

Human Resources In The Private Sector In Vietnam

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Abstract:

Vietnam is entering the stage of industrialization and modernization of the country. In order to elaborate itself from underdevelopment and create the foundation to become a modern industrialized country, resources development is considered prerequisites, in which capital resources, science and technology, management, especially human resources, are the most importance. Still without manpower, manufacturing material cannot be produced. On the basis of the vital role of human resources, this paper aims to analyze the utilization of human resources in the private sector in Vietnam, hence provide a complete look of Vietnam's industrialization and globalization development through this sector.

Keywords: human resources, private sector, Vietnam.

Introduction :

Human resources include quantity and quality of workers who are prepared at a certain level, available to be mobilized into the process of social economic development. Accordingly, the definition of human resources consists of two approaches: broad and narrow. The broad approach considers human resource as an entire resource of people, including labors, both inside and outside of working age. Under the narrow approach, human resources are limited in the number of people at working age, which is in fact, the source of labor willing to provide for the needs of economic activity. [1]

Labor resources between the different countries have different approach. Some countries regarded its source of labor from those who actively participate in the labor force (positive) and those who likely to join the labor force (potential). A number of countries applied market economy development, the concept of which human resources is limited within the number of people in labor and the people in need of employment (but has not found work), yet not including those who still have the ability to labor, but not in need of employment. These countries often adapted the widely applicable category of human resources:

unemployment, compulsory unemployment, voluntary, structural unemployment. [2]

In Vietnam, agreed approach considered workforce resources include working people more than 15 years of age (including those on working age according to the provisions of The Labor Law, but still involved in the process of labor) and people who are at working age and capable to labor, but do not work due to unemployment, study purposes, personal reason or not wanting to work in the present moment [3].

As science and technology are now on the stage of development, resources for development are much more varied. While natural resources are quickly exploited and decreasing, the intellectual economy is rising. In economic analysis, people are inclined to exploit comparative advantage. But the more developed society gets, the more important human resources becomes for the sake of domestic improvement and international competitiveness of a country. Clearly, labor resources are an important factor as a result of the labor process of social production.

In economic market, private sector is an indispensable part of national economy. The

concept of economic includes different economic components, each economic component has ownership of production material. Private sector is one of the economic components contributing to the country's economy, which is not owned by the government or public corporations, but by independent companies and individuals [4]. In Vietnam, private sectors are not included in foreign invested sectors. They are different in the terms of productions forces and production relations, however, they both belong to the same regime of private ownership of production material.

According to the Central Committee for innovation and business development, after 30 years of innovation, the private sector in Vietnam has grown with almost 620 thousand active enterprises, contributed in 40% of national GDP, about 30% of the total industrial production value, nearly 80% of the total circulation of retail goods and services, approximately 64% of the total amount of goods transported [5]. This sector also covered over 51% of the workforce in Vietnam and created about 1.2 million jobs each year.

The Communist Party of Vietnam have put private sector in focused in the Party congress, emphasizing private sectors in the social economic development strategy. As mentioned in the strategy, private sectors are advocated for its national economic and development contribution: "The private economy is an important part of the national economy. Under economic development, privatization is a long-term strategic approach for developing economies with socialism orientation, which has important contribution for economic development, industrial modernization, improving the internal forces of the country in the international economic integration" [6]. At high time, Vietnam's next strategy is to motivate regional development through attracting private sectors, and at the same time, demonstrate the continuum innovative economic mindset of the Party to comprehensively integrate the practical economy development after 30 years of innovation. [7]

According to studies, private economic sector in Vietnam still has not been the key motivation of the economy. The sector largely depends on household and individuals expenditure (accounted for about 95% of the total base production) and small and micro business (over 90% had a level of capital below 1 billion). Accompanied by low technology, poor financial capability, labor

productivity, private business has not gained high efficiency throughout the years. As the level of governance and coalition is still weak, private business experienced challenges to participate in the value chain of domestic and international market [8]. The development of economic private sector is falling into imbalance; as only 1% of business activity invested in agriculture sector while the other fell into industrial investments.

Evidently, the problem of human resources recruitment and utilization also appears and affects the private sector in Vietnam. One of the main inhibitors for the development of the private economy, especially in the period of regional and international economic integration, is the inadequacy of human resources. To overcome this barrier, we have recognized a number of factors that affect the quantity, quality as well as structure of human resources in Vietnam's economic private sector.

First, the private economy operates in an economic space, the most productive business environment for economic sectors. Therefore, there is a mutual impact between economic sectors and types of businesses. Such interactions affects the flow of human resources, placing most pressure onto private economy. If previously the responsibility of creating new jobs belonged to the state and collective economic sectors, now private businesses of small and medium enterprises are taking on this responsibility. The equalization of state-owned enterprises will lead to a surplus of labor, which private economy will attract as its resources. On the other hand, even if foreign-invested enterprises pay higher wages for workers, under strict recruitment standards of the region, up to 90% of these businesses requires more capital, not labor. Eventually, the pressure of creating new jobs, attracting more workers will fall onto small and medium private enterprises.

Secondly, in the midst of transitional economy, the economic sectors including the private sector always evolve, develop new relations, mutual interaction, intertwined activities in the economic structure, on the basis of cooperation, complementary and competition in the market economy and equality with the law. This is also one of the factors affecting the recruitment, utilization and structure of human resources in private sector.

Third, after achieving many positive results, generally Vietnam's private economic sector is still

in the “start-up” period. Most private economic enterprises are small, dispersed and less competitive. This would limit its ability to receive and disassemble new labor force as effectively as other economic sectors.

Fourth, the private economic sector in Vietnam had flourished for a long time but soon faced an imperfect competitive environment: the market regime was not created synchronously. Small and medium-sized private enterprises often find it difficult to develop quickly into large enterprises, while economic groups are easy to fall into bankruptcy. This causes many difficulties for the private sectors to have stable human forces flow, provide training for long-term labor and utilize, especially among trained laborers.

Fifth, due to the fact that Vietnam economy has been concentrated in public sectors for quite a long time and quite reserved in term of attitude and openness, there remains some enigma in private sectors’ internal regime. The image of a homogeneous “boss” as an imposing person can depict a negative working vibe. The lack of sympathy in employer-employee relationship also hindered the pro-activeness and the opportunities for workers to accumulate experience. This in turn have an adverse impact on workers’ ergonomics while participating in the private economic sector, especially among trained young workers.

The existence and development of the private economic sector in the socialist-oriented market economy in Vietnam is indispensable. In a market economy, the need to create a healthy competitive environment requires economic development between both public and private businesses. Private economic sectors aim to create a harmonious combination of personal and social interests in developing a market economy. In order to improve the private economic sector in Vietnam develop

through the “start-up” period, labor resources are highly in demand, especially with such challenges analyzed above. Therefore, it is necessary to understand the contributing factors, which influence human resources operating in private sector, we expect to have effective solutions to improve the efficiency of human resource use in the private economic sector in the period of industrialization, nationalization and modernization.

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