

IMPACT OF THE COVID-19 CRISIS ON THE VIETNAMESE LABOR MARKET AND POLICY RESPONSES OF THE GOVERNMENT

ẢNH HƯỞNG CỦA KHỦNG HOẢNG COVID-19 ĐỐI VỚI THỊ TRƯỜNG LAO ĐỘNG VIỆT NAM VÀ CHÍNH SÁCH PHẢN HỒI CỦA CHÍNH PHỦ

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ABSTRACT

This report aims to provide the impact of COVID-19 crisis on Vietnam's labour market and measure the government's policy responses. Based on that, the impact of the crisis on Vietnamese labor market is measured by regions, economic sectors and genders before and after the crisis. Accordingly, the data is based on a range of latest reports from General Statistics Office of Vietnam (GSO), International Labour Organization (ILO) and Vietnam's Chamber of Commerce and Industry (VCCI) on Vietnam labour market by the fourth quarter of 2021. Besides, the current paper focuses on the government's policy responses to evaluate their effectiveness. In general, Vietnam government has made timely policies and programs to support workers and business as well as to deal with prolongation of the crisis.

Keywords: Covid-19, labor market, policy responses, demography, labor sectors, genders.

TÓM TẮT

Nghiên cứu này nhằm đưa ra sự ảnh hưởng của khủng hoảng COVID-19 đến thị trường lao động Việt Nam và đánh giá những chính sách phản hồi của chính phủ. Theo đó, bài viết đánh giá mức độ ảnh hưởng của COVID-19 lên thị trường lao động Việt Nam trên những khu vực địa lý, ngành và giới tính khác nhau trước và sau khủng hoảng. Nguồn dữ liệu dựa trên những báo cáo mới nhất của Tổng cục Thống kê (GSO), Tổ chức lao động quốc tế (ILO) và Phòng Thương mại và Công nghiệp Việt Nam (VCCI) về thị trường lao động Việt Nam tính đến quý IV năm 2021. Ngoài ra, nghiên cứu tập trung đánh giá mức độ hiệu quả của những chính sách phản hồi từ chính phủ. Nhìn chung, chính phủ Việt Nam đã đưa ra những chính sách và chương trình hỗ trợ đúng lúc đối với người lao động, doanh nghiệp cũng như giải pháp đối phó với khủng hoảng kéo dài.

Từ khóa: Covid-19, labor market, policy responses, demography, labor sectors, genders.

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LIST OF ABBRIVIATIONS

GSO	General Statistics Office of Vietnam
ILO	International Labour Organization
VCCI	Viet Nam's Chamber of Commerce and Industry
IMF	International Monetary Fund
OECD	Organization for Economic Co-operation and Development
GDP	Gross Domestic Product

1. INTRODUCTION

The novel coronavirus (COVID-19) caused serious consequences on labor market including workforce demands and potential labor force of every country. Many countries in the world have to deal with labor market shocks from COVID-19. Following that, there is a huge increase in the number of the unemployed due to COVID-19 crisis.

In less than one year, the corona virus disease 2019 (COVID-19) made the global economy slide into recession which is predicted to be worse than the 2008 financial crisis. Particularly, in the World economic outlook released in April 2021, the International Monetary Fund (IMF) pointed out the global economy to contract severely by 3.3% in 2020 [1]. However, the reality proves a great recover with approximately 5.5 percent of global growth in 2021, slight decrease in 2022 with 4.1 percent and estimated only 3.2% in 2023 [2]. This means, COVID-19 not only causes economic damages during its pandemic peak but it also leads to long-term consequences. Even after rebounding, the global growth could not keep increasing. Meanwhile developed countries find the ways to bring their economy to pre-pandemic status, emerging market and developing nations are struggling with vaccination rates, financial stress and inflations.

Besides, the global unemployment is estimated 207 million in 2022 which increases about 21 million

comparing to the pre-pandemic in 2019 [3]. This number is much higher than the projected consequences relating to labor market and this means it will take much more time for countries, especially low- and medium-income countries.

According to the data of the ILO updated till May 2020, unemployment rate is increasing in most countries in the world, especially in major economies like the USA, China and Canada with respective unemployment rate of 13.3%, 5.9% and 13.7%. Like other countries in the world, Vietnam is also affected seriously due to COVID-19 lockdown. Comparing to the second quarter of 2019, the Gross Domestic Product (GDP) of Vietnam in the same period of 2020 only rose by 0.36%, which is still positive by regional and international standards but the least growth since 1986 [4]. Meanwhile, the Vietnam GDP in the third quarter of 2021 was projected to reduce by 6.17% over the same period last year and this is known as the sharpest quarterly decrease on record [5]. However, Mr. Chang-Hee Lee, Director of ILO Vietnam believed that Vietnam overcame the economic and labor market challenges with the pandemic better than most other countries.

This paper mainly focuses on the impact of COVID-19 lockdown on Vietnamese labor market in the first months of the pandemic in 2020 comparing to pre-pandemic in 2019, the fourth quarter of 2021 and the outlook for 2022. Based on statistics from a number of reputable sources including GSO, ILO, Adecco Vietnam, VCCI, this paper analyzed and pointed out that in the first quarter of 2020, Vietnamese labor market status is quite stable year-over-year and there are not many issues to be concerned. Besides, the main influence of COVID-19 lockdown on Vietnamese labor market is not about job loss but rather about deadlock in new hiring. Following that, the current research also focuses on the role of timely and lucid policies that will differentiate Vietnam that has connected its support to maintain employment relationships from other countries that have primarily happened layoffs and supported employees by unemployment benefits.

In the first section, this paper brings out the evidence on the impact of the crisis on labor market in general and the role of government policies in dealing with such impacts. In the next section, it will indicate the general picture of Vietnamese labor market since COVID-19 pandemic as of the fourth quarter of 2021 and the influence of the pandemic in Vietnam by regions, sectors and sex. Based on that, the latter section will review and evaluate the efficiency of the policies Vietnamese government has applied to support workers and businesses and to minimize the effect of the lockdown on Vietnamese labor market. Finally, in conclusion section, there will be recommendations for government policies to overcome as much as possible obstacles and difficulties in reshaping Vietnamese labor market during COVID-19 pandemic.

2. LITERATURE REVIEW

2.1. Evidence of labor market impacts from COVID-19 crisis and the role of policies

COVID-19 lockdown affects employment in different ways and one of the most obvious evidence is decrease in working hours and job loss. Following that, the global working hours in 2022 is estimating to be approximately 2 percent lower than the pre-pandemic level, which accounts for the loss of about 52 million full-time equivalent jobs [3]. On the other hand, the ILO (2020c) indicated that countries in Asia and the Pacific experienced the hardest hit with 80% of the global decline in working hours in the first quarter of 2020 and the highest drop accounting for 17.9% occurred in the Southern Asia in the second quarter of 2020. On the other hand, Europe only announced a significant drop in hours worked corresponding to 37 million full-time jobs year-over-year [3]. Furthermore, the OECD forecasts the unemployment rates will be far from pre-COVID levels and even much higher than the one during the peak of the Global Financial Crisis 2008.

Particularly, most of workers in the UK and Korea only had to suffer from reducing working hours but still keep their jobs [6], which means the working hour's reduction has no connection with the unemployment rate in these countries. Meanwhile, Gordon et al. pointed out other consequences in Canada and the United States. Accordingly, approximately 50% and two-thirds of working hour loss in Canada and the United States respectively was due to job loss. Notably, the job loss mostly focuses on sectors of retail, arts and entertainment, personal services, food services, hospitality [7] in which women, young people, low-educated [8, 9, 10] and specific vulnerable sectors [11, 12] are groups experiencing the hardest hit [13].

Besides, the risk of job loss during the pandemic is much higher for jobs at workplace than jobs at home [14]. However, approximately 93% of workers in the world facing workplace restrictions and working from home is more feasible in high-income countries (23%) than in low-income countries (13%) [13]. That is the reason why since the beginning of COVID-19 lockdown, the unemployment rate keeps rising swiftly, especially in low-income countries.

According to Steven J. Davis, a leading expert on hiring practices and job loss from the School of Business, University of Chicago Booth, about 42% of pandemic-induced layoffs will lead to permanent job loss. Consequences of a job loss are various but one of the most terrible one is financial shocks for households who would have to deal with innumerable difficulties in making ends meet including housing, nutrition and health of families. This will affect seriously on labor market of each country in particular and global economy in general. Therefore, it is extremely essential for every country to react quickly through policies to protect jobs and minimize consequences from COVID-19 on employment situations.

From the beginning of COVID-19 crisis, more than 1000 social protection and employment measures have been implemented in about 200 countries to react against the effect of the outbreak [15]. Accordingly, to mitigate the effect of the pandemic on their labor market, many policies were applied including providing unemployment benefits, social security subsidies, wage subsidies, shorter work time benefits and adjusting labor market regulation. Such kinds of policies and programs are divided into two main groups. The first group contains countries like New Zealand, Germany, Denmark, France, and Switzerland providing subsidies to support employers in decreasing labor and other costs while the second group includes the United States, Israel, Norway, Canada and Ireland concentrating on supporting workers through expanding unemployment insurance systems [16].

Results from data and survey show that the unemployment rate in the first group is well controlled while the one in the second group rises considerably [3]. Notably, Danish Government implemented employment subsidies to support businesses keep their workers through motivating job retention, which contributed to decrease layoff by 81,000 jobs and increase furloughs by 285,000 [17]. This is extremely meaningful for households in particular to ensure their costs of living and for the Government in general to balance labor market and domestic economy.

2.2. Influence of COVID-19 pandemic on Vietnamese labor market

While many other countries struggled to deal with rapid increase in cases and deaths as well as serious burdens on health care systems, Vietnam has been evaluated to succeed in holding the pandemic in check. Particularly, as of July 2020, Vietnam had a total of 383 confirmed cases of COVID-19 without any deaths and 12,798 people under quarantine of which 12, 273 are in centralized quarantine facilities, 425 in self/home-quarantine, and 100 in health care facilities [18]. These statistics prove a swift response of Vietnam Government since the first case of a Vietnamese woman returning from Wuhan confirmed in January 2020.

With the quarantine policy by Vietnam Government and social distancing in March, most of businesses in different areas are severely influenced in all sizes and sectors. The delays and supply chain issues may make companies confront the shortage of input materials, driving them to downsize the manufacturing and trading. Following that, they force to reduce their workers' working hours, wages and increase layoffs. As a result, more and more workers have to deal with unemployment or loss of their income meanwhile small enterprises face the prospect of bankruptcy.

The result of a survey conducted in 46 provinces and cities of Vietnam by Vietnam's Chamber of Commerce and Industry (VCCI) pointed out that 76% businesses had decreased their staff's working hours with different kinds of working forms from flexible working hours to layoffs.

The unemployment rate in working age of Vietnam is 2.73% in the second quarter of 2020, 0.57% higher than the same period last year and the highest one from 2011 to 2020 [4]. This trend usually comes from more and more competitive labor market with new entries, disqualified workers, disagreements between employers and employees or changes in enterprises' human resource management. However, in the second quarter of 2020, apart from these reasons, COVID-19 pandemic is considered as the main factor leading to job loss. Accordingly, the epidemic spread widely and fast through many countries of which is Vietnam's leading commercial partners such as China, Korea, Japan, the USA and the Europe. This breaks material supply chains and negatively affects consuming markets, which seriously affects manufacturing and trading of enterprises. As a result, enterprises have to conduct unpaid leaves, layoffs, decline their staff's working hours and wages, which speed up unemployment rate.

According to the General Statistics Office of Vietnam, up to the fourth quarter of 2021, there were nearly 1.6 million people aged 15 and above, accounting for 70.9% influenced adversely by the pandemic, which consists of job loss, rotational shift work, reducing working hours and income declines [19]. Different from the COVID-19 status in Vietnam before the second quarter of 2021, this period faces a wave of COVID-19 pandemic breaking out with new fast-spreading variant of COVID-19. This not only severely influenced on people's health but also Vietnamese labor market.

Particularly, GSO (2020) certifies the drop in the average monthly income of workers for the first time in five years. Comparing to the 2nd quarter of 2019, the average monthly income of informal workers in the same period of 2020 decreases 279 thousand VND. This is the first time the workers' monthly income in the Q2 year-on-year reduced for the past 5 years. GSO (2020) also records the highest rate with 57.3% of total number of people (accounting for 17.6 million people) that are affected by the income reduction.

However, in the fourth quarter of 2021, the average monthly income of workers increased 140 thousand dong over the third quarter and decreased 510 thousand dong over the fourth quarter of 2020 [19]. The monthly earnings of workers started increasing which means supportive policies of the government come to first positive results. However, comparing to the average monthly income of workers in the same period in 2020, the increase is not enough. This means the authorities need to examine and care more for their citizens and enterprises to ensure the maximum people will receive support.

3. METHODOLOGY

This paper mainly focuses on a range of latest reports from the GSO, the ILO and the VCCI on Vietnam labor market as of the fourth quarter of 2021. The data offers statistics about Vietnam's labor market in different sectors,

genders and residential places (rural and urban regions) which are basic information to compare and measure the impact of COVID-19 on Vietnam's labor market by different sectors, genders and residential places.

The measurement of the impact is the first step to discover the government's policies. Based on the statistics about Vietnam's labor markets before and after the government's policies, this paper points out the results from the policies to evaluate the efficiency of the policies.

By using such a cause and effect method, this paper, systematically, investigates the impact of COVID-19 on Vietnam's labor market through different sectors, genders and residential places, which leads to the government's policies to control the impact. Theoretically, a cause and effect method is known as the identification of causal relationship or demonstrating that a particular independent variable (the cause) has an effect on the dependent variable of interest (the effect).

This method is originally assumed in the theory of science by Paul Edwards in 1972 through the term "cause and effect approach". Accordingly, the criteria of a cause-and-effect method means X precedes Y in time; the observation of an event X necessarily, or highly probably, implies the subsequent observation of another event Y; and the two events can be observed close to each other in time and space, but events X and Y are logically independent [20, 21, 22, 23, 24]. In this sense, there is a cause-and-effect relationship involved in the COVID-19 crisis and labour market and government policies' responses.

4. RESULTS

4.1. Impacts of COVID-19 on Vietnam's labor market by sectors

The prolongation of lockdown, quarantine and physical distancing due to the epidemic disease's emergency caused massive economic shocks, even almost impaired sectors' activities, especially tourism, food services and transportation sectors. Accordingly, revenues of consumer goods and services, accommodation and catering services and transportation dropped sharply by 4.6%, 26.1% and 44.4% respectively [4]. Following that, in the first five months of 2020, tourism industry experienced 50% drop in international guests (only in April 2020, the number of international tourists reduced 94.2%) and 58% drop in domestic guests, which lead to 47.4% decline in revenue comparing to the same period last year [25]. Therefore, in only first four months of 2020, 98% labors in tourism, services and aviation sector of Vietnam lost their jobs and 78% labors in transportation, leather shoes and tailor-made industries have to deal with cut working hour or layoffs. In these four months, 670 thousand labors lost their jobs [26].

However, due to strict containment measures applied on a large scale for a long time according to Directive 16, the service sector in the third quarter of 2021 saw the sharpest decline on record (down 9.28%) with the highest

influence on the accommodation and food service industry (down 54.8%) [27]. Although Vietnam recorded sharp drop in the service sector in the first five months of 2020, it was not the last number. The statistics in the third quarter of 2021 marked another wave of COVID-19 effect on economic sectors of Vietnam in general and labor market from different economic sectors in particular.

For that reason, till the fourth quarter of 2021, when the national economy started to recover, service sector was still the slowest economic one in recovering. Particularly, in the general growth rate of the whole economy, the agriculture, forestry, and fishery sector increased by 2.9%, contributing 13.97% to the growth rate of total value added of the economy; the industry and construction sector increased by 4.05%, contributing 63.80%, meanwhile the service sector only up 1.22%, contributing 22.23% [19].

Furthermore, industrial manufacture index decreased significantly comparing to the last period such as 14.2% drop in engine motor manufacture, 13.9% drop in drink manufacture, 10.8% drop in crude oil and natural gas exploit [26]. These sectors play a very important role in Vietnam export meanwhile Vietnam export mostly to China and Europe where suffer from hard lockdown to reduce COVID-19 spread.

According to the latest survey of Adecco Vietnam, 93% of enterprises have their revenue decline due to COVID-19 and 43% of those shows 21 - 40% drop in their revenue. Particularly, food and beverages sector incur the most serious damage with 57% of businesses in this sector severely impacted in revenue and following are real estate with 56% and manufacturing with 44%.

At the first quarter of 2020, the labor market of Vietnam in terms of employment and unemployment rate as well as working hours are not affected by the pandemic.

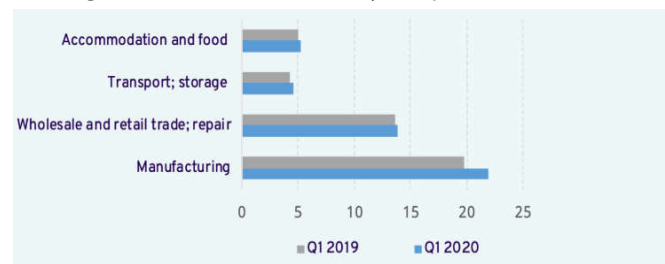


Figure 1. Labor market status of working age population and share of employment in sectors affected by the COVID-19 crisis in Vietnam, Q1, year-over-year, 2019-2020 [28]

Following that, the labor market in different sectors is quite stable, even there is still slight increase from the first quarter of 2019 to the first quarter of 2020 (figure 1). Comparing to the financial crisis 2008 when enterprises initially tried to keep their staff despite production or revenue reduces until they could not uphold any longer, this crisis show fast changes in the labor market since a range of quarantine policies of Vietnam's Government in the first week of March.

On the other hand, Labor Force Survey in the first 6 months of 2020 by General Statistics Office (GSO) of Vietnam showed that labor of service sectors incurred the hardest loss with 72% of people either job loss or wage cutting, meanwhile the number is about 67.8% for industrial production and construction, 25.1% for agriculture, forestry and aquaculture.

After rebounding in the first quarter of 2021, Vietnam continued seeing negative impact from the COVID-19 outbreak since April 2021. Till the third quarter of 2021, workers in service sector still suffered highest influence with 62.7%, following by workers in the industry and construction sector with 53.9% and the lowest number of affected workers in the agriculture, forestry and fishery with only 26.4% [19]. There is a slight changes between statistics of the second quarter of 2020 and the third quarter of 2021, but the influence level on each economic sectors stayed unchanged.

In the fourth quarter of 2021, the number of working labors aged 15 and over increased 3.7% compared to the previous quarter. Following that, the number of working labors aged 15 and over in agriculture, forestry and fishery sector rose 0.3% compared to the previous year; the industry and construction sector decreased 1.5%; service sector reduced 4.1%. This means even when the number of working labors for each economic sector began recovering, the status of service sector was still worth worrying.

Apart from changes in the employment and unemployment rate by sectors, COVID-19 also affects the average monthly income of workers by different industries.

Unit: Thousand VND/month

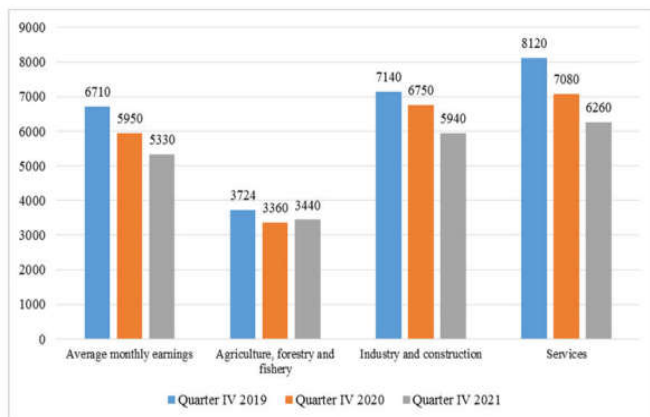


Figure 2. Average monthly income of employees by economic sector. Source: Collected by the author from the data of GSO

According to figure 2, the average monthly income of employees in Vietnam reduces 11.3% in the fourth quarter of 2020 against the same quarter in 2019. In which service sector certifies the hardest decrease (12.8%) in year-on-year statistics among the 3 economic sectors.

Among 21 economic industries with the comparison between the monthly average income in the fourth quarter of 2020 and the same period in 2019, GSO (2020) records the deepest decline in "Arts, entertainment and recreation"

(down 19.2%). Following that's "accommodation and catering service" (down 18.3%), "transportation and storage" (down 12.8%), and "wholesale and retail trade and repair of motor vehicles and motorcycles" (down 9.1%).

The monthly income of workers in different economic sectors continued reducing from the fourth quarter of 2020 to the same period of 2021, although the dropping level was not as sharp as the first periods (from the third quarter of 2019 to the same one of 2020). Particularly, the average monthly income of workers in services only decreased 11.6% instead of 12.8% in the previous period. Similarly, the average monthly income of workers in industry and construction reduced 12% and especially there was a slight increase (2.4%) in the average monthly income of workers in agriculture, forestry and fishery from the fourth quarter of 2020 to the same period of 2021. This proves, though the average monthly income of agriculture, forestry and fishery was the lowest, this sector recovered the fastest.

The main reason for such significant decline is due to the application of Directive No 15ⁱ and Directive No 16ⁱⁱ in March 2020 to introduce measures to strengthen the COVID-19 prevention and control amid rapid increase of new infection cases [29]. Accordingly, localities are categorized into four types of areas including lowest-risk areas (following Directive 15, which has less restrictive social distancing requirements). The second type of areas is lower risk areas (mostly rural areas and smaller cities that are allowed to relax social distancing restrictions soon). The third type of areas is medium-risk areas (following Directive 16 until April 22), and the last one is high-risk areas (including Hanoi, Ho Chi Minh City, and Danang which continue apply Directive 16's social distancing efforts until April 22, with a potential extension until April 30 depending on the developing COVID-19 situation).

These measures have been evaluated to be effective in controlling spread of the COVID-19 but they are also a close door for "Arts, entertainment and recreation" sector when theatres, sports centers and other nonessential services and the suspension of religious rituals, crowded festivals and outside gatherings must shut down. Besides, restaurants, shops, cinemas and entertainment venues are deeply affected by the collapse in demand. Especially, international trading activities are in crisis when Vietnam restricts cross-border activities relating to tourism, international trading and transportation.

4.2. Impacts of COVID-19 on Vietnam's labor market by gender and regions

According to Louis-Philippe et al., COVID-19 crisis increases existing inequalities in terms of education and marriage status but makes no changes in genders in the Canadian labor market [27]. Meanwhile, in Vietnam the drop of male workforce is much lower than the one of female workforce. Following that, comparing to the second quarter of 2019, the number of male workforce in the second quarter of 2020 decreased 3.2%, which is much

lower than the number of female workforce (down 5.4%) (figure 3). Besides, comparing to the 1st quarter of 2020, the 2nd quarter also marks the drop of workforces that is higher in female (down 4.4%) than in male (down 3.5%).

Unit: %

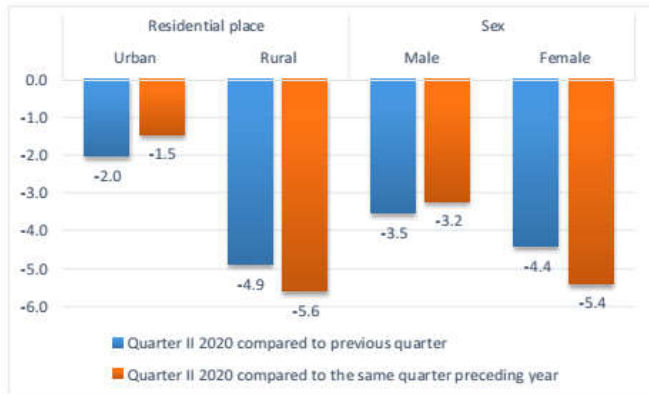


Figure 3. Reduction in the labor force by sex and regions - Unit: % [4]

Moreover, the number of female work force in the second quarter of 2020 in working age reduced 4.9% comparing to the last quarter and 5.5% lower than the same period last year. This reduction is also higher than the one of male work force [4]. A part reason from this result is that most of workforces for sectors with hardest effect from COVID-19 are female. According to ILO, approximately 510 million (accounting for 40%) female workforces in the world work in four sectors which deal with the most serious effect from COVID-19 [30]. As an evidence, female workforces account for 66.3%, 56.8%, 54.6% and 49.5% in accommodation and food, wholesale and retail trade and repairs and Art - entertainment respectively.

Meanwhile, these economic sectors are sharply impacted by the COVID-19, which leads to cut working-hours, reduce workforces. Therefore, workforces, mainly women, in these sectors are likely to have been exposed to job rotations, temporary contract suspensions, and other arrangements adopted by enterprises to cope with the drop in international and, to a lesser extent, domestic demand.

Moreover, during the first period of COVID-19 lockdown, thousands of school in Vietnam closed, which made hard responsibility on women to care for their children. Under the economic crisis from COVID-19 with Vietnam's social norms, which classify women as unpaid family workers and caregivers, women have to deal with their family issues, their children responsibilities and their work. Many of them take their children to workplaces and many of them have to ask for cutting working hours or remote work but all of those solutions may affect the working productivity more or less. These force Vietnamese women to decide regarding to their choices in their employment, that results in decreasing their incomes [31].

Due to the effect of COVID-19, the labor force of Vietnam in the second quarter of 2020 reduced

significantly (2 million persons) comparing to previous quarter and the same period last year. In the third quarter of 2021 only, 46.2% of workers in urban areas are negatively influenced by the COVID-19 pandemic, meanwhile only 32.4% of workers in rural areas have to suffer from the impact [19]. However, this number was improved with a huge amount of labor who got a job in the fourth quarter of 2021. According to GSO (2022), the number of employed people in the urban areas is 17.9 million, up 890.1 thousand labors compared to the third quarter and up 498.9 thousand labors compared to the same period of 2020; meanwhile the similar number in the rural areas is only 31.1 million, up 934.5 labor compared to the third quarter and down 2.3 million thousand labors compared to the same period of 2020.

However, the reduction in rural areas is almost twice higher than the one in urban areas (figure 3). This is because when the pandemic begins, companies and enterprises in urban areas can shift in-person jobs to remote work. In this case, a large number of workforce in the urban can be easy to adapt this change with their better high-speed Internet coverage, their higher adaption skills and their higher educated background comparing to workforce in the rural areas. With higher rate of digitization in the urban areas is also an advantage for companies here to deal with telework barriers from COVID-19.

On the other hand, workforces in the rural areas mostly work as farmers, micro businesspersons or workers in industrial areas, which has high requirement on in-person work and less possibility to work remotely. Moreover, many rural areas of Vietnam depend on a single industry such as agriculture, forestry or fishery, which are compulsory to work in-person and have extremely low digitalization, which result to such industry shutdowns and a huge amount of people in this area become unemployed.

Another reason is because there was a huge number of labor leaving their hometown (rural areas) to go to big cities to get better jobs or higher income. Therefore, with negative impact of COVID-19 in a long time, many of them tends to return to their hometown (rural areas) to minimize the cost of living and wait for new opportunities when the economy status is more stable. According to the results of quickly synthesizing reports of provinces and centrally-run cities from GOS in the fourth quarter of 2021, Vietnam had about 2.2 million people returned to their localities due to the impact of the fourth Covid-19 pandemic. The number of people returning from Hanoi to other provinces and cities was 447.1 thousand people; from Ho Chi Minh City was 524 thousand people; from the Southern provinces was 594 thousand people and from other provinces and cities was 676 thousand people.

Nevertheless, the unemployment rate in urban areas jumped 3.18% comparing to the period before COVID-19 crisis while it is only 1.73% in rural areas [32]. This is because with the trend of urbanization, most people at

working age, especially high-educated people, tend to move to cities to work and develop their career. That is why the population in the rural areas in the working age is very low, which leads to lower rate of unemployment in the rural areas comparing to rural areas.

Changes in labor market usually lead to lay-off instead of recruiting more, so employment state tend to recover slowly after economic shocks from COVID-19. These changes could make bigger consequences when a big number of workers migrate from urban to home in rural areas after losing jobs. Staying at home in a long time could make them lose their inspiration continuing their previous jobs or their jobs are not available due to bankruptcy of businesses by COVID-19 effect.

4.3. Other impacts of COVID-19 on Vietnam's labor market

In front of the COVID-19 crisis, 17.6 million Vietnamese have to face with their income declines, which influence seriously on households' living quality. The average wage of workers in the fourth quarter of 2020 is only 5.95 million Vietnam dong, 11.3% lower than the same period of 2019 [33] and it is the first time the average wage of workers has reduced since 2005 [34]. However, in the fourth quarter of 2021, the average wage of workers was even lower, only 5.33 million Vietnam dong, down 10.42% compared to the same period of 2020 and even down 20.6% compared to the same period of 2019. This fact proves remarkable decline in the quality of living in Vietnam. Moreover, workers with lower skills or qualifications are much more affected when their monthly income decreased 8.4% comparing to formal workers' monthly income dropping by only 4.7%.

Apart from negative impact on short-term income of households, unemployment status due to COVID-19 makes long-term consequences. Following that, unemployment in a period will directly influence knowledge and working skills of the employed because they do not have chances to practice, update and improve their knowledge and working skills. When labor market is eventful again, it will take much more time for these people to adopt with the job they used to be familiar, which costs more expenses for businesses to be stable in their operations and progresses.

Besides, social distancing methods are used to maximize controlling the disease but general health indexes may decrease when citizens reduce healthy habits such as daily outdoor exercises or reaching organic and clean food supply sources.

Furthermore, schools closed in a long time which could affect students' knowledge and skills, especially students in rural areas which are difficult to get access to information technology. This may make many students in rural areas refuse to return to school after reopening schools, which may lose a part of qualified workforces in the future.

5. VIETNAMESE GOVERNMENT'S POLICIES RESPONDING TO COVID-19 PANDEMIC

Vietnam conducted solutions dealing with COVID-19 crisis systematically. Supportive policies and programs

were given out in time from the Government to different ministries, provinces and organizations. The policies focus on different aspects such as social assistance coverage, food distribution and price stabilizing rules, mode of healthcare or financial support. Besides, beneficiaries are various from businesses to individuals who suffer from onerous consequences of COVID-19.

5.1. The government's policies supporting finance to individuals and businesses

Vietnam government used a \$2.7 billion relief fund to aid workers who endure negative effect of the COVID-19 crisis [35]. Each worker will receive VND 1.7 million (USD 80) per month from this fund [35], which only equals to 40% of the medium salary in manufacturing sector but still contributes to support their household's daily expenses.

According to JICA and NEU report (2020), up to mid-August 2020, about 16 million people from different groups of workers received support, with the total disbursement amounting to just over 17 thousand billion VND (approximately 19%) [36]. However, the main groups who got the support are people from insured sector, workers who have merit, and poor households. Meanwhile, workers that were significantly affected are freelance people and workers in the informal sector having no accessibility to this support. As a result, these supported policies are not efficient with failure to manage information about beneficiaries.

Besides, Ministry of Labor, Invalids and Social Affairs took the initiative in reducing requirements and steps in legal procedure for enterprises to receive the state financial aid for 50% of employees' wage. Following that, offices of the Ministry re-checked and updated employment status as well as enterprises' needs to give supporting solutions, remedy temporary labor shortage due to COVID-19 effect. Furthermore, the Ministry guided citizens to prepare document for receiving unemployment aid and retooled the work force for digital knowledge and skills [37].

However, in order to receive support, enterprises have to prove their financial capability, which might influence negatively on their credits from their partners, their future business objectives. From that, many enterprises refuses to apply for support. This means the above policy does not meet the objectives that the government set initially.

As far as enterprises are concerned, nations should care more for micro, small and medium enterprises who will have to deal with challenges to attract talents after the crisis because large businesses have massive budget to provide better workplace and have key focus on recruiting. Following that, many countries established funds or special policies to support small enterprises such as policy of tax reductions in Sweden or policies of specific loans in the United State and Italy reserved for small businesses [38]. Similarly, Vietnam government promulgated Decree No. 41/2020/ND-CP on April 08th 2020 about extending deadlines for tax payment and land rental fee to the business

activities significantly influenced by COVID-19. This policy records about 740,000 active enterprises (accounting for 98% of total enterprises) and most of the suspending business households were applicable for extension of tax payment and land rental charges with an expected investment of the support package of 180 billion VND.

As a result, tax authorities received 184,906 requests for extension of tax payment and land rental fees with the total investment of 66,392.9 billion VND [36]. This means only 24.98% of the active enterprises reached this policy and there are more than 75% of the active enterprises who truly need this aid but could not access or benefit from this policy as expected.

The reasons for the failure of this policy is because of social distancing policies, a huge number of enterprises have to close, especially manufacturing and tourism enterprises, which means they did not incur tax, or the tax amount is unremarkable. Moreover, many micro and small businesses paid their 2019 tax in the first quarter of 2020, which means this policy is meaningless for those businesses.

On the other hands, in the first quarter of 2020, the State Bank of Vietnam issued many documents including Notice No. 35/TBNHNN dated February 07th 2020, Document 479/NHNN-VP dated January 3rd, 2020, document 541/NHNN-TD dated February 4th, 2020, document 1117/NHNN-TD dated February 24th 2020, and document 1425/NHNN-TDCNKT dated March 6, 2020. The document announced a credit package totaling VND 250 trillion (about 4 percent of 2019 GDP) for the banking sector designed to support affected firms and households through restructuring loans of affected businesses and a reduction or waivers of interest rates and fees [37].

Following that, banks completed repayment term restructure for over 272 thousand customers with outstanding loans of higher than 321 trillion VND, reduced interest rates for almost 485 thousand customers with outstanding loans of 1.18 million billion VND and issues preferential interest rates for new loans of more than 310 thousand customers [37]. This is a good move of the government to help businesses deal with their cash flow issues and debt repayment difficulties.

However, some of the requirements to receive this aid are document proving large costs with audit reports, evaluating damages, self-proving liquidity and solvency after debt restructuring, which are truly challenges for micro and many small firms who need this aid more than thousands of small and medium firms.

Furthermore, about 760,000 registered household businesses in Vietnam with the annual revenue lower than VND 100 million will receive VND 500,000 (USD 21.5) per month in three months [37]. Moreover, 62,000 billion Vietnam Dong will be used to help the poor and citizens who suffer serious consequences from the crisis [38].

These policies are essential and timely because it is truly meaningful for not only enterprises to support them deal

with difficulties during the COVID-19 crisis but also employees to ensure individuals' basic demands and to minimize negative effect on household quality of life.

As a result, Vietnam's economy growth is still positive with the rate of 2% for the first nine months of 2020 and estimating about 3% in 2020, meanwhile about 170 countries are dealing with negative economy growth [32]. With this achievement, Vietnam is ranked top 16 of the most successful emerging markets in epidemic context [39].

According to ChosunBiz, an economic newspaper of Chosun Group in Korean, efficiency and effectiveness in Vietnam's policies have made great trust from international investors. Following that, Vietnam became the only place for Samsung to manufacture mobile. On the other hands, Samsung closed their factories in many countries but still maintained operating their factories in Vietnam and guaranteed jobs as well as beneficial policies for 130 thousands of workers [40]. This means that at least 130 thousands of workers in Samsung Vietnam do not have to face with working hour cut or job loss. Also, many big technology groups of the US who has their current factories in China need to find suitable places for manufacturing and Vietnam is considered as a good choice. About this issue, Nikkei Asian Review (Japan) revealed about 3-4 million AirPods were manufactured in Vietnam in the second quarter of 2020 [41], which created thousands of job opportunities for Vietnamese.

This shows that Vietnam managed to turn achievements against COVID-19 into drivers to economic growth. The more the growth rate is, the more job opportunities are created and the more prosperous the labor market is.

5.2. The government's policies cover social assistance

In terms of food distribution, Vietnam succeeded in providing food on time through "rice ATM" or "zero Vietnam dong supermarkets" to supply free rice and essential food for poor people and people out of work during COVID-19 crisis. Besides, hundreds of donors offered free masks for people and thousands of university students were voluntary to come to epidemic zone to support doctors, nurses and poor people.

In order to ensure all citizens have updated information about the pandemic status, the Ministry of Health (Vietnam) updated the latest information of COVID in Vietnam and informed Vietnamese citizens to apply proper sanitation and protection methods through programs on TV, radio, news on the Internet and messages sent to all mobile users in Vietnam.

Furthermore, the government provided free test for COVID-19 to all people who both show COVID-19 symptoms and meet specific criteria such as admitting to hospital, getting access to a known case, returning from overseas. This allowed Vietnam identify infected individuals on time to conduct isolation of those infected, get the tracing and quarantining of their contacts. This minimizes the spread of COVID-19 into the society.

Many prestigious and famous newspapers in the world have delivered news about Vietnam's success in controlling COVID-19. Accordingly, many papers on The New York Times, U.S. News & World Report, Asia Times, Bloomberg, Financial Times (UK) dignified the strategic policies of Vietnam for the COVID-19 pandemic [42].

6. CONCLUSION

The paper shows the coronavirus outbreak affected unemployment rates and wages of staff in different sectors, different genders and different areas of Vietnam, as well as efficient solutions of the government to deal with those consequences of COVID-19.

Particularly, labors in service sector suffer the hardest hit including job loss, rotational shift work, reducing working hours and income declines from the pandemic comparing to other economic sectors. Moreover, female workers have to face with much more negative influence from COVID-19 than male workers and one of the most fundamental reasons is that most of workforces for sectors with sharpest effect from COVID-19 are female. In terms of residential places, workforces in urban areas are impacted much more negatively than workforces in rural areas due to the nationwide effectiveness of Directive 15 and 16 with a huge number of businesses, organizations and enterprises concentrating in urban areas.

As far as Vietnamese government policies responding to COVID-19 are concerned, most of the policies are timely but lack of efficiency as expected. From policies over finance support to policies over social assistance, the government brings brighter light for businesses and citizens. However, the procedure and the executing process of the policies are still prolix and complex, which leads to a lot of challenges and difficulties for businesses and citizens to get access to the aiding programs of the government. In order to minimize those shortcomings, the policies makers should propose simpler procedure requirement with minimal executing process to give more chance for micro and small businesses as well as vulnerable groups including non-skilled/low-skilled workers.

Because the author used the data provided in the latest reports of prestigious organizations, the paper could not point out the status of COVID-19 and its impact up to March 2022. Accordingly, most reports of these organizations need time to be examined and reviewed before making public, so they cannot provide statistics or data updated to the present. This is considered as one of the limitations of this paper. Moreover, this research does not provide primary data but use secondary data, so the results are not truly original but they are gathered and analyzed based on available statistics.

With all the charismatic analysis and findings, the author hopes to give more reference to policy makers of Vietnam for planning and proposing more efficient programs. Also, future researchers who concern about

impact of COVID-19 on labor market, especially in Vietnam, can also take this paper as a reference.

Directive 15 issued on March 27, requesting the provincial People Committee to impose limited measures of public crowds; meeting activities, 20 people gathering events; and do not gather from 10 people up outside the workplaces, schools, hospitals. a minimum 2m distance is required between individuals in public places. Religious or belief establishments must suspend all religious rituals and activities of 20 people up. Service-providing establishments in their localities, except for those dealing in essential goods and services, must temporarily cease their operations. Chairmen of the provincial / municipal People Committees are competent to decide on businesses and services need closing or suspending. The Directive 15 does not require social distancing.

Directive 16 issued on March 31, concerning the implementation of urgent solutions to prevent and combat COVID-19. Accordingly, the Government leader ordered a 15-day period of nationwide isolation starting 00:00 on April 1, with the principle of every household, village, commune, district and province going into self-isolation but not lockdowns. So, the Directive 16 requires social distancing nationwide. Any citizen required to stay home, only go out for necessities such as food and medicine purchasing or emergency; or working at factories, production facilities, essential goods and service providers (uninterruptible places) and other emergencies. All people must seriously implement the minimum 2m distance in their communication. It also puts a ban on more than 2 people concentration outside the workplaces, schools, hospitals and in public places.

In the 22-day distancing campaign for "high-risk" localities ending Wednesday April 22, all "non-essential" businesses such as bars, clubs, karaoke, massage services... were ordered to close temporarily.

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