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# Vietnam's Vocational Training Needs: Opportunities for Collaboration with Australia

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Perth USAsia Centre  
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INDO-PACIFIC ANALYSIS BRIEFS 2023

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The Perth USAsia Centre's Indo-Pacific Analysis Briefs seek to provide perceptive and contemporary insights from across the region. The series features leading analysts from Asia, Australia and the US to deliver up-to-the-minute assessments on issues of national and regional importance. This series will shine a light on the issues that remain critically important to Australia and the Indo-Pacific at a time when global events may otherwise dominate the news cycle.



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Binh is a social entrepreneur working in public health in Vietnam. In 2018, he founded Survival Skills Vietnam with the mission to reduce preventable deaths and injuries in Vietnam via first aid education to international standards. At the same time, he founded SiGen which develops and commercialises new rainfall catch basin technologies in solving mosquito-borne diseases and odour pollution problems in urban environments.

Before his entrepreneurial career, Binh worked as an investment promotion specialist in the Department of Industry and Trade of Ba Ria-Vung Tau Province. He contributed to the founding of Japan Desk Ba Ria-Vung Tau office – a joint initiative between the local government and Japan International Cooperation Agency to involve Japanese experts and businesses in the improvement of industrial policies. He represented the Department of Industry and Trade (DOIT) on the Japan Desk to help international businesses assess investment opportunities and advise various government offices on international cooperation opportunities.

He continues to be an active member of various international associations and fellowship programs to promote friendship and cooperation opportunities across countries.



## KEY MESSAGES

- Vietnam requires trained human resources to continue fuelling its rapid economic development. Although Vietnam has grown its skilled labour force significantly in recent years, that growth hasn't kept up with the very real demand coming from industry.
- The lack of skilled workers is a challenge for Vietnam's post-pandemic economic recovery. But it's also an opportunity for Australia's technical and vocational education and training sector.
- There are more university and college graduates than technical workers in Vietnam which could slow the country's industrialisation.
- The roots of the problem are poor student awareness of career options, and poor coordination between industry and education sectors.
- The high demand for quality technical workers from Vietnamese companies could be an opportunity for the Australian TAFE sector.



### The problem

Currently, Vietnamese industries mostly do lower technology assembly work. That doesn't help Vietnam capture much of the value of the global supply chains – and increasing its share of those supply chains is a key objective of Vietnam's industrialisation strategy.

To achieve its industrialisation objectives, Vietnam needs more local component manufacturers than it currently has. For example, Vietnamese automobile manufacturers source just 7-10 per cent of car parts from Vietnam. In the electronics industry, only 15 per cent of parts are sourced locally, and in high-tech it's only 5 per cent.

One of the main reasons for Vietnam's low share of the global component manufacturing market is skills shortages. There is work available, but employers struggle to find workers with the right skills.

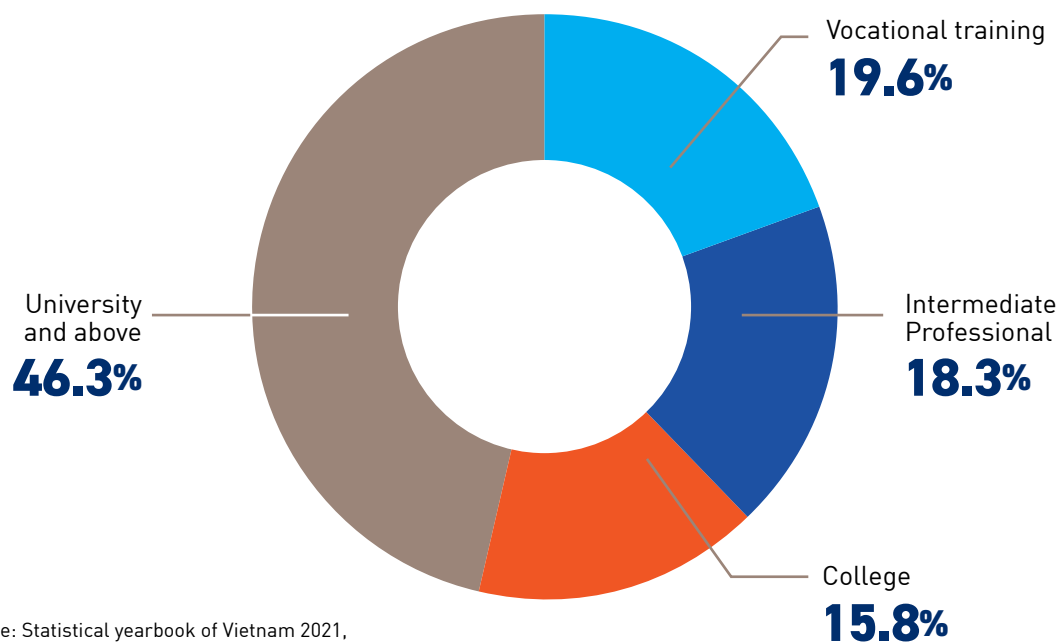
**A known paradox exists in Vietnam's education market: vocational school graduates are all but guaranteed jobs, but most students still choose not to study at such institutions.**

In fact, many Vietnamese companies "pre-order" at vocational schools to secure their graduates. Despite these employment rates and pathways, a leader of a Vietnamese industrial park stated: "we don't have enough vocational workers and engineers in many fields that our tenants demand. The local vocational colleges only meet 60-70 per cent of the demand, so we have to recruit from neighbouring cities."<sup>1</sup>



A 2016 report for example found that 90 per cent of Vietnamese high school graduates apply for universities and colleges, but only 10 per cent go for vocational training<sup>2</sup>.

PERCENTAGE OF TRAINED LABOUR FORCE AT 15 YEARS OF AGE AND ABOVE,  
BY AGE GROUP AND BY QUALIFICATION, 2015 TO 2020



Source: Statistical yearbook of Vietnam 2021, General Statistics Office of Vietnam, p.157

The model of desirable distribution for graduates suggests a ratio of **1:4:10** coming from universities, professional intermediates and vocational colleges. This has not recently been the case in Vietnam.

In 2018, the distribution was **1:1.2:0.9** making the number of graduates coming from each source almost equal.

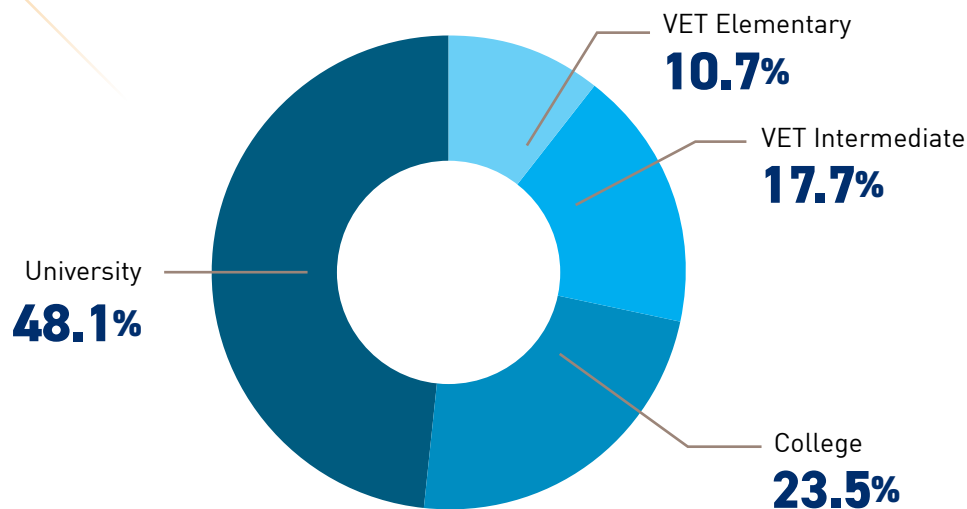
In 2020, this has worsened considerably where TVET graduates fell so that the ratio was to **1:0.3:0.4**<sup>3</sup>.

In other words, Vietnam has an excessive amount of higher education graduates while there is a serious shortage of skilled workers.

As a consequence, another paradox is created: among the trained workforce, the higher the qualification one holds, the higher the chance of unemployment.

**In 2020, the unemployment rate of those who hold a university degree was 20.7 per cent, contributing to 48 per cent of unemployment in the trained workforce.**<sup>4</sup>

## UNEMPLOYMENT STRUCTURE OF TRAINED WORKFORCE BY HIGHEST ACQUIRED EDUCATION – 2020



Source: adapted from Workforce and Employment Survey Report 2020, General Statistic Office of Vietnam

The mismatch between qualification and employment demand keeps widening: for example in 2017, 23 per cent of Vietnamese university graduates took jobs which only required vocational certificates<sup>5</sup>.

### The causes

#### A “degree loving” culture

In Vietnam, there’s an age-old, generational belief that the higher the degree one holds, the better the person is and the better employment opportunity one has. It has its root in Confucianism<sup>6</sup>, which still influences modern Vietnamese culture. This belief causes a number of difficulties:

- Students in general believe that vocational training does not offer them a future, and that a university degree is necessary to progress in one’s career. Applying for vocational colleges are considered only for those who can’t afford or can’t pass the entrance exams to universities. As a consequence, many try to get into universities for fear of being looked down on, instead of following their desires or capabilities.
- To many, the goal of education is more about becoming a boss or bringing pride to one’s family, rather than what a person can do in the workplace. In order to become a boss, it is widely believed that one must graduate with a management degree. Therefore, the majority of undergraduate students are in management, business, and economics related courses. This phenomenon can also be observed within the Asian student community in economic schools in Australia.
- The public and private sector in Vietnam routinely specify a university or college degree as a minimum requirement, sometimes regardless of the fields of the degree.

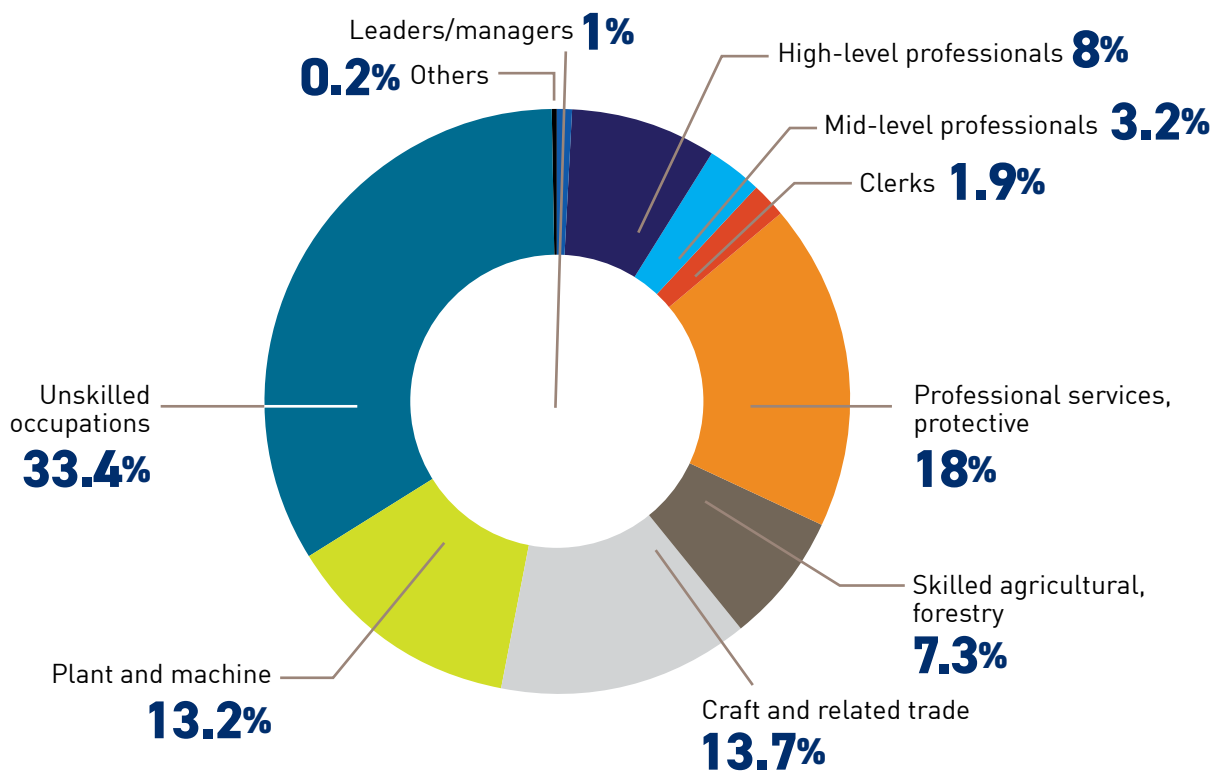
### Lack of quality career counselling

Traditionally, Vietnamese parents play an important, or even decisive, role in career counselling. They rely on their own experience, common myths and past information, rather than their children's abilities and desires or the job market outlook.

Recently, the Vietnamese government has started offering career counselling in schools. However, this is a relatively new concept in Vietnam and there are very few certified professionals in the field. Often, existing teachers undertake short training to assist students.

The biggest career counselling season in Vietnam is around April to June. However, this career counselling is mostly recruitment in disguise. Consultation is more about what the universities have to offer, rather than the market demand or how relevant they are to the students. Therefore, these activities may also perpetuate the existing issues rather than fix them.

### ANNUAL EMPLOYED POPULATION AT 15 YEARS OF AGE AND ABOVE BY OCCUPATION – 2020



Source: Statistical yearbook of Vietnam 2021, General Statistics Office of Vietnam, p.153

### Opportunities for Australian TAFE sector

The Australian TAFE (Technical and Further Education) sector is a world-class vocational education and training system that provides students with practical skills and knowledge required for specific careers. The experience of TAFE institutions can help address the skill shortage in Vietnam.

One of the key action items of the Australia-Vietnam Enhanced Economic Engagement Strategy is to "Support development of an industry-focused Technical and Vocational Education and Training (TVET) system in Vietnam". This involves promoting industry connections with TVET providers, as well as linkages between Vietnam and Australian TVET providers.

## Recruitment to Australia TAFEs

Vietnamese students want to go to Australia. According to one major student recruiter in Ho Chi Minh City, Australia is currently the number one English-speaking study destination for Vietnamese students, and demand has increased 20-fold compared to pre-COVID times.<sup>7</sup> TAFE is increasing in popularity for those who are looking for international quality and better employability, but cannot afford to go to university - the tuition fee for TAFE programs is about half that of universities.

However, there are challenges on the Australian side: higher rates of visa rejection for TAFE student applicants (in comparison to university applicants), slower TAFE admission processes and little support for Vietnamese recruitment agencies from many TAFE institutions. The success of Australian university recruitment in Vietnam can provide good insights for TAFEs to better promote themselves in Vietnam.

## TAFE partnerships with Vietnamese vocational colleges

Partnerships between TAFE institutions and Vietnamese vocational colleges make it more affordable for Vietnamese students to acquire vocational training to international standards.

Some of the most notable Australia-Vietnam TVET partnerships are: Chisholm Institute and 25 Vietnamese vocational colleges and universities; Box Hill Institute and KOTO; and Melbourne Polytechnic and FPT Education. Some popular offerings include: metal cutting and welding, moulding, graphic design, automobiles, mechatronics, industrial electronics, information technology and cooking.

TAFE is widely recognized not only in Vietnam but also South East Asia as an effective and practical framework for Vietnam's labour market. However, there are a number of challenges facing the successful implementation of TAFE in Vietnam. These include difficulties acquiring equipment and trainers that meet Australian requirements, the requirement for educators and students to meet a high standard of English and the fact that the tuition fee is still unaffordable to many.

Ba Ria-Vung Tau College of Engineering and Technology (BCTECH) - one of the leading vocational colleges in Vietnam - is a good example of implementing international partnerships to address local skill shortages. BCTECH is located in Ba Ria-Vung Tau Province (BRVT). Unlike many parts of Vietnam that still rely on unskilled workers, Ba Ria-Vung Tau Province is highly industrialized with many high-tech large-scale factories. Therefore, growing the skilled workforce has always been a priority in the province's investment promotion strategy.

BCTECH has collaborated with many partners to overcome skills challenges, such as:

- Partnering with overseas government agencies and vocational schools including Chisholm Institute (Australia), the German government, the Danish government, CIESF (Japan), Rokugo Tokyo (Japan) and JICA (Japan) to acquire technical assistance, training equipment support, international trainers, and language and skill training.
- Partnering with local industrial parks and businesses for employment "pre-ordering". Via a similar employment partnership with Japanese organizations, 300 graduates are working in Japanese businesses and 80 are working in Japan.
- Tuition fee concessions and low interest student loans from the Ba Ria-Vung Tau government.

**Case study:****Ba Ria-Vung Tau Province – Linking Vocational Education to Vietnam's Industrialisation**

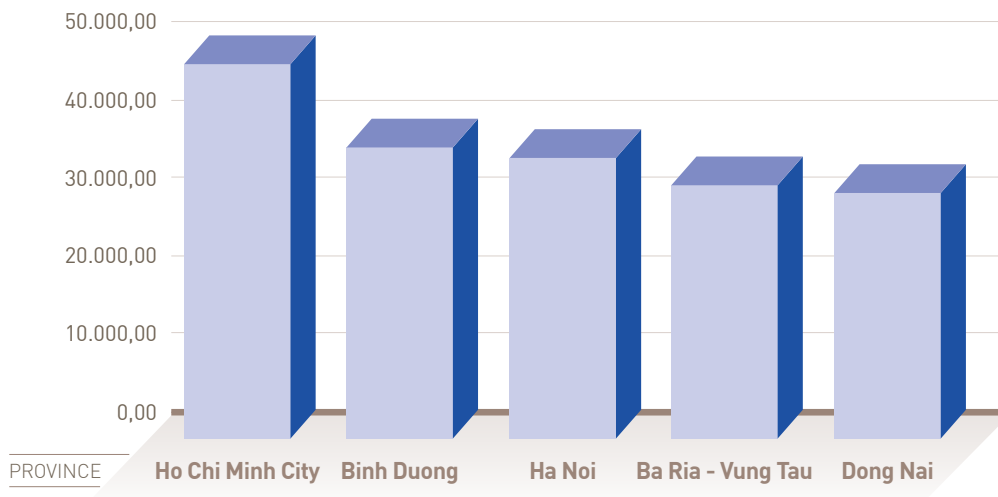
Ba Ria-Vung Tau Province offers opportunities to link vocational education to Vietnam's industrialisation and workforce needs.

Although there are not as many Foreign Direct Investment projects in BRVT as other provinces, the average investment capital per project is the largest. BRVT is fourth in Vietnam in terms of total registered foreign investment capital (see Figure 1).

However, it has the highest average capital per project of USD66.14 million, 3.6 times the figure of neighbouring Dong Nai province, which is in second place (see Figure 2).

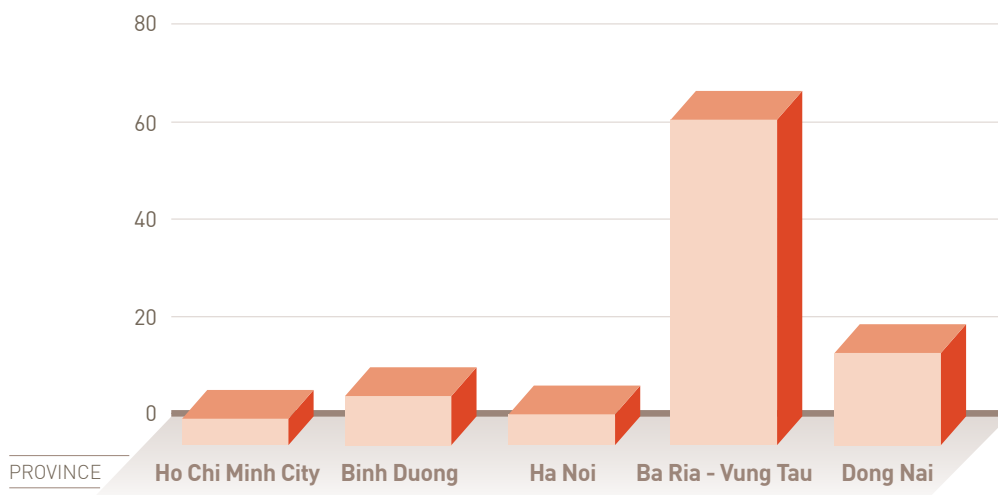
The BRVT economy has been optimised for large projects since the beginning of the province's industrialisation. Investors in heavy manufacturing will find all necessary infrastructure present in the province.

**Figure 1:** Top 5 localities in total registered foreign investment capital (mil. USD) in 2020



Source: Vietnam General Statistics Office 2021

**Figure 2:** Capital per project (mil.USD) of Top 5 localities in total registered foreign investment capital in 2020 [2]



Source: Vietnam General Statistics Office 2021



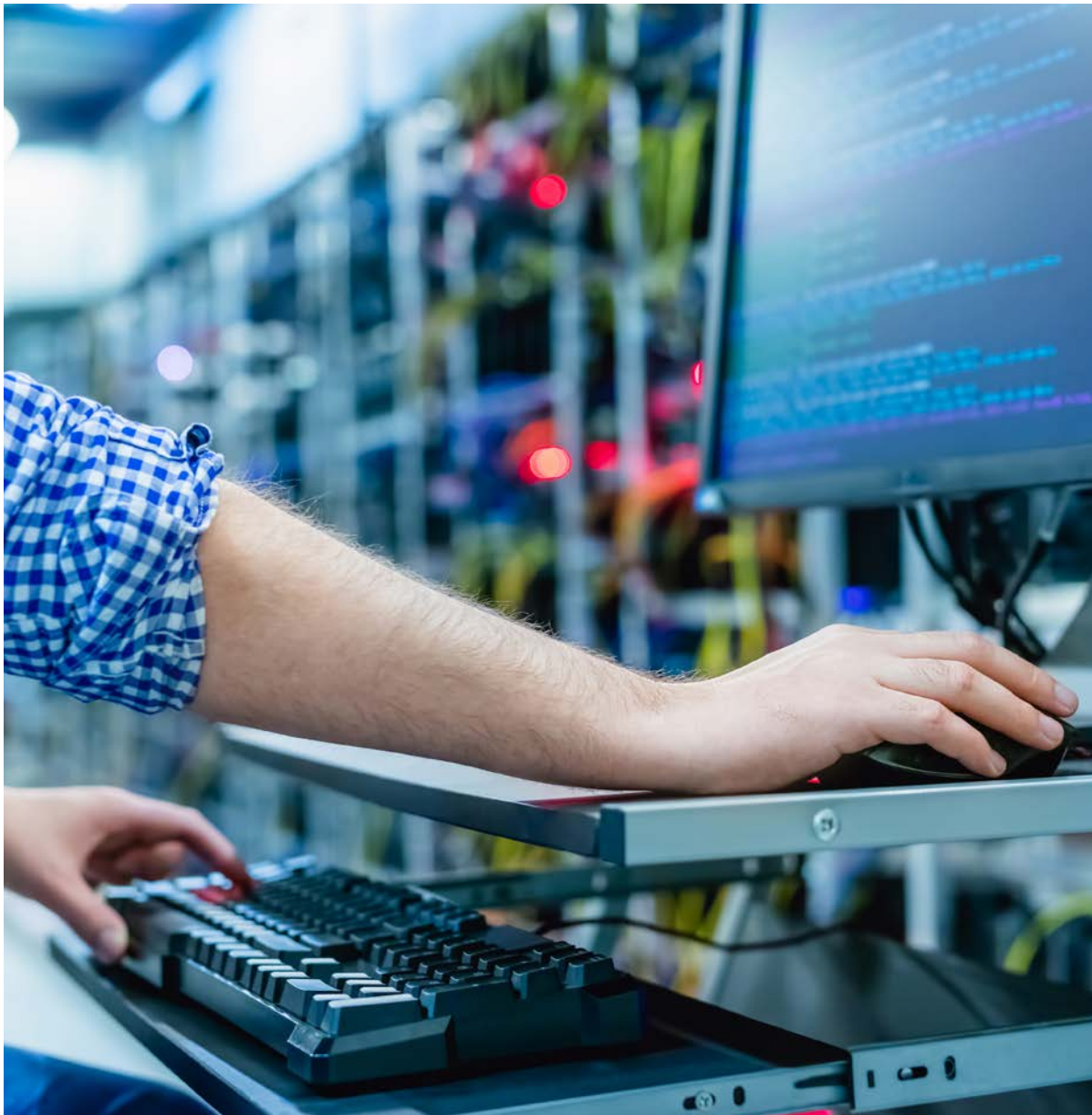
## Nurturing the demand for vocational training

Much work has been done on both the Vietnamese and Australian sides to gradually improve the quality of vocational education. However, less has been done to address the cultural and social issues that created the vocational education shortage in the first place.

In 2018, the Ministry of Education and Training of Vietnam issued decision No. 522/QĐ-TTg to approve the project “Career education and student separation in high school education period 2018-2025”<sup>8</sup>. The project aims to divert students to different levels of study and different fields to match the labour market demand. Some key objectives are:

- Minimum 80 per cent of high schools have career counselling programs that are linked to local economic development.
- 100 per cent of high schools have teachers who can concurrently deliver career education
- 30 – 45 per cent of high school graduates continue their studies in vocational training institutions.

Building collaboration in vocational education will help Australian and Vietnamese commercial and economic ties continue to grow. In doing so, the Australian government and TAFE sectors will not only address the skill shortage problem in Vietnam, but also stimulate a greater demand for Australian TAFE education.



## Recommendations for Australia-Vietnam collaboration on vocational education

### FOR VIETNAM:

Build capacity of Vietnamese career educators and TAFE recruiters

Build career education resources for school teachers, students and parents, such as exploring career pathways, comparisons of courses and schools, job outlook awareness, and employment preparation

Develop a Vietnamese job market forecast to help parents and students make career decisions based on forward-looking demand, rather than past experience

Public awareness campaigns to help parents and students overcome social and cultural barriers to vocational education

### FOR AUSTRALIAN EDUCATION PROVIDERS:

Work with the Australian Embassy and the Australian Consulate General in Vietnam to foster a TAFE alumni network, celebrate student success and build credibility and brand awareness for TAFE. Real-life experiences and stories are more convincing than recruitment agencies alone

Make TAFE more affordable by developing more joint programs with Vietnamese vocational institutions, so students can do some or all of their course in Vietnam

Assign dedicated regional admission staff to take care of Vietnam or the ASEAN region to speed up the admission process

Work with the Australian Embassy and Consulate General in Vietnam to provide supportive visa guidance and assistance

Work with industrial partners in both Vietnam and Australia for employment opportunities and better counselling for prospective students

Work with Vietnamese provincial governments to implement incentives, concessions and other financial and non-financial support for vocational students

Work with high schools to raise awareness about vocational training and TAFE. Awareness of TAFE can be delivered and maintained via career education material, curriculum, and other public education material localised for Vietnamese people



## Endnotes

- 1 Interview with author, Ho Chi Minh City, April 2023.
- 2 Minh, D. (2016) 90per cent students attending universities resulted in unemployment, VOV online newspaper, 21 March. Available at: <https://vov.vn/xa-hoi/giao-duc/90-hoc-sinh-muon-hoc-dai-hoc-cao-dang-de-roi-that-nghiep-491408.vov> [Accessed: 27 April 2023]
- 3 Ha, H.T.M. & HaDo D.T. (2020), Labour structure by level of education to meet economic development to 2025, *National Center For Social-Economic Information and Forecast*, Ministry of Planning and Investment, Vol.1.
- 4 Workforce and Employment Survey Report 2020, General Statistics Office of Vietnam, p.35
- 5 Ha, H.T.M. & HaDo D.T. (2020), Labour structure by level of education to meet economic development to 2025, *National Center For Social-Economic Information and Forecast*, Ministry of Planning and Investment, Vol.1.
- 6 Dong, G. 2018 The reality of "More masters than workers": emotion heavy, reality irrelevant, Investment and Finance, 23 April, Available at: <https://dtc.sggp.org.vn/thuc-trang-thua-thay-thieu-tho-nang-tam-ly-xa-roi-thuc-te-post57025.html> [Accessed: 27 April 2023]
- 7 Author interview with Ms. Thu Minh, Regional Recruitment Manager, Global Study Partners, Ho Chi Minh City, April 2023.
- 8 Ministry of Education and Training (2018), decision No. 522/QĐ-TTg to approve the Project "Career education and student separation in highschool education period 2018-2025

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