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Vocational Training for Unemployment Insurance Beneficiaries: Case of Hung Yen Province, Vietnam

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Abstract

Vocational training and unemployment insurance are two important policies of the labor market, which greatly affects job seekers after being unemployed. It is urgent for unemployed people to not only receive unemployment insurance money in order to ensure their lives, but also to find a suitable job. One of the reasons that workers are unhired is due to low qualifications and skills, or their trained professions are not aligned with the process of industrialization, modernization and the trend of current labor market. Therefore, vocational training for unemployed

people, especially unemployment insurance beneficiaries, plays an important role in helping workers find jobs as well as helping society take advantage of human resources in the context of countries, including Vietnam, are facing population aging. This paper focuses on analyzing vocational training for unemployment insurance beneficiaries in Hung Yen province, Vietnam, thereby proposing solutions for vocational training activities to achieve better results, and then, these solutions can be applied to other provinces with similar conditions.

Keywords: Vocational Training, Unemployment Insurance, Beneficiaries, Hung Yen, Vietnam

1. Introduction

In Vietnam, the process of industrialization and modernization has rapidly shifted the economic structure from agriculture to industry and services in localities, including Hung Yen province. In recent years, while the speedy development of industrial zones in Hung Yen has led to a high demand for human resources, many untrained workers who are employed for simple and common tasks are susceptible to significant layoffs. In addition, the Covid-19 epidemic that occurred in the past few years has caused many businesses to close or reduce production, resulting in a sharp increase in the number of unemployed workers. To protect workers against unemployment risks, unemployment insurance (UI) has been organized. In addition to offering financial assistance as a substitute for wages, UI was created to support vocational training for employees, helping them improve their skills or change careers, so that they can soon find suitable jobs. Although vocational training for unemployment insurance beneficiaries has been paid attention to in Hung Yen province, it still faces several limitations such as the lack of diversity in training professions, short training time, and antiquated teaching equipment... Therefore, it is necessary to have solutions to help Hung Yen perform this work better.

2. Literature Review and Methodology

2.1 Literature Review

In a complex economy, it is challenging to achieve perfect alignment between labor supply and demand, inevitably leading to a certain level of unemployment. As a means to secure the income of workers during periods of unemployment, UI came into existence. Since the late 19th century, UI has been established in European industrial countries, such as Switzerland, Germany, Belgium, France... International Labor Organization (ILO), which plays a crucial role in protecting the rights of workers, has approved several conventions related to UI, including Convention 44 in 1934 which guarantees financial assistance for the unemployed, Convention 102 in 1952 that addresses social security and Convention 168 in 1991 which focuses on the promotion, assistance and unemployment protection. These Conventions offer guidance for researchers and policymakers in seeking measures to protect workers against the risks of unemployment, including preventing, limiting and mitigating unemployment and its consequences.

Carter, J., Beesdard, M., & Bista, CP (2013) ^[1], has conducted a study comparing UI programs being implemented in 14 countries across different regions of the world. The aim of the study was to identify the strengths and weaknesses of UI programs in each country, allowing nations to consider the selection of suitable UI programs that aligns with their socio-

economic conditions.

GholamReza Keshavarz Haddad & Zahra Dashtbozorgi (2018) ^[2], argued that vocational training allowance and UI are two labor market policies that have an impact on finding appropriate jobs for workers after being unemployed. Therefore, the Iranian government has spent a large amount of unemployment benefits and vocational training institutions have developed training programs for young people to improve job skills. The authors have measured the quality of work through the salary of two control groups (one receiving occupational both UI benefits and vocational training, and the other not receiving either) to assess the effectiveness of resources allocation for these two activities. The Manh Nguyen (2022) ^[4], has researched on renewing UI policies towards enhancing training and retraining for employees by evaluating the actual status of UI policies implementation and proposing some solutions to enhance the effectiveness of these policies, with a particular emphasis on vocational training and retraining for workers. Thi Hop Le (2013) ^[3], has carried out a study evaluating the current status of vocational training for UI beneficiaries in Hanoi, on the basis of analyzing data on vocational training provided and regulated by the UI organization and investigating the needs of UI beneficiaries. After that, the study proposed solutions to ensure that vocational training truly brings positive outcomes for both employees and the labor market.

2.2 Methodology

The article uses the following methods: (i) Descriptive statistics: being used to analyze the actual situation of implementing vocational training for UI beneficiaries in Hung Yen, Vietnam, based on data from the Department of Labor, Invalids and Social Affairs of Hung Yen - the organization takes responsibility for implementing UI, along with other relevant studies; (ii) Analysis - synthesis and normative research: being used to synthesize and analyze UI policies and vocational training for UI beneficiaries, as well as the practical application of policies within Hung Yen province to make recommendations aimed at upgrading the effectiveness of vocational training.

3. Regulations on Unemployment Insurance and Vocational Training for Unemployment Insurance beneficiaries

3.1 Unemployment Insurance System for Employees

Unemployment is an inevitable phenomenon in the market economy, and for the unemployed, apart from the financial need (that replace salaries), they also have a desire to return to work as soon as possible, and UI has met these workers' needs. In order to stabilize society at the macro level and ensure the lives of unemployed workers and their families at the micro level, the Government has promulgated and organized the implementation of UI policies in a mandatory way and operated following the principle of "contribution – benefit" (benefits are calculated on the basis of contributions). The contents of the UI system are stipulated in the Employment Law No. 38/2013/QH13 and related implementing documents.

- Participants: (i) Employees working under labor contracts, fixed-term or indefinite-term contracts, or doing jobs with a term of season from full 3 months to less than 12 months; (ii) Employers, including agencies, organizations, enterprises, and individuals who hire and utilize labor.

- Contribution level: (i) Employees pay 1% of their monthly salary; (ii) Employers pay 1% of total salary fund of UI participants in the unit every month; (iii) The Government provides a maximum support of 1% compared to the total salary fund of all employees participating in UI scheme. In addition to the contribution, the fund is also generated from fund investment activities.

- Workers' rights:

- Being entitled to unemployment benefits from 3 to 12 months based on the number of months spent on UI, provided that a total of 12-month contribution has been paid in a period of 24 months (or 36 months for employees working under seasonal contracts) before contract termination. The benefit amount is equivalent to 60% of the average monthly salary. Additionally, employees are also entitled to health insurance during the period of receiving unemployment benefits.
- Free counseling and job placement services;
- Being supported for vocational training if desired;
- Being eligible for health insurance during the period of receiving UI.

3.2 Vocational Training for Unemployment Insurance Beneficiaries

- Conditions for vocational training support

Employees participating in UI are supported with vocational training when:

+ Reaching all the following conditions: (i) Terminate the labor contract or working contract, unless employees unilaterally terminate the labor contract, violate the law, or receive monthly pension or disability allowance; (ii) Submit the application for unemployment benefits at the employment service center in accordance with regulations as prescribed; (iii) Be unemployed for more than 15 days from the date of sending the request for UI, except for the following cases: performing military service, police service; studying for a period of at least 12 months; complying with the decision to undergo educational or compulsory rehabilitation institutions; being detained; serving a prison sentence; emigrating to settle down; working abroad under a contract; deceasing.

+ Having paid UI for at least 09 months within 24 months before the termination of the labor contract or working contract as prescribed by law.

- Duration and level of vocational training support

The vocational training support duration is based on the actual apprenticeship period but not exceeding 6 months. The level of support relies on the tuition fee of the training institution, with a maximum of 1 million VND per month before May 15, 2021. From May 15, 2021, the support level varies depending on the course, with a maximum of 4.5 million VND for a course of less than 3 months and being up to 1.5 million VND/month for a course of 3 months or more.

4. The Reality of Vocational Training for Unemployment Insurance Beneficiaries in Hung Yen

4.1 Organizing Vocational Training Support

Individuals receiving unemployment benefits are provided with job placement and vocational training counseling by the Employment Service Center throughout the process since unemployment registration, submission of the request for benefits and monthly job-seeking notification. When there is a need for vocational training, the following process

is applied:

Step 1: People come to register for unemployment at the Employment Service Center under the Department of Labor, War Invalids and Social Affairs of Hung Yen, where they will receive general advice on the contents of UI, including rights to receive vocational training support from UI policy.

Step 2: After being consulted about the benefits of vocational training, UI beneficiaries are advised on the current occupations that are in line with the demands of the labor market. If they desire vocational training, they will turn in an application specifying the profession they wish to study, the duration of the study, and the training location. The Center is responsible for receiving applications and recommending vocational training institutions that offer the chosen profession for the individuals within the province. Based on each individual's choices, the Center is responsible for contacting the vocational training institutions to prepare training programs for the employees. Simultaneously, the Center determines the profession, training duration, financial support amount, and draft decision for vocational training support for the individuals, which is submitted to the Director of the Department of Labor, Invalids, and Social Affairs for approval.

Step 3: Unemployed workers, after completing vocational training, are offered job placement counseling by the Center so that they can quickly return to the labor market.

4.2 Vocational Training Results

Over the past 14 years, since 2009, the UI policy has affirmed the role in protecting workers against inevitable risks that occur in the market economy such as unemployment risk. It has created conditions for sustainable development in the labor market, which has been positively received by both employees and employers. Not only does the policy disburse UI for tens of millions of unemployed people nationwide, but it also includes many measures to help workers re-enter the labor market such as job introduction, vocational training, and support for businesses with vocational training for workers. Hung Yen, which is located in the heart of the Red River Delta, within the key economic region, is one of the provinces with limited natural resources. However, taking advantage of transportation and logistics, in recent years, Hung Yen has experienced a high rate of industrialization and urbanization, with an average per capita income of 4,396 USD in 2022, ranking 12th nationwide and 6th in the Northern region. Along with this development, the number of people participating in UI increases annually. Employees joining in UI, when being unemployed, will undergo the entitlement procedure. The number of people applying for UI tended to rise in the period from 2018 to 2020, decrease in 2021 and then increase again in 2022. As shown in the following table:

Table 1: Status of unemployment insurance

		Unit: person, thousand VND				
TT	Content	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022
1	Number of people participating in UI	184,184	194,544	207,884	228,279	232,894
2	Number of people applying for UI	8,009	9,681	10,921	7,806	9,827
3	Number of people being approved of receiving UI	7,689	9,571	10,645	7,511	8,966
4	Number of people applying for vocational training	0	0	100	50	70
5	Number of people with vocational training	0	0	36	0	0
6	Amount of money supporting vocational training	0	0	108,000	0	0

Source: Hung Yen Department of Labor, Invalids and Social Affairs

To be eligible to take UI, unemployed laborers must meet certain conditions, so not everyone who submits an application is entitled to UI, including people who are not eligible for the payment period, or find a job right after applying. The percentage of employees being approved for UI benefits each year is over 95%. However, the number of people registering for and taking vocational training in Hung Yen is very low. In 2018 and 2019, there were no trainees registered. In 2020, the figure was 100 people, compared to 50 people in 2021 and 70 people in 2022, the number of registered people is 50 and 70 people, respectively. Among them, only 36 individuals were actually enrolled in vocational training in 2020, while no training was provided in other years. The reason is inadequacies of the vocational training support system for the unemployed. Many workers believe that after training, they can only get a primary vocational certificate, so that if they get a new job, the income gap between them and unskilled workers is too minimal. Therefore, they choose to find a job right after losing their job. In addition, the financial support for vocational training is low compared to the training cost, averaging 3 million VND/person/training course, and with a limited number of students, it becomes challenging to organize classes. The maximum training duration of 6 months is also insufficient to train workers for high-quality

professions. Workers at the primary level of skills are not capable of enhancing their working skills. If employees want to improve their working skills, they have to pay outstanding expenses. Those with higher education levels are reluctant to attend basic vocational training classes. Meanwhile, the vast majority of unemployed workers are unskilled laborers, whose life circumstances are inherently challenging. When facing job loss, UI benefits can only partly alleviate their financial burden. Therefore, it is hard to reinvest in working skills development. As a result, they tend to engage in informal work to make ends meet while waiting for a new job, so when they were consulted for vocational training, many unemployed workers refused. From the above situation, the policy to support vocational training for workers receiving unemployment benefits needs to be adjusted in time to encourage workers to improve their vocational skills, to meet the current requirements of improving the quality of human resources.

In addition, the training professions that the Employment Service Center advises and introduces to UI beneficiaries are not diversified and not modern enough to meet the needs of the labor market, so all apprentices enrolling only in vocational training. Register to learn a profession that is cooking techniques.

Table 2: Number of people trained by profession

TT	Content	2018	2019	Year 2020	Year 2021	2022
1	Cooking techniques	0	0	36	0	0
2	Motorcycle repair	0	0	0	0	0
3	Office information	0	0	0	0	0
4	Industrial sewing	0	0	0	0	0

Source: Hung Yen Department of Labor, Invalids and Social Affairs

The results of vocational training for employees entitled to UI are shown through the organization of vocational training over the years. The Hung Yen Unemployment Insurance Agency focuses on advising people who are receiving unemployment benefits to study occupations that the vocational training institution affiliated with the Employment Service Center has strengths in: Cooking techniques, office computing, sewing industrial, motorcycle repair. Thus, workers mainly choose the available occupations of the Center and the vocational training institutions that are consulted without really having information and accessing vocational training institutions according to their needs. The list of occupations is poor, these occupations, after being trained, are also difficult to find a job. Therefore, many workers do not register for an apprenticeship, or register for an apprenticeship in cooking, which can at least serve their personal needs, or can help employees run their own businesses. Some reasons why vocational training for workers in Hung Yen is not effective are:

- The level of financial support for vocational training under the provisions of the UI policy is low, and the maximum apprenticeship period is only 6 months, making it difficult for employees to wish to participate in over 6 months training courses and high-quality professional courses. Therefore, the fact that most workers after leaving their jobs tend to move back to their localities to find new jobs, or to apply for jobs according to their old expertise at other enterprises.
- The regulation on the apprenticeship period for unemployed workers not exceeding 6 months is not appropriate, because in fact, it takes a minimum 12 months to learn a quality profession and meet the requirements of the labor market. According to this regulation, unemployed workers who want to change careers to return to the labor market will face difficulties, leading to low registration of unemployed workers.
- After completing the vocational course, workers face many difficulties to reintegrate back into the labor market and find new jobs.
- The training scale is small, the structure and level of training, the training professions are still inadequate. Although vocational schools, vocational training centers and job placement centers have increased in quantity and quality, they have not yet met the needs of learners.

5. Complete Solution to Create Jobs for Unemployment Insurance Beneficiaries in Hung Yen Province

-Expanding and improving the quality of vocational training, diversifying training professions for employees entitled to unemployment insurance

Vocational training should be considered as the focus in order to create a workforce to meet the requirements of industrialization and modernization of the country. In

particular, the vocational training system needs to become an important link in improving the quality of labor training, adjusting the training structure to best meet the needs of the labor market in the transition period. change and integrate into the world economy. Therefore, vocational training should be market-oriented.

To do so, it is necessary to expand the scale of vocational training and technical workers at different levels, objectives and forms: formal, long-term training; short-term vocational training; vocational training for laborers in craft villages and craft streets; Short-term vocational training to quickly respond to the needs of the market...

Promote socialization and encourage organizations and individuals to invest in establishing vocational training institutions for employees to enjoy unemployment insurance; to attract private vocational training institutions, educational institutions (universities, colleges, professional secondary schools...) and enterprises to participate in vocational training for employees entitled to unemployment insurance.

Strengthening facilities, human resources and other conditions for vocational training

-Propaganda in order to change the awareness of employees about retraining, occupation and employment.

Strengthen the work of information and propaganda on unemployment insurance regimes and policies with various forms suitable for each target group in order to raise awareness of unemployment insurance, especially workers in industrial zones. Organize training conferences for staff implementing unemployment insurance policies, human resources staff at enterprises and organizations.

Radio, television and media agencies need to promote propaganda on vocational training for employees entitled to unemployment insurance; turning the above mass media into important information channels to raise awareness of all levels, sectors and the whole society about vocational training for employees entitled to unemployment insurance. Compiling propaganda materials for each person, vocational training plans and objectives for each vocational training institution and employees entitled to unemployment insurance.

Propagating the models of vocational training organizations, the workers after vocational training have found jobs.

Propagating about preferential policies for employees entitled to unemployment insurance.

-Improve the efficiency of the job placement center and counseling center for employees entitled to unemployment insurance.

The employment service system was developed in 1992 under Resolution No. 120/1992/NQ-HDBT dated April 11, 1992 of the Council of Ministers. The resolution created a legal environment for the development of labor supply-demand matching services, including allowing foreign-invested enterprises to introduce jobs. Employment Service Center under the Department of Labor, Invalids and Social Affairs of Hung Yen province was established to advise, introduce and provide jobs for employees. Every year, the organization consults for tens of thousands of employees. To operate more effectively, it is necessary to focus on the following measures:

- Developing the labor market information and consulting system, continuing to expand the labor market information system to reflect the state of labor supply and demand on a national and regional scale.

Completing the system of job fairs and job banks to serve those who need to find jobs and change jobs in the market.

- Consolidate the network of employment service centers, review the functions and tasks of the employment service system and determine the priority functions, should focus on connecting labor supply and demand, labor counseling motion.
- Improve mechanisms and policies and adjust employment service activities towards efficiency. Implement healthy competition and coordination between public and private employment service centers and between districts. Service effectiveness must be calculated on the basis of comparison of cost and effectiveness.
- Improve resources for employment services, at the same time widely use specialized forms of job placement counseling such as job exchange floors for employees entitled to unemployment insurance.

In short, unemployment insurance not only performs the function of subsidizing wages for workers during unemployment, helping their families stabilize their lives when they lose their jobs, but also has the function of helping workers early return to the labor market. In the context of socio-economic fluctuations, workers, especially unskilled or low-skilled workers, will find it difficult to find a job after being unemployed. Participating in unemployment insurance will help them have the opportunity to receive appropriate vocational training and adapt to the changes of the labor market.

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