 state-owned enterprises (SOEs.) (accounting for 0.51%); There are 4,552 non-state enterprises (accounting for 96.83% and 125 foreign investment enterprises (accounting for 2.66%) [4-7]. In terms of volume, enterprises increased mainly in the non-state sector, followed by the foreign invested sector, the decrease in the number of SOEs is the government's initiative to reorganize and equitize SOEs.

The number of enterprises is mainly concentrated in the trade-service industry. In 2019, there were 2,716 enterprises in the trade-service industry (account for 57.78%); there were 1,894 enterprises in the industry-construction, (account for 40.29%); The agriculture, forestry and fishing has only 91 enterprises (account for 1.93%). Compared to 2016, the number of businesses tended to increase strongly in all sectors, on average each year. The number of businesses in the trade-service industry increased by 12.28%, the industry-construction increased by 15.26% and the agriculture, forestry and fishery sector increased by 36.22%.

The labor structure shift has taken place strongly in the direction of reducing the proportion of labor in agriculture, forestry and fishery increase the proportion of industry, construction and service sectors. The speed of labor mobility in Phu Tho province also tends to shift from agriculture, forestry and fishery to other economic areas, reaching the highest level in the past 5 years.

- Number of new enterprises created annually:

The total number of newly established enterprises in economic sectors in 2019 was 710 enterprises, an average increase of 4.92% per year. All were non-state enterprises (accounting for 96.2%), an average increase of 4.2% per year; there are 27 foreign-invested enterprises (accounting for 3.8%), an average increase of 29.9% per year. The number of newly established enterprises concentrated mainly in the trade-service industry. Specifically, there are 369 businesses established in the industry of commerce and services (accounting for 51.97%); There are 320 enterprises in industry-construction, accounting for 45.07%; There are only 21 enterprises in the agriculture, forestry and fishery sector, accounting for 2.96% [4-7].

The number of newly established businesses leads to an increase in the demand for new recruits. In 2019, the total number of new recruits in economic sectors is 14,530 people, increasing by 1.06 times compared

to 2017, an average increase of 2.87% per year. In particular, the demand for labor recruitment is concentrated in non-state enterprises and foreign invested enterprises. In terms of kinds of economic activities, the number of workers that need to be recruited the most in the industry-construction industry needs 11,495 people, accounting for 79.11%, an average increase of 3.92% per year [4-7].

- Demand for labor export:

Phu Tho is one of the provinces with the largest number of overseas workers in the country. Thanks to the labor export, the economy and people’s life of Phu Tho province have changed significantly. On average, each year, the whole Phu Tho province has about 2,500 laborers working abroad. In 2019, the number of people going to labor export is 3,316 people Remittances sent by oversea workers each year are nearly 1,000 billion VND.

Unit: Persons

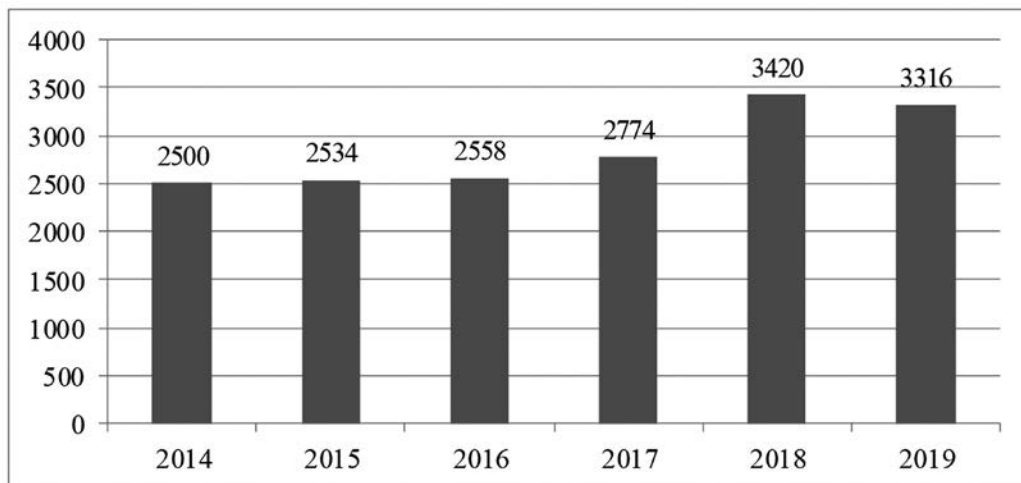


Figure 3. Number of workers in Phu Tho province to work abroad from 2014 to 2019 [8]

Over the past years, Phu Tho province has determined that labor export is an important task to actively contribute to poverty reduction, increase income for people, and create jobs. On the other hand, some parts of the labor force have acquired the experience, techniques and advanced technology in production in your country to return to enrich their homeland [8]. The People's Committee of the province has directed branches and localities to continue to diversify forms of labor export but not follow the quantity, attaching importance to quality, improving the efficiency and effectiveness of state management in order to develop labor export in a sustainable direction, bringing many socio-economic benefits. Therefore, provinces have high number of labor export workers including Viet Tri city, Lam Thao district, Thanh Ba district, Cam Khe district have changed significantly thanks to labor export activities [9].

Currently, Phu Tho province has many professional training institutions. By the end of 2019, the province has 52 vocational education institutions and participates in vocational education activities. However, the support from the local government for vocational education systems is limited, so the training of vocational skills for the contingent of teachers, lecturers, recruitment counseling students, career guidance for students with difficulties [10]. The implementation of the socialization policy on vocational training has not been synchronous, the proportion of vocational training in the mode of socialization remains low. In addition, specialized education tasks such as vocational training for ethnic

minorities, people with disabilities have not been given adequate attention.

- Labor supply:

Currently, the number of working-age people in the province is over 80,000 people. The proportion of trained workers, although it tends to increase over the years, specifically in 2016 is 21% and in 2019 it increases to 24.5%. However, the percentage of trained workers makes up a small proportion of the total number of workers in the province. In addition, the rate of trained workers for men in 2019 is 29.4% higher than that of women is 19.7%. The rate of trained workers in urban areas is 45.7%, much higher than in rural areas which is 20.9%. Therefore, vocational training to improve the quality of training, associating vocational training with the demand of labor in rural areas is the top concern in the job creation policy in the province.

The average unemployment rate of the province was 1.9% in 2019. The unemployment rate of male workers was rather higher than female workers, and in urban areas was higher than in rural areas. However, the situation of not using up all the time laborers in rural areas is still common, unemployment in urban areas is still abundant, labor and jobs are still very attractive issues in the Phu Tho province in the coming years.

Over the past years, the number of students, graduated students in Phu Tho province has steadily increased over the years. This is one of the abundant and high-quality human resources contributing to the province's socio-economic development. As

of December 31, 2019, the total number of students and graduates was 10,276 people, an average annual increase of 4.72% per year. Specifically, the total number of university students was 2,057 people (account for 24.11%), slightly decreasing by 1.57% per year on average. In contrast, the total number of college graduates making up the largest number was 5,231 people, accounting for 45.83%, an average annual increase of 8.46% per year. The total number of graduate professional secondary students was 2,988 people (account for 30.07%), an average annual increase of 3.56% per year [4-7].

* Limitations and shortcomings in the development of the labor market in province:

The labor force is unevenly distributed among regions: in urban areas (account for 16.51%) rural areas (account for 83.49%). Labor allocation has not yet created favorable conditions to promote land advantages, created jobs for workers and affected the movement of labor from rural to urban areas. It can be seen that the large number of laborers concentrated in rural areas will make it difficult for the province to create jobs for rural laborers.

The quality of labor has still low, mainly in agriculture and rural areas, which do not meet development requirements: The rate of trained workers in urban areas was 45.7%, much higher than that in rural areas was 20.9% in 2019 [4]. There is a shortage of highly qualified technical workers, labor in some service sectors (banking, finance, information and telecommunications, tourism, etc.) and new industry in the province. Workers are not equipped with teamwork knowledge and

skills, are incapable of cooperation and take risks and team work experience.

Businesses currently have not actively participated in training and vocational training, have not been in the role of orderers, making requests to training institutions (universities, colleges, vocational training). As a result, businesses are often passive in using trained workers and mainly use the results of training human resources from training institutions, vocational training then have to retrain.

The employment service system in the province is still slow and fragmented, there is no clear organizational structure, and the staff is not synchronous. In rural and remote areas, it is difficult to access official information from the labor market.

The labor market information system is not fully updated. Therefore, there is a lack of data for short- and medium-term forecasts to serve as a basis for researching and evaluating the characteristics and fluctuations of labor supply - demand relationship, and to serve the general training planning for the entire system as well as each training institution. In particular, information on labor demand does not have a binding mechanism for production and business establishments to provide a basic way to have a balanced and forecast database.

There is no good solution for the labor mobility in rural areas, which accounts for a high proportion, they are mostly unskilled workers, willing to accept low-income jobs resulting an increase of the negative competition in the labor market.

3.1.2. Views and trends to organize the labor market in the province in the context of national integration and digital transformation trend

Over the past years, Vietnam's international economic integration process has achieved solid results. In addition, the application of innovation also allows promoting labor productivity as well as the ability to transform production, management and governance systems for enterprises in the province. Some orientations on the labor force of Phu Tho province in the period 2021 – 2025:

Firstly, to expand labor demand, gradually solve the supply-demand imbalance in labor with economic development solutions, encouraging investment through economic development planning, enhancing and maintaining the position of competitiveness index, adopt incentive policies on conditions for enterprises with high technology, technology and key economic sectors; expanding and improving the quality of business incubators, etc, creating a rich labor demand market, creating new jobs [11].

Secondly, improving the quality of labor supply in accordance with the needs of society, specifically: Completing the career training network; Organizing training for those who prioritize and encourage labor force training in fields with high labor demand and are expected to develop in the direction of the economy basing on the forecast of labor demand [12].

Thirdly, planning the employment service network, building an effective job service system, meeting the information collection and

processing, connecting supply and demand, consulting and forecasting labor market information. Expand and improve the efficiency of the periodic job exchange, proceeding to organize weekly transactions [13].

Fourthly, it is necessary to proactively capture labor market information in the informal economy in order to have management solutions and appropriate policies, giving priority to auxiliary fields for the formal economic sector to develop sustainably.

4. Conclusions and recommendations

4.1. Conclusions

With the positive transformation of the domestic and foreign economy, and the drastic direction of Phu Tho province, the province's labor market has shifted in a positive direction, gradually reducing the use of simple workers to employing a group of skilled and highly qualified workers, the quality of labor is gradually improved. The trend of the labor structure towards reducing the proportion of labor force in the agriculture, forestry and fishery sector but increasing in the industry and service sector and reaching a high level in the period of 2016-2020. At the same time, to strengthen propaganda to change the society's perceptions about vocational training, career establishment, and timely information on the effectiveness of vocational training activities. Strengthening facilities for vocational training to improve the quality of human resources, contributing to enhancing the competitiveness of workers in the province.

In particular, in order to improve the quality and efficiency of vocational training, especially vocational training for rural workers under the Scheme 1956, the Department of Labor, War Invalids and Social Affairs has strengthened and renewed its directing method, guide and inspect vocational training institutions in the province. Attaching the responsibility of the district and commune authorities in planning and selecting training occupations; Ensuring the implementation of training according to the vocational training needs of rural workers. At the same time, it is needed to link vocational training with job creation, productivity increase, product value increase, income increase and quality of life for rural workers.

The study showed an overview on labor supply and demand in Phu Tho province in the period 2016-2020. At the same time, assessing the context and requirements of labor market development in the province in the trend of national digital transformation; From there, as a basis for proposing a number of solutions to develop the labor market in Phu Tho province with orientation to 2025. However, the limitation of the study is mainly focusing on analyzing the current state of the research problem based on secondary data, and have not yet used the primary data. The next research direction will expand the survey of primary data and survey subjects to focus on analyzing the situation of labor quality in Phu Tho province base on the primary data.

4.2. Recommendations

In order to contribute to improving the quality of human resources, to meet the requirements of developing the labor

market in the province in the trend of digital transformation oriented to 2025, Phu Tho province should focus on implementing the following solutions:

Firstly, the province should support for enterprises to organize training courses to improve workers' skills, free recruitment notice on radio and newspapers, periodically organizing job fairs for laborers to self-study with businesses wishing to use, etc. It is needed to pay more attention to support and investment incentives for training institutions, projects to improve, nurture and effectively use local human resources. Implement special incentives for projects to establish a number of high quality private vocational schools, organize free training courses for human resource managers of enterprises, etc.

Secondly, the local government should focus on improving the quality of existing vocational education institutions up to national, regional and international standards, with a focus on vocational training enterprises associated with employers; give priority to training workers for projects of new technology, high technology; professions serving the tourism industry, mechanical engineering, machine assembly, paper, cement production, etc [14].

Thirdly, the local government should support businesses to develop training plans to develop local human resources, commits to re-use the number of laborers sent for training, deducting a part of investment budget for training and stipulating that the development of human resource development strategy is a necessary and sufficient condition to approve and issue investment certificates for projects.

Fourthly, it is very necessary to have contact between leaders at all levels of authorities with businesses, agencies, employers and units participating in labor training in the province. The province should encourage training institutions in the province to associate training with reputable training institutions at home and abroad to improve the quality of training.

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THỰC TRẠNG THỊ TRƯỜNG LAO ĐỘNG Ở TỈNH PHÚ THỌ GIAI ĐOẠN 2016-2020 VÀ GIẢI PHÁP ĐẾN NĂM 2025

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Tóm tắt

Thị trường lao động ở tỉnh Phú Thọ trong thời gian qua đã bước đầu phát triển và đạt được những kết quả ban đầu. Nguồn cung lao động trên địa bàn tỉnh khá dồi dào, chất lượng đào tạo lao động có xu hướng tăng qua các năm. Năm 2019, tỷ lệ lao động qua đào tạo trên địa bàn tỉnh đạt 24,5%. Cầu lao động trên địa bàn tỉnh tăng thêm, do tình hình kinh tế của tỉnh trong những năm qua tăng trưởng ổn định, tạo thêm nhiều việc làm cho người lao động. Đặc biệt, sự phát triển và chuyển dịch cơ cấu kinh tế của tỉnh đã tạo ra cầu lao động trong những ngành nghề mới như công nghiệp chế tạo, tự động hóa, du lịch và lữ hành. Mặc dù vậy, đến nay hệ thống thông tin về thị trường lao động trên địa bàn tỉnh vẫn còn một số hạn chế, bao gồm: Việc dự báo lao động chủ yếu là ngắn hạn, trung; thiếu đánh giá về biến động của quan hệ cung - cầu sức lao động; thiếu cơ chế ràng buộc để các cơ sở sản xuất kinh doanh cung cấp thông tin tin cậy... Dựa trên các kết quả của nghiên cứu này, nhiều gợi ý chính sách đa dạng đưa ra.

Từ khóa: Lao động, cung - cầu, thị trường, chuyển dịch, Phú Thọ.