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Solutions to Create Employment for Youth

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Abstract

Youth is an important labor force of every nation. Reducing the unemployment rate among young people not only has significant implications for harnessing quality human resources and increasing total national income, but also reduces negative social impacts caused by unemployment. Vietnam is a developing country that has achieved encouraging achievements in economic development and social welfare in recent years. However, due to various

reasons such as low levels of scientific and technological expertise, the impact of the Covid-19 pandemic, etc., the problem of job shortages and high youth unemployment rate persists. The article focuses on assessing the current employment situation of youth in Vietnam, thereby proposing solutions to create employment opportunities for young people.

Keywords: Employment, Youth, Vietnam

1. Introduction

According to the International Labour Organization (ILO) estimates in 2020, there were about 68 million unemployed young people actively seeking employment. Young people are three times more likely to be unemployed than adults. The transition period from leaving school to finding a job is becoming longer, with many factors hindering young people's access to sustainable employment opportunities and affecting their career prospects and lifelong earnings. In addition, the COVID-19 pandemic and the global economic recession have exacerbated the challenges faced by young people. Based on evidence, unemployment can also affect their future employment prospects and wages. To reduce youth unemployment, many countries and international organizations have implemented policies and solutions, such as reforming the education system to equip the young generation with skills that meet the employers' expectations, creating favorable conditions for youth to transition to decent jobs, or promoting entrepreneurship.

The youth population in Vietnam currently stands at approximately 10.8 million people, accounting for about 21.4% of labor force. They play a crucial role in the country's economic and social development efforts. However, they also represent a group with a high and increasing unemployment rate. According to statistics from the General Statistics Office, in 2023, out of 1,058,838 unemployed individuals, 437,300 were youth (aged 15-24), accounting for 41.3%, with a youth unemployment rate of 7.63% [2]. Prolonged youth unemployment not only slows down the country's economic growth rate but also has negative social effects. Therefore, it is necessary to have effective solutions to create employment opportunities for young people.

2. Literature review

Youth are the labor force that holds a pivotal position in production activities, actively contributing to the country's economic development. Unemployment or job scarcity among this group not only causes significant economic damage but also leads to social repercussions (such as falling into social vices). Therefore, addressing youth employment is one of Vietnam's top priorities in the process of socio-economic development and ensuring social security. There have been numerous studies on the issue of creating employment opportunities and solving youth unemployment. Some notable works include:

ILO, 2024, Youth employment policies, highlighted that challenges regarding youth employment are always the top concern for policymakers. Labor market challenges such as unemployment, informal labor issues, lack of social protection, etc., have a significant impact on young people. These challenges have made it difficult for policymakers to devise effective employment policies for young people. This ILO study examines the process of developing youth employment policies, based on theoretical foundations, key features, and developmental trends over time. Through this analysis, ILO aims to identify policy gaps and

emphasizes areas that need consideration in future youth employment policies, to address the increasing demands of the modern labor market.

ILO, 2020, Creating decent jobs for youth, ILO launched a global initiative aimed at enhancing actions and impact on youth employment. This initiative serves as a hub to promote partnerships, cooperation and coordinated action at national and regional levels, with solutions that ensure feasibility. Launched in 2016, with the endorsement of the United Nations Executive Director Coordination Board, the Sustainable Youth Employment Program brings together governments, social partners, youth, and various stakeholders to advance the vision: A world where young people everywhere have better access to sustainable employment. Through the commitment framework and theoretical basis for sustainable youth employment, partners share effective measures, from green and digital jobs to quality vocational training, youth entrepreneurship, and transitioning to the formal economy.

Dang Phi Truong, 2020, Youth self-employment in rural areas of Thai Nguyen province. The thesis investigates the effects of two groups of factors on rural youth's self-created employment in Thai Nguyen province, based on the application of Ajzen's Planning Behavior (1991) and Shapero's intention & behavior theory (1984, 2000). The following are the two categories of factors: Age, sex, education, health, and marital status are examples of an internal factor group (personal traits); Remarks made by others in the vicinity, support from unions and other organizations, and support from state laws are examples of an external factor group. The thesis estimates the influence of variables on self-employment and self-employment decisions using the Bivariate Probit conditional probability regression model. The model enables the identification of the association between the stages in the decision-making process (formation of the self-employment intent, self-employment decision, and self-maintenance decision) with extremely precise estimation results.

3. Current status of job creation for young people in Vietnam

3.1 Policies for creating employment opportunities for youth

To leverage the role, position and great potential of youth, especially in terms of labor, entrepreneurship, and startups, the National Assembly of Vietnam has passed several laws aimed at creating a legal framework to address labor-related issues and create sustainable employment for young people. Particularly, the Youth Law 2020, the Labor Code of 2019, the Employment Law of 2013, the Vocational Education Law of 2014, and the Law on Vietnamese Workers working abroad under contracts of 2020 have been enacted. Specifically, the Youth Law stipulates policies regarding labor and employment for young people as follows:

1. Offering career counseling and guidance, providing labor market information to youth; educating vocational skills and professional ethics for young people; ensuring that youth are not subjected to coercion or labor exploitation.
2. Creating conditions for young people to find employment; generating on-site employment opportunities for youth in rural, mountainous and island areas tailored to each region and phase of the country's development.

3. Facilitating access for youth to preferential loans from the National Employment Fund and other legal credit sources to create self-employment opportunities, develop production, and engage in business.

Policies regarding youth entrepreneurship include:

1. Educating and training in entrepreneurship knowledge and skills for youth.
2. Providing market information; offering legal support, scientific and technological assistance, investment promotion, and human resource development; providing preferential loans from credit institutions as stipulated by law.
3. Encouraging and creating a favorable environment for young people to engage in innovative businesses utilizing science and technology.
4. Providing incentives and support for organizations and individuals participating in providing support services to support youth startups; encouraging the establishment of youth entrepreneurship funds.

In addition, based on the provisions of employment law, the Government has issued many policies to support job creation for young people, such as: Preferential credit policies; career counseling, career orientation, and job referrals for young people through the Public Employment Service Centers; support for sending workers abroad under contracts; vocational training support for rural workers; vocational training assistance and employment assistance for young people who have completed military service obligations.

3.2 Current status of job creation for young people

Youth labor is one of the main components of the labor force in Vietnam, comprising about 10.8 million people (accounting for 21.4% of the country's labor force), providing a plentiful source of labor with youthfulness and significant potential. However, in order for this labor force to truly unleash its strength of youth, the necessary and sufficient conditions are that they must be employed, have suitable jobs according to their abilities, and work in dynamic and creative environments. Over the years, the Vietnamese government has implemented many policies to create employment opportunities for young people, and has achieved encouraging results.

▪ Vocational training for youth

To facilitate access to vocational education for youth, especially those in rural areas, a widespread network of vocational education institutions has been developed across the country, offering diverse forms and models of training, reasonably distributed across various economic sectors, localities, and regions. Additionally, there is also specialized vocational education for vulnerable groups, such as people with disabilities and ethnic minorities. The vocational training sector ensures diversity and richness, meeting the vocational needs of young people and labor market requirements. According to the training curriculum, there are currently 669 vocational training majors at the college level and 897 majors at intermediate level, covering 65 groups of occupations in 23 fields, spanning all aspects of socio-economic life. Despite facing many difficulties due to the consequences of the COVID-19 pandemic in 2021, there were 1,915,548 people receiving vocational training, of which 375,108 people were at college and intermediate

levels, and 1,540,440 individuals were at elementary level and other vocational programs ^[10]. Vocational skills of learners have been enhanced, with about 80% of graduates finding suitable employment matching their profession and training level or creating self-employment opportunities. In certain occupations such as Welding, Electro-mechatronics, Telecommunications, Logistics, and Tourism, the vocational skills of Vietnamese workers meet the requirements of foreign-invested enterprises and can undertake many complex positions that previously required foreign experts. It can be said that through vocational training, the quality of youth labor has gradually improved, with 30% of youth having degrees and certificates or diplomas. This contributes to improving labor quality and productivity, especially in the context of international economic integration and the significant impact of the Fourth Industrial Revolution. The structure of youth employment continues to shift positively, with the majority of youth people working in the industrial and service sectors (accounting for 69.2%) ^[10].

In addition to youth training activities in general, the Government also allocates a portion of the budget to support vocational training for young people completing military service obligations. This support includes tuition fees for elementary vocational training, meal allowances, and transportation assistance. In the period from 2015 to 2019, according to a report of 39/63 local authorities, there were 156 vocational education institutions participating in vocational training for young people, with a total of 204,279 trainees across 42 occupations, averaging about 40,000 trainees per year. The total supported budget was 2,028 billion VND (1,883 billion VND from the Central budget and 199 billion VND from local budgets).

- Career counseling, orientation and job placement for young people

To provide career counseling, orientation and job placement services for workers in general and youth in particular, Employment Service Centers were established. In addition to the task of job placement for young people, these centers also provide policy counseling, career counseling, job placement, labor export services, and short-term vocational training services associated with employment solutions. The employment service center system in Vietnam, including both public and private systems, is widely distributed throughout the country. In recent years, to address youth employment, the employment service center system under the Ministry of Labor, Invalids and Social Affairs and the Central Youth Union has been invested in to improve capacity, focusing on consulting, job placement activities, and organizing regular job fairs to create opportunities for young people to access job and career information. Every year, employment support programs contribute to counseling, career orientation, and job placement for millions of youth; supporting hundreds of thousands of young individuals in creating jobs through preferential credit sources; 100% of young people who come to public employment service centers receive free career counseling and job placement guidance. Furthermore, these centers also organize training sessions to enhance job search capacity and skills as well as provide vocational training for youth.

- Support for youth entrepreneurship

Various activities to support youth entrepreneurship and startup initiatives are being carried out, including: (i) providing foundational knowledge for young people about entrepreneurship and business development, such as:

Searching, screening and consolidating potential startup ideas, knowledge of production management, human resource management, marketing, quality management, supply chain management, financial management, capital management and etc.; (ii) accessing capital sources and investors both domestically and internationally, establishing idea exchange platforms to connect young people with investment funds; (iii) developing distribution and consumption channels for youth startup products, such as: Organizing exhibitions, product fairs, trade promotion activities, providing information about international markets to boost product exports, and implementing e-commerce.

The goal for the period 2022-2025 is to support at least 8,000 young people to start businesses, providing them with knowledge and training to improve their capacity in entrepreneurial and business management skills. Additionally, the aim is to provide counseling and support for the development of 80,000 youth-owned businesses. Furthermore, assistance will be provided to establish 200 cooperatives led by young people.

- Sending young people to work abroad

Labor export is also a means of creating employment opportunities for young people, given Vietnam's abundant young labor force. In 2022, approximately 100,000 young people were sent to work abroad, concentrating in markets with high and stable incomes such as Taiwan, South Korea, and Japan.

However, job creation activities for youth still have some limitations, such as lack of specific policies for youth, low proportion of trained young workers; lack of connection between supply and demand for young labor; mismatched or inadequate skills in some professions; lack of coordination and cooperation between employment service centers; and incomplete labor market forecasting.

4. Solutions to create employment for youth

Given the current situation where the unemployment rate among youth is significantly higher than the general unemployment rate, it is necessary to implement various effective solutions to create employment opportunities for young people.

Firstly, perfecting policies to create employment for youth

Key policies aimed at creating jobs for young people include education and training policies, helping young people choose suitable professions, and equipping them with knowledge and vocational skills needed to meet market demand. Strengthen vocational training within enterprises and production facilities to provide a labor supply that meets the needs of businesses. Industrial and service vocational training for youth and high school graduates, especially students in rural areas, is essential to prepare them for transitioning to non-agricultural sectors. In addition to vocational training policies, it is necessary to improve other policies such as credit incentives, tax incentives, and policies for sending young people to work abroad. Furthermore, it is necessary to increase information dissemination and awareness-raising about State policies to support vocational training and job creation for youth, ensuring that all young people are aware of these policies and have access to support measures, with a focus on rural and ethnic minority youth.

Secondly, enhancing vocational training for youth, innovating and improving the quality of vocational training. Vocational education plays a crucial role in honing

professional skills. Globally, only 13.6% of young people (aged 15-24) worldwide have completed technical and vocational education and training programs. This rate is the highest in Europe and Central Asia, at 19.0%, and the lowest in Africa, at 9.2%^[8]. These figures reflect the proportion of the labor force age group that has completed vocational education and training programs. In many countries, vocational education rates are higher among individuals with intermediate education levels. Although this rate is higher in Vietnam compared to the global average, for a developing economy like Vietnam, the demand for trained labor is increasing, especially in high-tech fields, in line with the industrialization and digitalization processes.

Thirdly, enhancing the operational capacity of employment service centers

Developing a system of employment service centers in a professional direction ensures the effective implementation of tasks such as career counseling, vocational training, job placement, recruitment, and labor supply. These centers also collect, process, and provide labor market information, train labor skills, and connect employment service centers nationwide to create a widespread information network for accessible and comprehensive information for job seekers. Investing in and applying information technology in employment service activities facilitates convenient and quick access to services for both businesses and job seekers. Strengthening public-private cooperation through proactive labor market programs and projects involving private organizations in employment services and other contributing organizations is crucial.

Fourthly, improving the operational efficiency of state management agencies in employment.

One of the biggest challenges for young people is the lack of information about the labor market to make appropriate career choices. When deciding on a vocational path, many people simply follow trends or the experiences of adults. However, these career orientations may not align with future labor market needs. Therefore, state management agencies in employment need to excel in labor market forecasting, identifying labor demand by industry and occupation, serving as the basis for guiding youth training. Improving the labor market information system, promoting the use of information technology in collecting, updating, and disseminating labor market information is essential. Additionally, career counseling should be conducted for students during their final years of lower secondary education (around 14 years old) to prevent students from choosing the wrong career path, which would require retraining and waste valuable resources.

Finally, strengthening the role of youth organizations (Ho Chi Minh Communist Youth Union)

The Ho Chi Minh Communist Youth Union plays a crucial role in creating employment opportunities for young people, from career guidance, vocational training, to counseling, job referrals, or entrepreneurship support. As a youth organization, the Youth Union understands the needs and abilities of young people, thus being able to attract the participation of its members in organizing activities to create employment opportunities. This includes developing and implementing programs and projects to support students and young people in starting their businesses, providing assistance in seeking preferential funding sources, and enhancing the quality and quantity of young people working abroad. Furthermore, promoting the entrepreneurial spirit

through disseminating information about entrepreneurship helps instill awareness of self-employment benefits. Organizing seminars to share experiences of successful young entrepreneurs and lessons from unsuccessful cases provides additional motivation for young people to engage in entrepreneurship or self-employment.

5. Conclusion

Creating employment opportunities for young people is not only a concern for Vietnam but also for all countries worldwide, as its benefits extend beyond just avoiding the waste of human resources. It also reduces negative social impacts and potential long-term adverse effects such as laziness and gaming addiction. The most important solution for sustainable job creation for young people is to help them find a profession that aligns with their abilities and meets the demands of the labor market. Therefore, it is crucial to effectively forecast labor market trends and provide education and vocational training for young people.

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