Int. j. adv. multidisc. res. stud. 2025; 5(4):1592-1600

Received: 02-07-2025
Accepted: 12-08-2025

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Factors Affecting Unemployment in Vietnam

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Abstract
In recent years, unemployment has become one of the serious challenges for the Vietnamese economy and society. Although the Vietnamese economy has achieved many significant achievements in the process of development and international integration, unemployment is still an issue that needs to be addressed and resolved. According to statistics, the unemployment rate in large cities and urban areas, especially among young people and new graduates, remains high. This not only causes difficulties for many families but also negatively affects the sustainable development of the economy. The unemployment situation in Vietnam reflects the imbalance between labor supply and demand, between the needs of the labor market and the qualifications and skills of workers. The factors affecting unemployment are diverse and complex, including objective factors such as fluctuations in the macro economy, the process of restructuring the industry, and changes in labor demand of enterprises. In addition, subjective factors such as the quality of education, the lack of vocational skills, and the uneven development of occupations also play an important role in increasing unemployment. Moreover, the rapid development of technology, the trend of automation and artificial intelligence also changes the demand for labor in many occupations, leading to strong fluctuations in the labor market. These factors make the unemployment problem more complicated and require comprehensive, long-term and flexible solutions. This article will focus on analyzing the factors affecting the unemployment situation in Vietnam, in order to clarify the root causes of the problem and find appropriate solutions to improve the unemployment situation. Thereby, the essay not only helps us to better understand the labor situation but also contributes to building a developed and sustainable labor market in the future.

Keywords: Unemployment, Vietnam

1. Theory of Unemployment

1.1 What is unemployment?

Unemployment is a term commonly used in macroeconomics to refer to the situation of people of working age, fully capable of working and in need of work but without a job. This situation not only affects the finances and spirit of the individual, but also reflects larger challenges in the economy.

1.2 Types of unemployment

- Frictional unemployment/frictional unemployment: This is a short-term unemployment situation when workers change jobs or new people join the labor force who have not found jobs. *For example:* New graduates looking for jobs.
- Structural unemployment: Long-term unemployment that results from changes in production processes or the decline of certain industries that make it difficult for workers to adapt and force them to find new jobs. For example, a company may buy more machinery and reduce the number of employees.
- Seasonal unemployment: Some occupations are seasonal in nature, lasting only for a certain period of time. When this period ends, workers will become unemployed. For example, in some northern provinces, in the winter, tourism industry personnel (restaurant and hotel staff) will be temporarily unemployed and have to look for other jobs.
- Cyclical unemployment: Cyclical unemployment is unemployment that occurs with the economic cycle. This type of unemployment usually occurs when the economy is in a recession. Cyclical unemployment is higher than the natural rate of unemployment. However, unlike natural unemployment, cyclical unemployment does not persist indefinitely.

1.3 Impact of unemployment on socio-economy

Economic impact:

- Reduced economic growth: Decline in production, reduced aggregate demand, affecting GDP.
- Increasing budget burden: Increasing subsidy spending, reducing tax revenue, reducing public investment.
- Waste of human resources: Workers lose skills, reduce productivity.
- Impact on business environment: Reduced investor confidence, increased automation.

Social Impact:

- Increasing poverty and inequality: Living standards decrease, the gap between rich and poor increases.
- Pressure on social security: Demand for unemployment insurance and benefits increases.
- Increasing social evils: Crime, domestic violence, depression increase.
- Impact on family life and education: Children are psychologically affected and learning conditions decline.

2. The reality of unemployment in Vietnam

According to the General Statistics Office, in the third quarter of 2024, the number of employed people increased compared to the previous quarter and increased compared to the same period last year. Informal workers accounted for more than 3/5 of the total number of employed people nationwide. The average monthly income of workers increased compared to the previous quarter and increased compared to the same period last year. The unemployment and underemployment rates among working-age people decreased compared to the previous quarter and decreased compared to the same period last year. The unemployment rate for young people aged 15-24 remained high, but decreased compared to the previous quarter and the same period last year.

3. Factors affecting unemployment in Vietnam

3.1 Labor supply and demand

The labor market plays a key role in the macro economy, where the interaction between labor supply and demand takes place, thereby determining wages, unemployment rates and efficiency in the use of human resources.

3.1.1 Theoretical basis of labor supply and demand

3.1.1.1 Labor supply

Labor supply is the total number of hours of work that workers are willing to supply at different wage rates during a given period. Factors affecting labor supply include:

- Population size and structure: The larger the working-age population, the higher the potential labor supply. Population structure by age, gender, and education level also affects the quality and diversity of the labor supply.
- Labor force participation rate: This rate reflects the percentage of the working-age population that is actually participating in the labor market. Factors such as employment support policies, job opportunities, wages, and cultural and social factors can affect this rate.
- Wages: Higher wages often encourage workers to work longer hours and attract more people to the labor market.
- Non-monetary factors: Working conditions, advancement opportunities, work-life balance, and other benefits also influence workers' labor supply decisions.

3.1.1.2 Labor demand

Labor demand is the number of workers that businesses and organizations want to hire at different wage levels during a given period. Factors that affect labor demand include:

- Wage level: Labor costs are an important factor in a firm's hiring decision. Higher wages can reduce labor demand.
- Labor productivity: More productive workers are often paid more, but at the same time they increase the demand for labor because they contribute more to output.
- Prices of other factors of production: The prices of capital goods, raw materials, and energy can affect the demand for labor. For example, if the price of capital goods falls, firms may invest in machinery, reducing the demand for labor.
- Economic situation: As the economy grows, the demand for goods and services increases, leading to an increase in the demand for labor.
- Technology: New technology can replace some jobs, reducing labor demand in some industries, but at the same time create new jobs in other industries.

3.1.2 The relationship between labor supply and demand

The labor market is in equilibrium when the supply of labor equals the demand for labor. At the equilibrium point, wages and the number of workers hired are determined. If the supply of labor exceeds the demand for labor, unemployment occurs. Conversely, if the demand for labor exceeds the supply of labor, a labor shortage occurs and wages tend to increase.

3.1.3 Analysis of labor supply and demand in Vietnam

Labor supply:

- Vietnam has a young and abundant workforce, but its skills and expertise are limited compared to developed countries.
- The rate of trained workers is still low, especially in rural areas.
- The trend of migration from rural to urban areas increases the labor supply in big cities, but also puts pressure on employment and housing.

Labor demand

- Labor demand is increasing due to economic growth and foreign investment. Manufacturing, service, and information technology industries are creating new job opportunities.
- However, the demand for highly skilled workers is growing faster than supply, leading to labor shortages in some industries.

3.1.4 Factors affecting labor supply and demand in Vietnam

- Government policies: Policies on education, vocational training, employment support, unemployment insurance, and minimum wage adjustments have a direct impact on labor supply and demand.
- International economic integration: Free trade agreements (FTAs) create opportunities to expand export markets, attract foreign investment, and create new jobs. However, they also require Vietnamese workers to improve their skills and competitiveness to meet the requirements of the international labor market.

- Technological change: Technological developments, particularly automation and artificial intelligence (AI), are changing the structure of the labor market, creating new jobs and eliminating old ones. Workers need to continuously learn and upgrade their skills to adapt to these changes.• Macroeconomic factors: Economic growth, inflation, interest rates, and exchange rates can affect labor demand and wages.

Conclusion: The labor market plays an important role in the macroeconomic development of Vietnam. The analysis of labor supply and demand, influencing factors and the current state of the labor market is the basis for proposing appropriate policy solutions to improve the balance between supply and demand, improve the quality of human resources and promote sustainable economic growth.

3.2 Labor productivity

3.2.1 Introduction

Labor productivity is an indicator that reflects the development of a country's economy and society, and at the same time reflects the ability to create wealth. Labor productivity is a decisive factor in product price and output, and is a component indicator of competitiveness, an important factor in business growth and improving business efficiency.

From a macro perspective, labor productivity is not only a measure of individual organizations, but can also be used as a tool to assess the economic fluctuations of a country. It can affect individual income levels, economic growth and competitiveness in the market.

Calculated by labor unit

Labor productivity in units of labor hours is an index that can evaluate the effective use of labor time of a country, industry, or a business.

3.2.2 Current status of labor productivity growth rate in Vietnam

Vietnam's labor productivity has improved significantly in recent years. According to the General Statistics Office, in 2023, Vietnam's labor productivity will reach about 8.3 million VND/worker, an increase of 4.8% compared to 2022. This increase mainly comes from the application of new technology and improved production processes in key industries.

However, compared to other countries in the region, Vietnam's labor productivity remains low. Specifically, according to data from the International Labor Organization (ILO), Vietnam's labor productivity is only about 7% of Singapore's, 19% of Malaysia's and 37% of Thailand's.

3.2.3 Causes of low labor productivity

3.2.3.1 Low quality of human resources

Low education and labor skills: A large part of the labor force in Vietnam has a low education level, mainly working in simple occupations that do not require high skills. This leads to the inability of workers to apply effective working methods, to use new technology, and thus low labor productivity.

Lack of vocational skills and adaptability: Many Vietnamese workers are not properly trained or lack professional skills, especially in the industrial, information technology, or high-end service sectors. The lack of skills reduces work efficiency and reduces labor productivity.

3.2.3.2 Slow economic restructuring

Agriculture accounts for a large proportion: Although the proportion of agriculture in Vietnam's GDP has decreased in recent years, this sector still accounts for a large part of the labor structure. Labor productivity in agriculture is often much lower than in manufacturing and service industries.

Underdeveloped industrial and service sectors: Vietnam has not yet fully transformed from an agricultural economy to an industrial and service economy, which has resulted in a large portion of the workforce remaining in low-productivity sectors. When the workforce is mainly in agriculture or low-value-added manufacturing, the country's labor productivity will suffer.

3.2.3.3 Low application of technology and innovation

Outdated production technology: One of the main factors affecting labor productivity is outdated technology. Enterprises in Vietnam, especially in the agricultural and processing industries, still use old, non-automated technology, reducing production efficiency.

Lack of investment in research and development (R&D): Vietnamese enterprises have not focused on investing in research and development, improving production processes and innovating technology. This leads to a lack of improvement in labor productivity and a decline in the competitiveness of the economy.

3.2.3.4 Lack of infrastructure and unfavorable business environment

Infrastructure is not yet fully developed: Vietnam still lacks some important infrastructure such as transportation, energy, telecommunications systems, etc. This not only increases production costs but also makes it impossible for businesses to operate effectively, leading to low labor productivity.

Complicated administrative policies and procedures: The business environment in Vietnam is sometimes unfavorable due to complex administrative procedures and high regulatory compliance costs. This makes it difficult for businesses to improve processes and grow, thereby affecting labor productivity.

3.2.3.5 Lack of connection between education and labor market needs

Education programs do not match labor market needs: Education programs in Vietnam still do not fully meet the needs of skills and occupations required by the labor market. Many workers graduating from universities and colleges cannot find suitable jobs, while businesses lack workers with suitable skills.

Vocational training is not strong enough: Although Vietnam has a vocational training system, the scale and quality do not meet the needs of workers to change careers, especially in the context of economic restructuring. This makes workers unable to change careers when the market changes, leading to low labor productivity.

3.2.3.6 Compensation and work motivation

Unattractive compensation: Businesses, especially small and medium-sized enterprises, sometimes cannot afford to pay reasonable salaries to employees, or do not have good compensation policies, which makes employees unmotivated to work and improve productivity.

Work environment that does not encourage creativity: Many businesses still maintain traditional working methods and have not created an environment that encourages creativity and improved work processes. When employees do not feel encouraged or motivated to improve their work, productivity will not improve.

3.2.3.7 Unreasonable distribution of labor

Imbalance between regions and industries: Some regions in Vietnam still have surplus labor, while some industries lack

skilled labor. This creates imbalance in labor distribution and reduces overall labor productivity.

3.2.3.8 Impact of climate change and natural disasters

Negative impacts on agriculture: Climate change and natural disasters can cause major losses in agricultural production, reducing labor productivity in this region, where the majority of labor is still tied to land and manual production.

3.2.3.9 Support policies for businesses and workers are not strong enough

Lack of Government support: Policies to support small and medium-sized enterprises in improving technology and labor productivity are still limited. In addition, training programs, technology transfer, and business environment improvement are not really synchronized, making it difficult for enterprises to improve labor productivity.

=>Low labor productivity in Vietnam is the result of a combination of factors, including low quality human resources, outdated production technology, lack of infrastructure, and a lack of policies to support businesses and workers. To improve labor productivity, there needs to be reform in education, investment in technology, innovation in production processes, and an improved business environment. The government and businesses need to work together to create a sustainable development ecosystem, thereby promoting labor productivity and economic growth.

3.2.4 The relationship between labor productivity and unemployment

Low labor productivity leads to unemployment: When labor productivity is low, businesses cannot create enough value added, and therefore do not have enough capacity to create more jobs. This leads to a surplus of labor, especially in the agricultural and manufacturing sectors.

For example, if a company produces agricultural products with low productivity, meaning they need more labor to produce fewer goods than companies with advanced technology, this company will have difficulty maintaining and expanding production, thereby reducing the amount of labor needed.

Economic structural transformation: Low labor productivity in the traditional agricultural and industrial sectors makes it difficult for workers in these sectors to move to modern industries and services. This leads to unemployment in these sectors, especially for untrained or low-skilled workers.

For example, as the economy shifts from agricultural production to high-end manufacturing and services, workers in the agricultural or craft sectors may not have the skills to move into the new sectors, leading to high unemployment among this group.

Competition in the labor market: When labor productivity does not increase fast enough, the number of job seekers increases but cannot find job opportunities, leading to unemployment.

Conclusion: Labor productivity is an important factor affecting unemployment in Vietnam. Improving labor productivity not only helps improve economic efficiency but also contributes to reducing unemployment and promoting sustainable economic growth. The government and businesses need to coordinate to implement solutions to improve labor productivity through education reform, investment in technology and improvement of the business environment. Implementing these solutions will help Vietnam reduce unemployment and promote economic development.

3.3 Wages and inflation

3.3.1 Concept of salary

Wages are the price of labor that employers pay to employees. For employers, it is a cost in production and business costs. To do business effectively, they must minimize this cost. At the same time, wages must be used as an economic lever to maximize human resources. For employees, wages are their main source of income, so they only work wholeheartedly when they are paid fairly. For society, wages are the basis for paying income tax, on which the income of society is redistributed. On the other hand, there are many factors that affect workers' wages, including debt and unemployment rates.

3.3.1.1 High wages and the impact on unemployment

3.3.1.1.1 High wages can lead to increased unemployment

When the minimum wage or average wage in an economy increases, businesses may have difficulty hiring workers because of high labor costs. This may cause them to reduce the number of employees or even stop hiring, especially for small businesses or labor-intensive industries.

3.3.1.1.2 Increased wages can lead to increased investment in technology

Companies may replace workers with technology and automation to reduce labor costs. This may increase unemployment in industries that cannot be automated.

3.3.1.2 Low wages and the impact on unemployment

Low wages can make it difficult for workers to survive: While low wages can help keep costs down for businesses and keep unemployment low, when wages are not enough to live on, workers can have difficulty paying for basic needs like housing, food, and healthcare. This can lead to dissatisfaction and job turnover, leading to some form of frictional unemployment.

Lower wages can stimulate hiring: If wages fall, some businesses may find it easier to hire because labor costs are lower, which helps reduce unemployment.

Regarding the relationship between wages and unemployment, Phillips (1958) showed that wages are determined by the supply and demand of the labor market and that the relationship between unemployment and wages is negative. When the demand for labor is high and unemployment is low, employers are expected to raise wages, and each firm and each industry will offer wages slightly above the prevailing level to attract labor from other firms and industries. Lipsey (1960) found that more than 80% of the changes in wages between 1862 and 1913 in the United Kingdom were explained by the unemployment rate. For example, in the period 1893-1904, a 100% increase in unemployment (from 3% to 6%) would cause a 2.2% change in wages. In addition, using data from 19 OECD countries over the period 1950 to 1983, Grubb (1986) found evidence of a negative relationship between unemployment and workers' wages. Specifically, a 1% increase in the unemployment rate would lead to a decline in wages of about 1%.

Contrary to the above arguments, some previous studies have argued that the relationship between unemployment rate and wages is positive. Due to the fear of losing their jobs, workers often demand a part of their income in case they face unemployment risk, which is unemployment

insurance. Using data from 76,000 individuals in the period 1977-1980 from the CPS (Current Population Survey), Topel (1984) shows that unemployment insurance increases the rate of unemployment due to temporary layoffs and permanent layoffs, and unemployment insurance also reduces the compensation in wages that workers demand for each unit of unemployment risk. More specifically, if unemployment benefits are reduced by 10%, the unemployment rate will decrease by about 8%. In addition, the author also shows that unemployment insurance also increases the period of unemployment due to the psychological dependence on the benefits and the time spent looking for alternative employment. Unemployment is expected to increase workers' wages, and this increase will depend on their reduced income during the period of unemployment.

3.3.2 Concept of inflation

The concept of inflation is not defined but can be understood as:

Inflation is a sustained increase in the general price level of goods and services over time, accompanied by a loss of value of a currency.

When the general price level rises, your money buys fewer goods and services than it did before.

3.3.2.1 Inflation and its impact on unemployment.

Short-run effects: According to the Phillips curve, in the short run, inflation and unemployment are inversely related.

When inflation increases slightly, businesses can sell at higher prices → increase production → need more labor → unemployment rate decreases.

For example, during the recovery from the COVID-19 pandemic, expansionary fiscal policy led to higher prices, but also increased employment.

Long-term impact: In the long run, this relationship becomes more complicated.

If inflation increases too high, especially cost-push inflation (increased input material prices), businesses bear high costs → cut labor, increase unemployment.

This happened in Vietnam in 2008 and 2011, when double-digit inflation forced many small and medium-sized businesses to close or downsize.

Impact on real income of workers: When inflation increases but wages do not adjust accordingly → real income decreases → workers reduce consumption, negatively affecting growth and employment.

Psychology and investment: Unstable inflation causes psychological insecurity for both people and investors → businesses are reluctant to recruit, negatively affecting the labor market.

3.3.2.2 Actual situation in Vietnam

Vietnam is currently facing uneven economic growth, with sectors such as technology and services growing strongly, while traditional industries such as manufacturing and agriculture are growing more slowly. Meanwhile, wages tend to be higher in big cities like Hanoi and Ho Chi Minh City, but in rural areas or mountainous provinces, wages remain low.

Rising prices, especially inflation, can reduce consumer purchasing power, leading to a loss of business revenue and an increase in unemployment. At the same time, uneven living standards across regions can affect the distribution of labor and hiring needs.

3.4 Recruitment and training costs

3.4.1 Recruitment costs

The recruitment process requires businesses to invest in many expenses, including:

- Direct costs: Recruitment advertising fees, recruitment agency service fees, and candidate background check costs
- Indirect costs: Time and resources spent by HR and management on screening, interviewing, along with lost productivity during the transition period.

If recruitment costs are high, businesses may limit hiring, leading to reduced job opportunities and increased unemployment. In addition, ineffective recruitment can cause hidden costs such as reduced productivity and increased turnover, negatively affecting the labor market.

3.4.2 Training costs

Training costs include expenses incurred by businesses or employees to improve their job skills. These include:

- Internal training costs: Businesses organize professional development courses and on-site training.
- Cost of hiring external experts or training services: Cooperate with training centers and universities.
- Opportunity cost: Businesses and employees lose time and resources on training, reducing short-term productivity.

3.4.3 Recruitment costs affect unemployment

- Businesses limit hiring: If hiring costs are too high, businesses may delay or reduce hiring needs, reducing the number of new jobs.
- Prioritize experienced workers: Businesses may avoid hiring unskilled workers due to concerns about training costs, making it harder for younger workers to find jobs.
- Replacing labor with technology: When recruitment costs are high, businesses may invest in automation to replace unskilled labor, increasing the unemployment rate among this group of workers.

3.4.4 Training costs impact unemployment

- Labor skills shortage: If training costs are high, many workers cannot access training, increasing unemployment due to failure to meet market demands.
- Businesses are reluctant to train new workers: Some businesses are reluctant to invest in training because they fear that employees will leave once they gain skills.
- Older workers have difficulty finding jobs: When technology changes rapidly, older workers find it difficult to adapt without retraining, and are likely to fall into unemployment.

3.5 Market structure and labor

Market and labor structure is the division and organization of the labor market, in which the labor market is distributed according to occupation, geographical area and professional level of workers.

3.5.1 Industry

3.5.1.1 Changes in economic structure

The development of high-tech industries (information technology, artificial intelligence, renewable energy) creates a great demand for labor with high specialized skills. The decline of traditional industries (mining, heavy manufacturing) leads to mass job losses. The shift from

manufacturing to services creates a demand for labor in service industries (tourism, health care, education).
For example: The strong development of the information technology industry in Vietnam creates a great demand for programmers, software engineers, and data analysts. Meanwhile, industries such as coal mining and cement production are gradually decreasing due to the trend of environmental protection.
* Data: According to the General Statistics Office, the number of jobs in the information technology industry in Vietnam increased by an average of 10% per year in the period 2015-2020.
Impact of technology:
Automation and robotization replace many repetitive jobs, especially in manufacturing and service industries.
The development of artificial intelligence (AI) is changing the nature of many jobs, requiring workers to have new skills.
The rise of the digital economy creates many new job opportunities, but also requires workers to have digital skills.
For example, car factories are increasingly using robots to replace workers in assembly, welding, and painting. This leads to unemployment in the traditional car manufacturing industry.

- Figures: According to a report by the World Economic Forum, by 2025, automation and artificial intelligence could replace 85 million jobs globally.

Globalization:
The shift of production to countries with lower labor costs leads to job losses in manufacturing industries in developed countries.
Increasing global competition requires workers to have highly competitive skills.
For example, many textile and footwear companies have moved their factories from Vietnam to countries with lower labor costs such as Bangladesh and Cambodia. This has caused job losses for textile and footwear workers in Vietnam.

3.5.2 Area

Geographical division: Labor is distributed according to urban, rural, mountainous, plain, or national and international regions. Labor differences between regions: Labor characteristics in different regions (level of development, employment opportunities, income levels).

3.5.2.1 Differences in economic development

Economically developed areas (big cities, industrial zones) have more job opportunities than less developed areas (rural, mountainous areas).
Lack of infrastructure (transportation, electricity, water) in underdeveloped areas limits economic growth and creates few job opportunities.
For example, the unemployment rate in the northern mountainous provinces is often higher than in big cities like Hanoi and Ho Chi Minh City due to lack of job opportunities.

- Figures: According to the General Statistics Office, the unemployment rate in rural areas of Vietnam in 2020 was 2.5%, while in urban areas it was 3.6%.

3.5.2.2 Labor migration

The movement of labor from rural to urban areas puts great pressure on the labor market in big cities, leading to unemployment in cities.
Labor mobility between countries can also affect labor markets in receiving countries.
For example, the migration of labor from the southwestern provinces to Ho Chi Minh City puts great pressure on the city's labor market, leading to fierce competition for jobs.

3.5.3 Level

3.5.3.1 Imbalance between skills and job requirements

Workers lack the soft skills (communication, teamwork, problem solving) and hard skills (foreign languages, information technology) needed for modern jobs.
Shortage of specialized skills in emerging industries (data science, cybersecurity, software development).
Lack of professional skills:
Shortage of skilled labor in manufacturing, construction, and technical services industries.
Shortage of teachers, doctors, nurses and other health professionals.
For example: Many university graduates cannot find suitable jobs due to lack of soft skills such as communication, teamwork, and foreign languages.
Technological changes:
Requires workers to continuously learn and update their knowledge and skills to meet job requirements.
Increased demand for digital skills (programming, data analysis, online marketing).
For example, older workers have difficulty adapting to new technologies, leading to unemployment.

4. Government Policies and Solutions

4.1 Macro policies supporting job creation

4.1.1 Macroeconomic stability policy

- Macroeconomic stability policy to maintain stable economic growth is an important foundation for creating new jobs.
- Inflation control: The State Bank of Vietnam implements flexible monetary policy tools to control inflation, ensure currency value and encourage production investment.
- Exchange rate stability: A flexible and managed exchange rate policy helps stabilize the business environment, attract foreign direct investment (FDI), thereby creating more jobs in export and related service industries.
- Public investment: The State increases investment in infrastructure (transportation, energy, information technology), creating favorable conditions for production and business activities and attracting private investment, indirectly creating jobs in the construction and support service sectors.

For example, in the 2016-2019 period, Vietnam maintained GDP growth of over 6% per year, inflation was controlled below 4%, creating conditions for businesses to expand production and recruit workers.

4.1.2 Policy on developing key economic sectors and supporting businesses

- Policy to develop key economic sectors and support enterprises: Create industries with high added value, employing a lot of labor and being competitive in the international market.
- Investment incentives: The Government issues preferential policies on taxes, land rents, and administrative procedures for investment projects in priority industries (electronics, information technology, mechanical engineering, high-tech agriculture).
- Credit support: State-owned commercial banks and

development investment funds provide preferential loans to small and medium-sized enterprises (SMEs) to invest in expanding production, innovating technology and creating jobs.
- Developing industrial parks and economic zones: Creating a favorable investment environment and synchronous infrastructure to attract large production projects, creating thousands of direct and indirect jobs.

For example, attracting large electronics corporations such as Samsung and LG to Vietnam has created hundreds of thousands of direct and indirect jobs, while promoting the development of supporting industries.

4.1.3 Agricultural and rural development policy
- Agricultural and rural development policy: Reduce pressure on migration from rural to urban areas, create jobs and stable income for people in rural areas.
- Investing in rural infrastructure: Building roads, irrigation systems, and power grids to improve production and living conditions of rural people.
- Support the development of cooperative and farm economic models: Encourage production linkages along value chains, apply science and technology to agricultural production to improve productivity and product quality.
- Preferential credit policy for farmers: Helps farmers have capital to invest in production, livestock and develop non-agricultural industries.

For example, the national target program on new rural construction has contributed significantly to improving the lives of rural people, creating many new jobs in the fields of agriculture, rural services and small-scale industry.

4.2 Policies Directly Supporting the Labor Market
4.2.1 Vocational training policy
- Vocational training policy: Improve the quality of human resources, meet the needs of the labor market and help workers easily find jobs.
- Investing in vocational education system: Upgrading facilities, training programs, and teaching staff of vocational schools to meet business requirements.
- Support tuition and living expenses for students and vocational students: Especially for policy beneficiaries, poor households, and remote areas.
- Cooperate with businesses in vocational training: Develop training programs according to location, retrain workers to meet new job requirements.

For example, the World Bank-funded project "Innovation and improvement of vocational education quality" has contributed to improving the quality of many vocational schools in Vietnam, helping graduates have good vocational skills and easily find jobs.

4.2.2 Unemployment insurance policy
- Unemployment insurance policy: Support unemployed workers in the process of finding new jobs, minimizing the negative impact of unemployment on the lives of workers and their families.
- Unemployment benefits payment: Eligible employees participating in unemployment insurance will receive monthly unemployment benefits for a certain period of time.
- Free job consultation and referral: Employment service centers provide free job consultation and referral services to unemployed workers.
- Vocational training support: Unemployed workers are supported with vocational training to improve skills and find new job opportunities.

For example, during the COVID-19 pandemic, unemployment insurance policies have played an important role in supporting millions of workers who lost their jobs due to the impact of the pandemic.

4.2.3 Labor market information policy
- Labor market information policy: Provide accurate and timely information on the labor market to workers, businesses and policy makers.
- Building a labor market information system: Collecting, analyzing and publishing information on labor supply and demand, salary levels, high-demand occupations, and necessary skills.
- Organize job fairs: Connect workers and businesses, creating opportunities for workers to find jobs and businesses to recruit staff.
- Develop websites and online job search applications: Help workers easily search for job information and apply online.

For example, the National Employment Portal (vieclamvietnam.gov.vn) is an important information channel that helps workers and businesses connect with each other.

5. Conclude
Vietnam has implemented many synchronous policies to limit unemployment, from macro policies supporting economic growth and industry development to policies directly supporting the labor market and workers. However, to maintain and improve the employment situation in the context of international economic integration and economic restructuring, Vietnam needs to continue to improve current policies and proactively respond to new challenges. Investing in high-quality human resources, developing key economic sectors and building a flexible and efficient labor market are key factors to ensure Vietnam's sustainable and comprehensive development.

6. Conclusion
In this article, we have analyzed the factors that affect unemployment, including economic, social, policy, technological and educational factors. Unemployment is not only a personal problem but also reflects the economic and social situation of each country. Factors such as economic fluctuations, changes in labor market demand, skill shortages, and the impact of technology all have a great influence on unemployment rates.

To reduce unemployment, governments need to implement effective policies such as promoting economic growth, improving education and vocational training systems, and supporting the transformation of the workforce in the era of the fourth industrial revolution. Businesses and workers also need to proactively update their knowledge and skills to adapt to rapid changes in the labor market.

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