

## **Gender-sensitive assessment of employment and income impacts of the pandemic on textile and garment and hospitality<sup>1</sup> sectors in 2020**

Centre for Analysis and Forecasting (CAF)<sup>2</sup>

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<sup>1</sup> Hospitality includes tourism and related sectors namely hotel, catering and passenger transportation

<sup>2</sup> This report was prepared by a team comprising Pham Minh Thai, Vu Hoang Dat, Nguyen Thi Thu Phuong and Nguyen Thang under the research project “The Impact of COVID-19 on Inclusive Development and Democratic Governance: Rapid and Post-Pandemic Assessment in the Mekong Subregion”. This project is financially supported by the International Development Research Center (Canada) and coordinated by the Cambodia Development Resource Institute (Cambodia). The authors received valuable comments from academic advisors, Marzia Fontana (IDS, England), Kyoko Kusakabe (AIT, Thailand) and Jayant Menon (ISEAS, Singapore).

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## Introduction

In this report, the research team will conduct gender-sensitive assessment of impact of the pandemic on key labor market outcomes in 2020 (the number of workers, the number of working hours, hourly income, social insurance, employment contract, employment status etc.). This ex-post impact assessment will be done on a frequent basis by doing in-depth analysis of the dataset of the labor force survey (LFS) released by GSO. The LFS is conducted by the General Statistical Office (GSO), starting in 2007. It is statistically representative at the regional level by quarter and the level of provinces by year. Since 2018, GSO has conducted LFS on a quarterly basis, and all four rounds of LFS share the similar design of questionnaires consisting of three parts: 1) basic demographic information of all members of households; 2) general information of members aged 15 and over (including gender, ethnicity, migration status etc.); 3) employment and relating information (including formal vs. informal<sup>3</sup>, the number of working hours, incomes of wage earners etc.) of members aged 15 and over. The sampling frame of LFS 2007 was constructed based on 3% of the 1999 Population Census, whereas the sampling frame of LFS from 2009 to 2018 was based on the 15% of Population Census in 2009. The sampling frame of LFS 2019 was constructed based on the 40% of Population Census in 2019.

As such, the LFS datasets are very useful for rapid ex-post assessment of employment and income impacts of the pandemic. Analysis can be done at different levels of disaggregation. Data in 2018 and 2019 can be used as the baseline (pre-pandemic) so that comparing data of 2020 with the baseline data enables us to approximate the impact of the pandemic on the labor market performance, with a focus on gender disparities in labor market outcomes. The selection of two sectors – textile and garment, and hospitality industries - follows the project document to enable cross-country comparisons.

The structure of this report is as follows. Besides the introduction and conclusion, the report is divided into five main sections. Section 1 provides general background on economic growth and export-import situation in Vietnam. The growth rate of manufacturing and service sectors in general and that of garment & textile (T&G) and hospitality related sub-sectors is also presented in this section. Furthermore, this section will provide general gender pattern in the labor force and in T&G and hospitality in Vietnam. The second section describes the

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<sup>3</sup> Informal employments are those who do not have social insurance followed the ILO (2013) definition “*all employment arrangements which do not provide individual workers with legal or social protection through their work, thereby exposing them to economic risks...*”

changes in the number of workers, employment status, social insurance, employment contract, working hours and hourly income in the T&G sector comparing with those in the manufacturing and the whole economy in 2018, 2019 and 2020. The same structure is applied to analysis of the hospitality sector in section 3. Section 4 focuses on the impacts of the pandemic on domestic migrant workers, who are presumably among the most vulnerable people in the pandemic time. Finally, section 5 provides information related to informal and vulnerable<sup>4</sup> employment in the context of the pandemic.

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<sup>4</sup> Vulnerable employment includes self-employed workers (without hiring labor) and family workers (those who work in an establishment run by relatives or family members without receiving salary) (Gammarano, 2018)

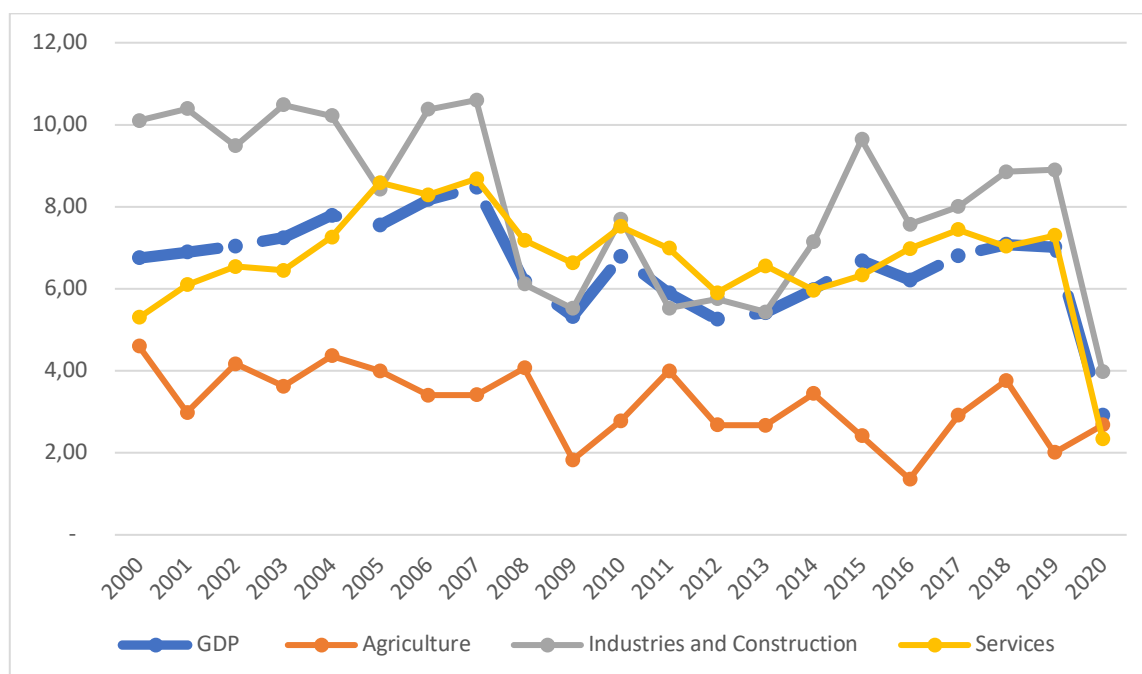
## 1. Background

### 1.1. Growth rate of GDP and import-export

#### GDP growth rate fell sharply and was the lowest in more than 20 years

Vietnam's gross domestic product (GDP) in 2020 increased by 2.91% compared to 2019. Although this is the lowest rate in the period 2011-2020 (Figure 1), yet in the context of complicated situation of the Covid-19 pandemic, such growth rate is a great success for Vietnam with the growth rate in 2020 among the highest in the world. Notably, agriculture was insulated from the pandemic, as evident by a higher growth rate in 2020 as compared to 2019.

**Figure 1: GDP growth rate (%), 2000-2020**

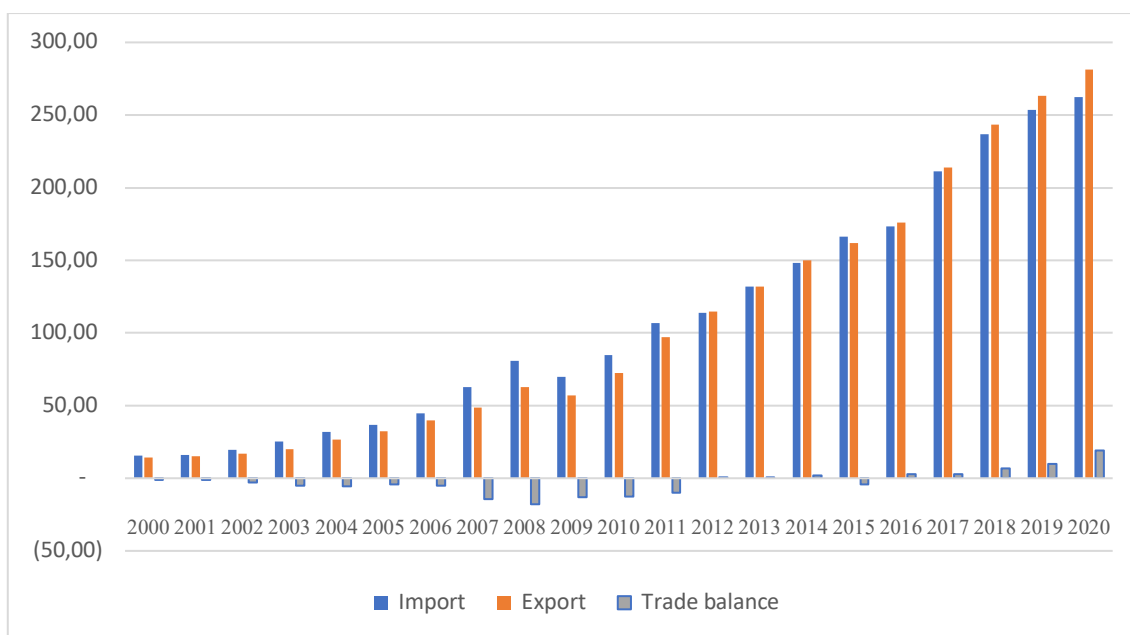


Sources: General Statistics of Vietnam (GSO)

#### Impressive growth of import and export continued in 2020

Import and export value of Vietnam's goods increased continuously in the period 2000-2020 with the value of the following year always higher than the previous year (except 2009 when the global financial crisis happened).

**Figure 2: Import, export and trade balance (\$ billion), 1995-2020**



Sources: GSO, UNCOMTRADE, Vietnam Customs

*These figures show the relatively strong integration along with the increase in the size of the Vietnamese economy over the past two decades. In particular, 2012 was the first year to record a trade surplus in Vietnam when exports were higher than imports and this result is maintained gradually until 2020 (*

**Figure 2).**

In 2020, export turnover of goods is estimated at 281.5 billion USD, an increase of 6.5% compared to 2019, lower than the increase of 8.1% in 2019. Specifically, export turnover of foreign investment sector (including crude oil) was estimated at 203.3 billion USD (up 9.7% compared to 2019), accounting for 72.2% of total export turnover (up 3.4 percentage points compared to 2019). The domestic sector was estimated at 78.2 billion USD (down 1.1% compared to 2019), accounting for 27.8% of total export turnover. Also in 2020, the import turnover of goods was estimated at 262.4 billion USD, up 3.6% compared to 2019, of which the foreign sector was estimated at 168.8 billion USD, up 13%.

**1.2. Impacts of pandemic on growth rate of T&G and hospitality in Vietnam**

**The manufacturing and services sectors were heavily affected by the pandemic**

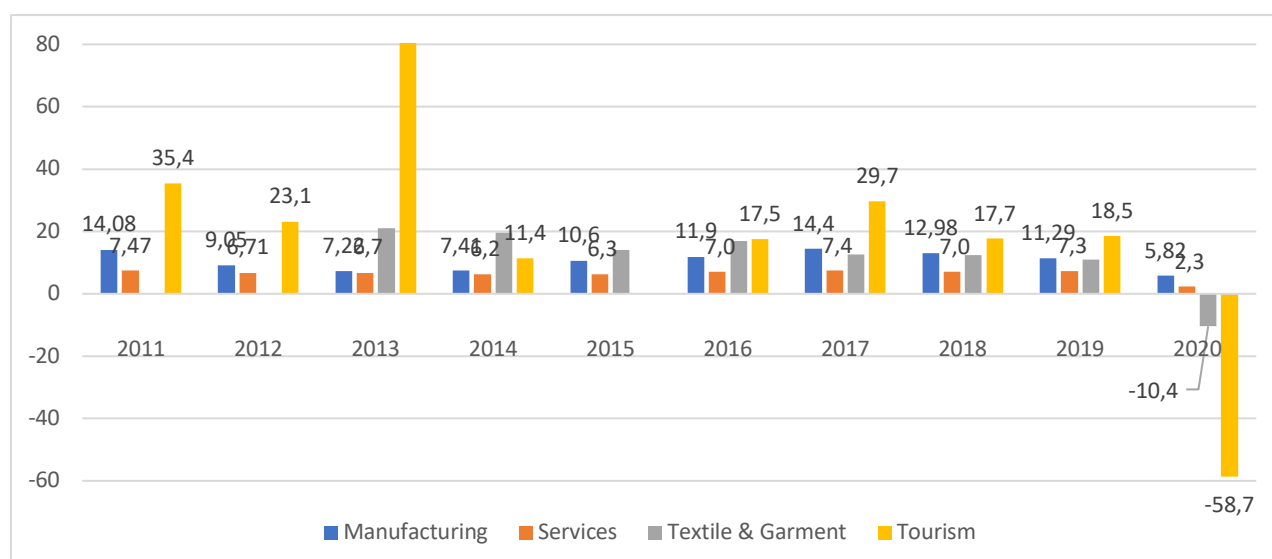


The manufacturing and service industries in 2020 have been strongly impacted by the pandemic when the growth rate is only 5.8% and 2.3%, respectively. Specifically, the growth rate of the manufacturing sector in 2020 is only half of the sector average growth rate in the period 2011-2019 (11%). Even the growth rate of the service sector in 2020 is only one third of the average growth rate of the sector in the period 2011-2019 (6.9%) (**Figure 3**).

**For the first time in 25 years, Vietnam's textile and garment exports grew negative**

Before the pandemic, Vietnam's textile and garment sector had a high growth rate with an average index industrial production (IIP) of 11.8% in the period 2011-2019. In 2020, the sector is one of the most negatively affected one by the pandemic. Textile sector IIP decreased by 0.5%; apparel manufacturing sector decreased by 4.9% due to the Covid-19 pandemic disrupting the supply of raw materials, narrowing the consumption market for garment products. The demand for T&G products dropped sharply as consumers across the world is only interested in essential supplies and epidemic prevention. The export turnover of the entire textile and garment sector in 2020 is estimated at 35.27 billion USD, down 9.29% compared to 2019. However, this is still a very positive level in the context that the world's total demand for textiles and garments decreased by 25% (Do Bich Thuy, 2021). 2020 is the first year after 25 years, Vietnam's textile and garment exports grew negative 10.5% (**Figure 3**) only reaching 35.2 billion USD compared to 39 billion USD in 2019. However, in the context of global aggregate demand decrease in the world economy by more than 22%, from 740 billion USD to 600 billion USD, all competing countries have a reduction of 15-20%, even nearly 30% if they are isolated for a long time, the reduction of Vietnam' T&G sector is a significant achievement. (Viet Vu, 2021).

**Figure 3: Growth rate of Manufacturing, Services, T&G and Tourism (%), 2011-2020**



Sources: GSO, <https://vietnamtourism.gov.vn/index.php/statistic/receipts>,

The percentage of female workers in the T&G industry is very high (ranging from 75-80%) while the overall female labor share in manufacturing only ranges from 51-55%. A rather special point is that the percentage of female workers in the service industry is lower than that of men at 47-49%, and the rate of female workers in the hospitality industry is higher than the general rate of the service industry with a fluctuating rate around 52-55% in the period 2011-2020 (See details in Appendix 1).

### **The tourism and passenger transport sectors were the hardest hit**

In 2020, Vietnam's tourism sector was seriously affected by the COVID-19 pandemic. The number of international visitors to Vietnam only reached about 3.84 million<sup>5</sup>, (decrease 78.7% compared to 2019); domestic tourists reached 56 million arrivals (decline 34.1%). Total revenue from tourists reached 312 trillion VND (decrease 58.7%, equivalent to 19 billion USD (**Figure 3**)). About 95% of international tour operators have stopped operating. Large number of hotels have to close, the occupancy rate is sometimes only 10-15% (Hai Thanh, 2021).

Passenger transport in 2020 also reached only 3,562 million passengers, decrease 29.6% compare to the previous year. The number of rotations reached 163 billion passengers.km, decrease 34.1% (GSO, 2021).

### **1.3. General gender pattern in the labour force and in T&G and hospitality in Vietnam**

This section will describe the general gender pattern of Vietnamese workers such as employment status, having social security, having employment contract, age and education by gender in the 10-year period 2010-2020. A similar description will also be made but focusing on two industries, T&G and Hospitality, also during the same period 2010-2020. However, since the LFS data on the social insurance participation questionnaire was only asked in detail on a monthly basis starting from 2013, the descriptions related to social insurance and contract status will apply during the period 2013-2020.

#### **1.3.1. General gender pattern in the labour force**

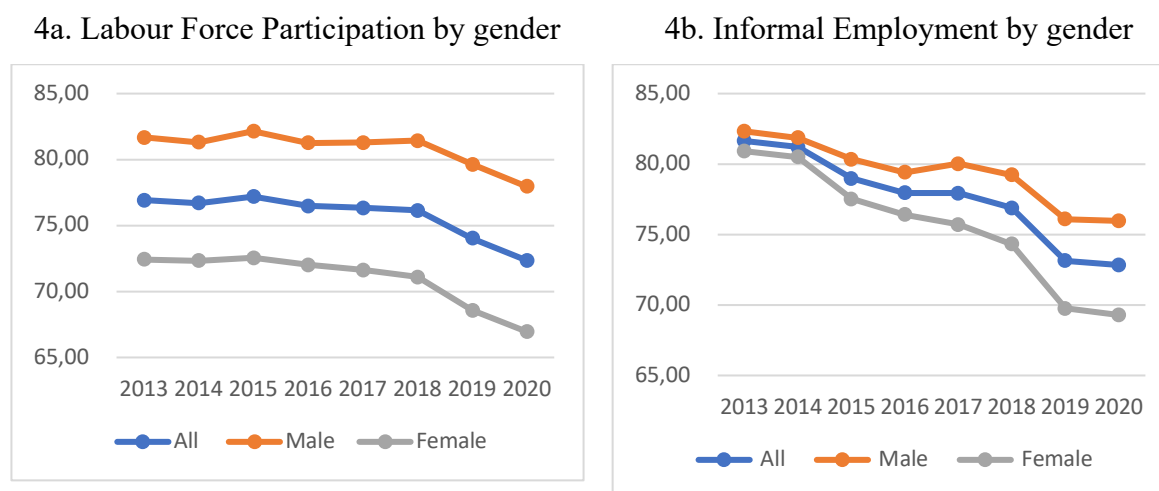
**Labor force participation rates and informal employment rates tend to decrease from 2013 to 2020. The proportion of women is lower than that of men, and the gap tends to widen over time.**

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<sup>5</sup> of which more than 96% of international visitors were in the first quarter of 2020.

Figure 4 describe the labor force participation rate and the proportion of workers without social insurance by gender for the period 2013-2020. Accordingly, the labor force participation rate tends to decrease markedly for both men and women, and this rate is sharply drop from 2018 to 2020 (Figure 4a). Specifically, the labor force participation rate decreased slightly from 76.9% in 2013 to 76.1% in 2018, but this rate dropped sharply to 72.4% in 2020. This result is quite consistent with the GSO report when assessing the impact of the pandemic on the labor market. Women's labor force participation rates are about 10 percentage points lower than men's, and the gap tends to widen.

**Figure 4: Labor Force Participation and Informal Employment by gender (%)**



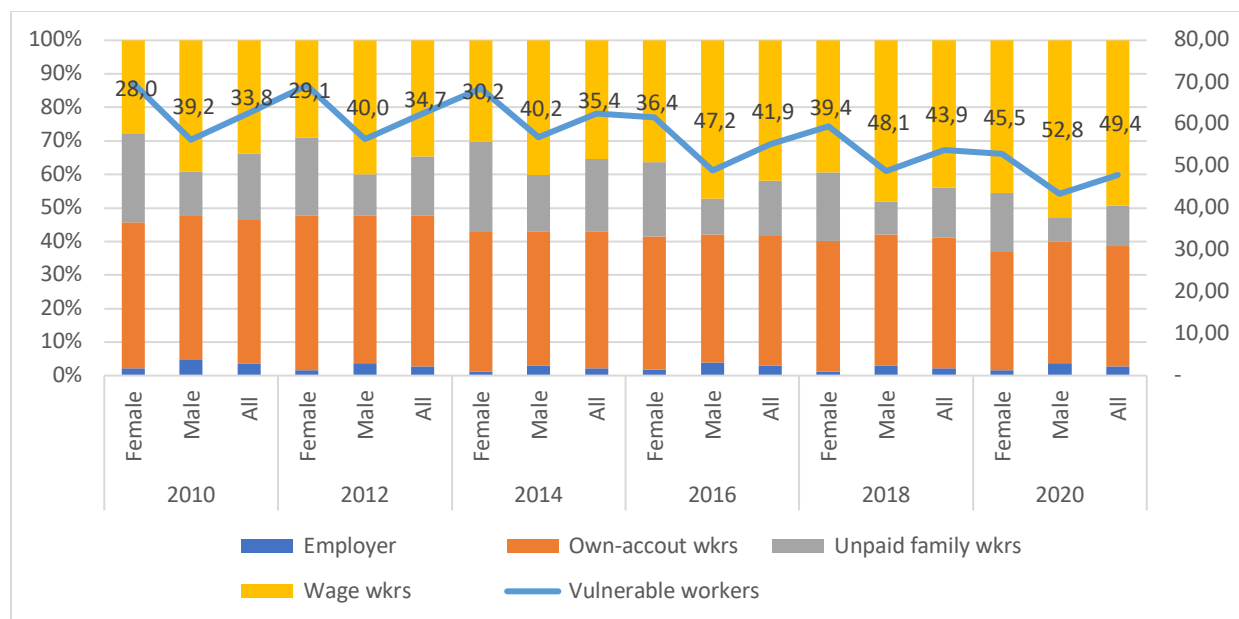
Sources: Authors' calculation from LFS 2013-2020, GSO

Similarly, the proportion of workers without social insurance also tends to decrease sharply in the period 2013-2020 (Figure 4b). This rate steadily decreased from 81.6% in 2013 to 76.9% in 2018 and suddenly dropped to 72.8% in 2020. The percentage of female workers without social insurance is lower than that of men, and the gap between the two sexes is widening. It can be seen that the sudden decrease in the rate of no social insurance from 2018 to 2020 goes hand in hand with the sudden decline in the labor force participation rate, showing that this decline is not positively significant development of the labor market. The decline here means that due to the impact of the pandemic, many people who are employed but do not have social insurance have had to quit their jobs and not participate in the labor market anymore. People who continue to maintain jobs during the pandemic are mostly those with more stable jobs and protective social insurance. As a result, the no social insurance rate has dropped so dramatically.

**The share of waged workers has increased over time and the proportion of men is higher than that of women in this group.**

By employment status, Figure 5 shows that the share of waged workers has increased significantly from 33.8% in 2010 to 49.4% in 2020. Although the female wage rate is lower than that of males, but the gap has narrowed significantly after 10 years from 11.5 percentage points in 2010 to 7.3 percentage points in 2020.

**Figure 5: Employment status by gender (%), 2010-2020**



Sources: Authors' calculation from LFS 2010-2020, GSO

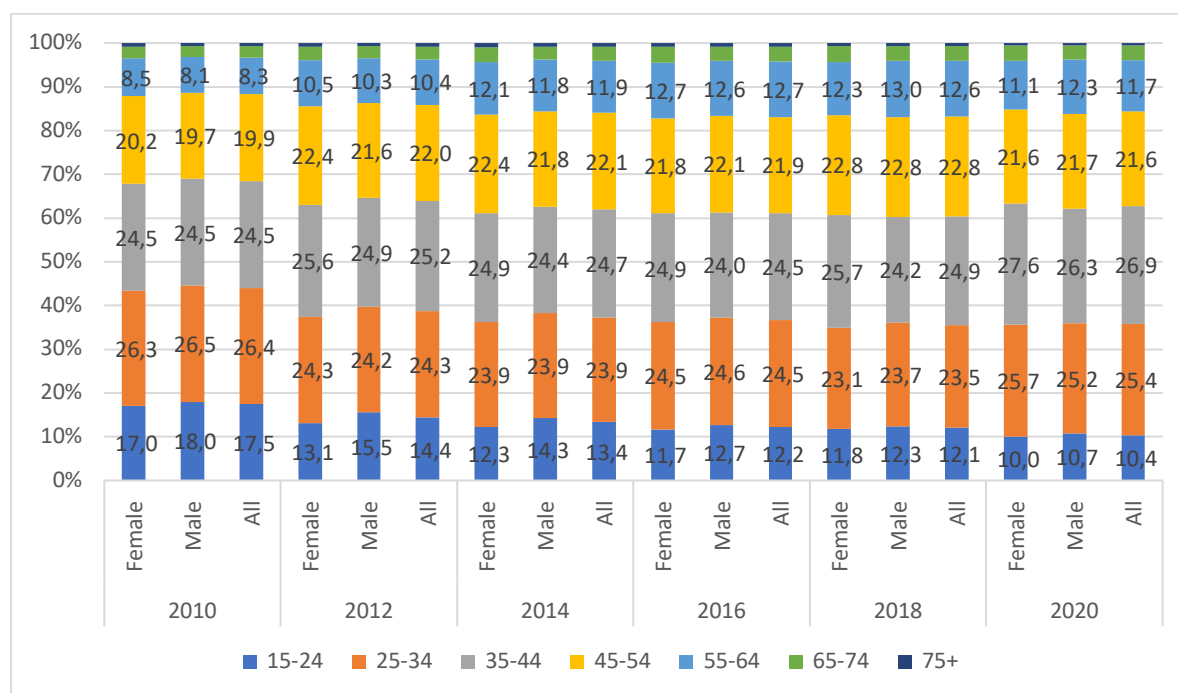
In contrast, the share of vulnerable workers (line on the right scale) decreased significantly between 2010-2020, from 62.8% to 47.8%. Specifically, own-account workers decreased from 43.3% to 35.9%, and unpaid family workers decreased from 19.5% to 11.9%. In particular, if the ratio of own-account workers between the sexes is quite balanced, the rate of unpaid family workers of women is always about 2 times higher than the rate of men (**Figure 5**).

**The age structure distribution is quite balanced among the age groups from 25-54 years old, however, the labor group 15-24 tends to decrease markedly.**

While the 45-54 age group accounts for about one-fifth of the workforce, one-quarter of the workers are in the 25-34 age group and the same proportion for the 35-44 age group. The group of young workers 15-24 tends to decrease markedly from 17.5% in 2010 to 10.4%

in 2020 and the rate of decrease is equally between men and women. **(Figure 6)**. This is a positive trend, it shows that instead of entering the labor market after graduating from lower secondary school as before, Vietnamese youth have continued their higher education to increase their education level before going to work. This is further demonstrated in the structure of educational attainment in **Figure 7**.

**Figure 6: Age structure by gender (%), 2010-2020**

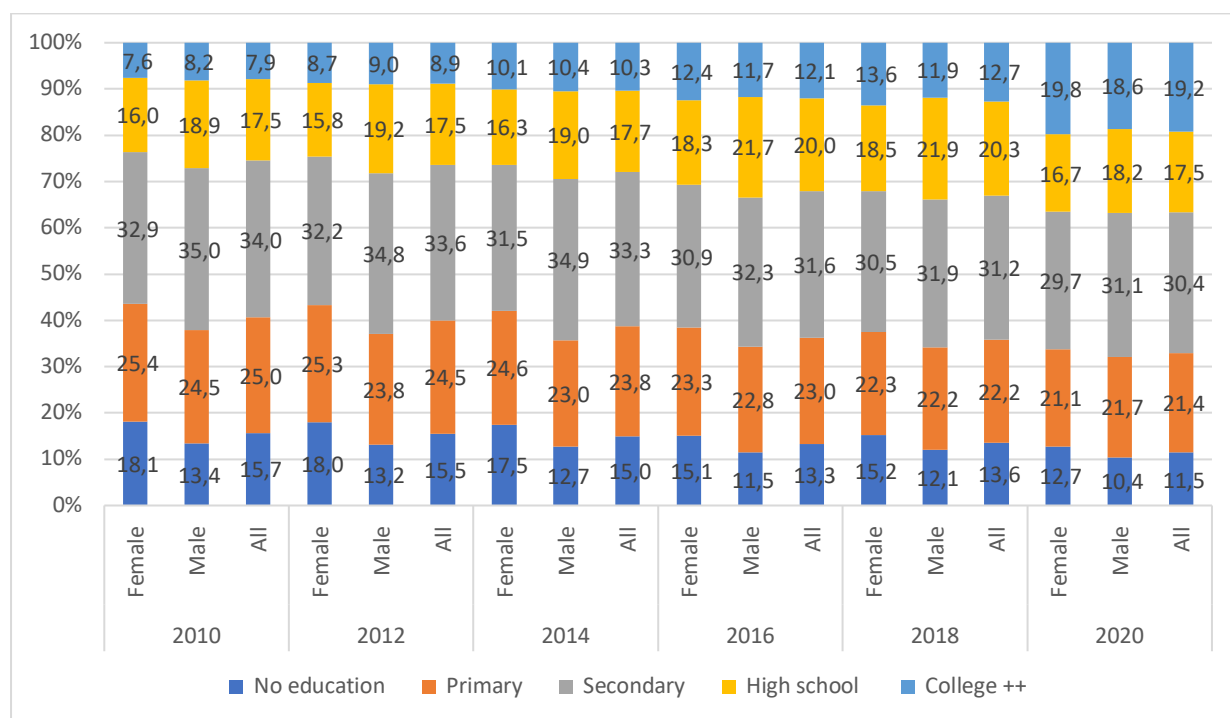


Sources: Authors' calculation from LFS 2010-2020, GSO

**The level of education above lower secondary school of workers increased while the group of lower secondary, primary and no education decreased significantly in the period 2010-2020.**

The proportion of workers with a college or university degree or higher has increased significantly from 7.9% in 2010 to 19.2% in 2020. Especially, if the percentage of women has a college degree or higher consistently lower than the corresponding male ratio in the period 2010-2014, this ratio reversed in the period 2016-2020 **(Figure 7)**. It shows that Vietnamese women have an increasing tendency to study to improve their qualifications.

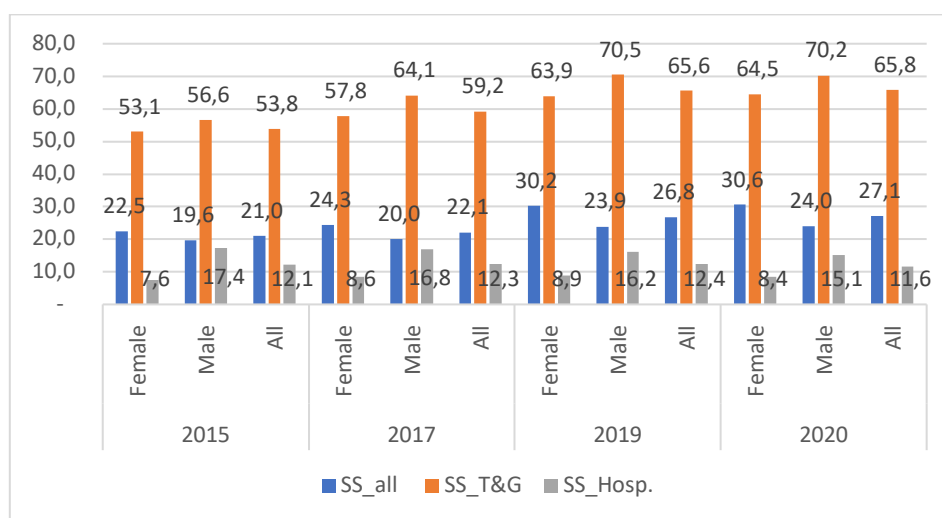
**Figure 7: Education levels by gender (%), 2010-2020**



Sources: Authors' calculation from LFS 2010-2020, GSO

Although the rate of having social insurance increased between 2015 and 2020, the proportion of workers with social insurance in the T&G is 5 times higher than the corresponding rate in the hospitality.

**Figure 8: Social security all, in T&G and in Hospitality sector by gender (%), 2015-2020**



Sources: Authors' calculation from LFS 2015-2020, GSO

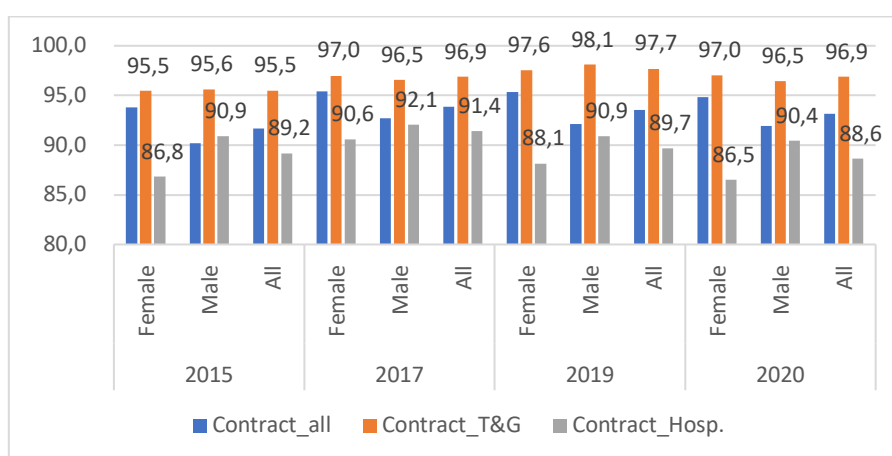
The rate of having social insurance has increased from 21% in 2015 to 27.1% in 2020 in general, and it increased from 53.8% in 2015 to 65.8% in 2020 in T&G. However, the rate has decreased from 12.1% in 2015 to 11.6% in 2020 in Hospitality. Particularly, if the percentage of women having social insurance is higher than that of men in general, this rate of women in the two industries T&G and Hospitality is lower than men's (Figure 8).

As will be analyzed in the next section, the rate of waged workers in the T&G is very high (over 80% in 2020), so the high rate of workers with social insurance in this sector is consistent with labor law in Vietnam. Meanwhile, the rate of waged workers in Hospitality is only about 40% (2020), making the proportion of workers with social insurance in this sector significantly lower than the corresponding rate in T&G.

**More than 95% of workers in the T&G having employment contracts<sup>6</sup> and this rate is close to 90% for Hospitality**

Labor contract is considered as a criterion reflecting the quality of employment for workers because the labor contract is an important basis to ensure the legality as well as the protection of workers by the law. Figure 9 shows that the percentage of workers with labor contracts in Vietnam is generally quite high, especially for the T&G sector. The rate of having labor contract increased from 91.7% in 2015 to 93.5% in 2019, but this rate decreased slightly in 2020.

**Figure 9: Employment contracts all, in T&G and in Hospitality sector by gender (%), 2015-2020**



Sources: Authors' calculation from LFS 2015-2020, GSO

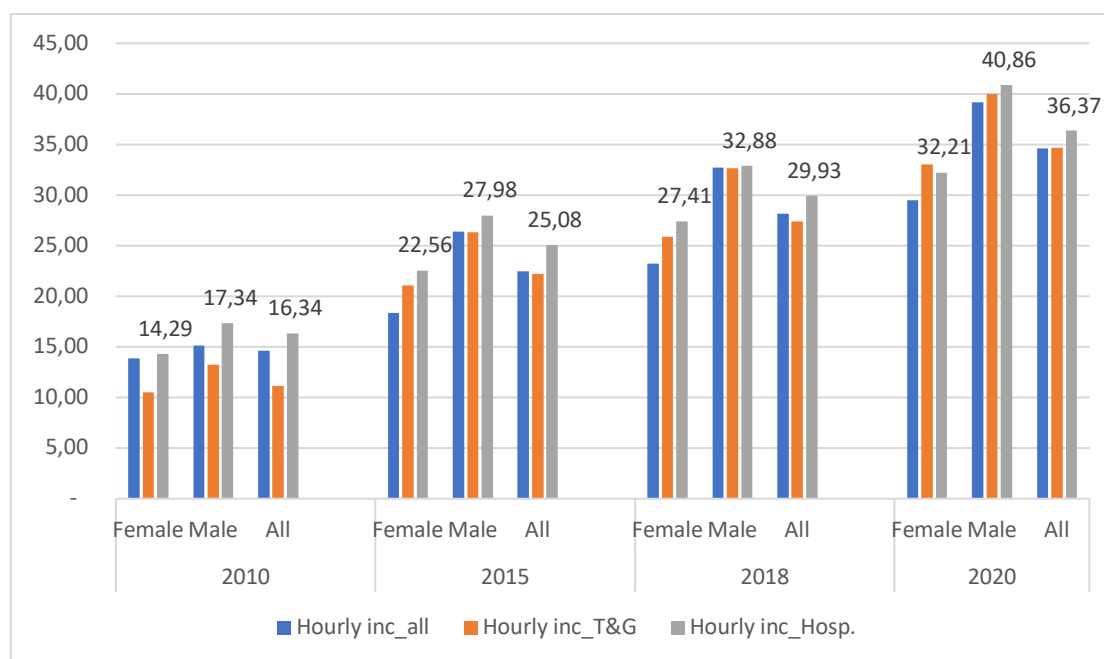
<sup>6</sup> Persons who are considered to have labor contracts are those who have indefinite-term contracts or contracts of 3 months or more, including oral contracts.

A special thing is that while the rate of social insurance is very different between the T&G and hospitality, the rate with labor contracts is not too different between these two sectors. It shows that the majority of workers in T&G have labor contracts of more than 3 months while the percentage of workers with oral contracts in hospitality is quite high (Appendix 2).

### Nominal hourly income of workers continuously increased in the period 2010-2020

Hourly incomes are considered the most important criterion reflecting the quality of jobs for workers in the labor market. Figure 10 shows that the nominal hourly income of Vietnamese workers has increased significantly from 14.63 thousand VND/hour in 2010 to 34.64 thousand VND/hour in 2020. The hourly income of hospitality is nearly 50% higher than that of hourly incomes in the T&G industry in 2010, however this gap has significantly narrowed to just 5% by 2020.

**Figure 10: Hourly income all, in T&G and in Hospitality sector by gender (000' VND), 2010-2020**



Sources: Authors' calculation from LFS 2010-2020, GSO

In terms of gender, hourly earnings for men are always higher than women's, and the gap is widening from 2010 to 2020. However, hourly earnings of the hospitality sector are slightly higher than that of T&G and significantly higher than the overall hourly earnings of the labor market as a whole.



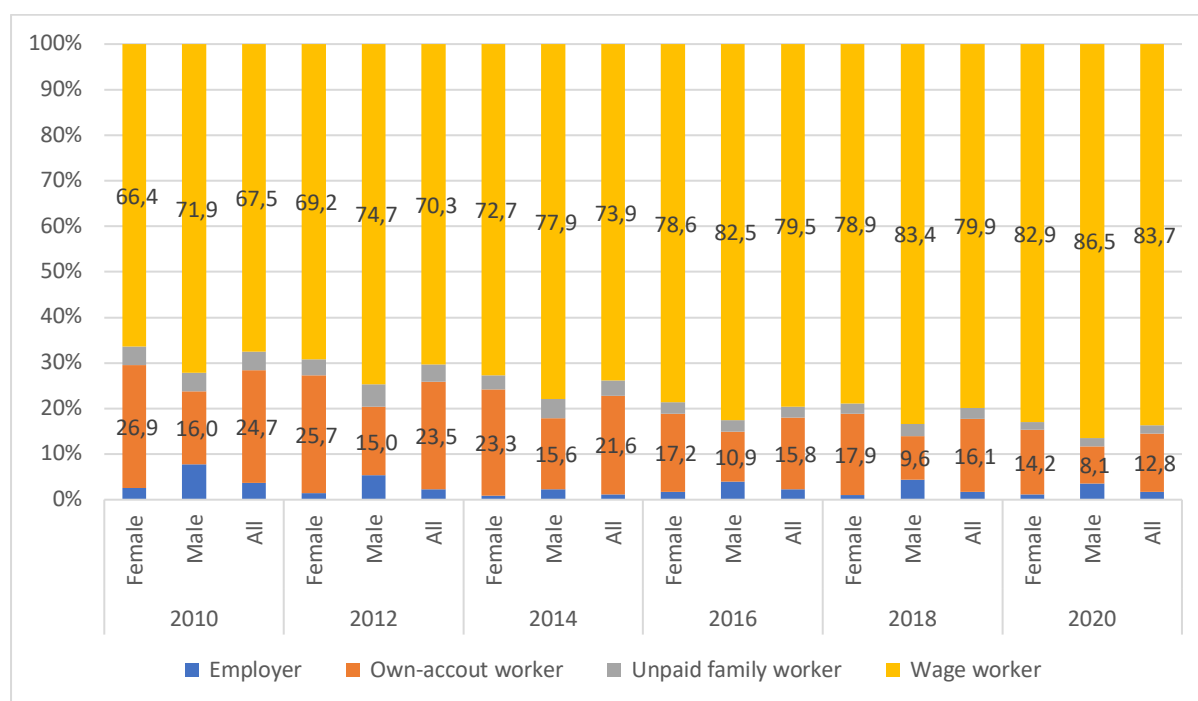
### 1.3.2. General gender pattern in the T&G sector

After analyzing the general gender pattern of the entire workforce above, this section and the next section will zoom in two sectors, T&G and hospitality. The structure of the analysis is kept the same as the analysis above to ensure consistency and ease of comparison between the characteristics of the two sectors with the general characteristics of the entire labor market.

#### More than 80% of workers in the T&G sector are salaried workers

If the overall waged workers rate is only about 50%, this rate is more than 80% in the T&G sector in 2020. Compared to 2010, this rate has increased by more than 16 percentage points. The second highest proportion in T&G are own-account workers (accounting for 13% in 2020, and this ratio has decreased to a quarter of the rate in 2010 (24.7%)).

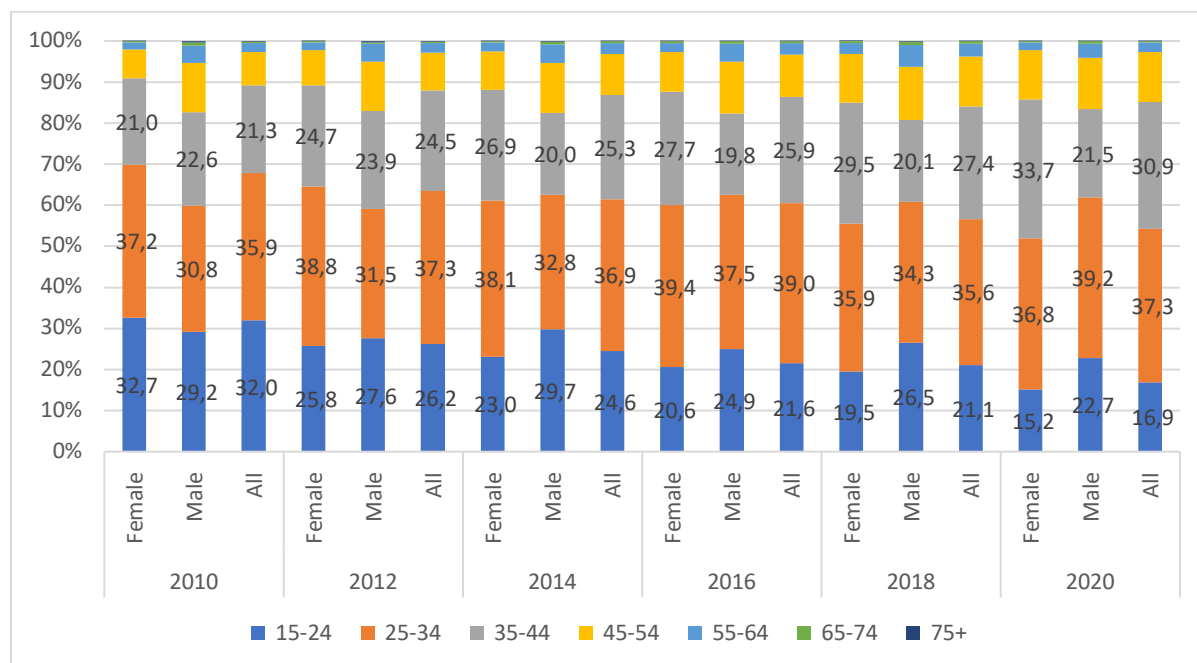
**Figure 11: Employment status by gender in T&G sector (%), 2010-2020**



Sources: Authors' calculation from LFS 2010-2020, GSO

## Workers in the T&G sector are mainly young workers under 35 years old

**Figure 12: Age structure by gender in T&G sector (%), 2010-2020**

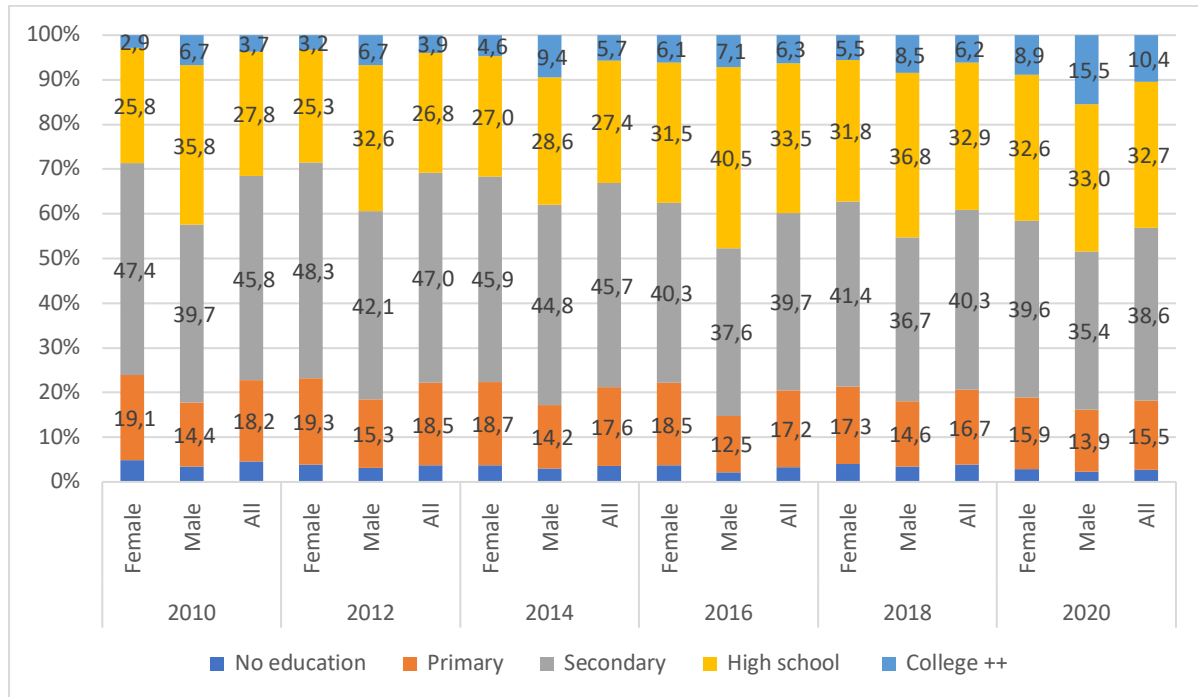


Sources: Authors' calculation from LFS 2010-2020, GSO

Despite the downward trend from 67.9% in 2010 to 54.2% in 2020, the proportion of young workers under the age of 35 in the T&G sector is still significantly higher than the national rate (**Figure 12**). T&G's young labor rate is high because most of the workers in this sector work in industrial zones with FDI enterprises. Recruitment conditions for sector T&G also do not require much education qualification, so workers only need to graduate from junior high school to be able to be recruited. The trend of reducing the proportion of young workers in the T&G sector is due to the recent changes in recruitment conditions when employers raise the qualification requirements to high school graduation (

**Figure 13**). In addition to young people studying to improve their qualifications, they also have many other job opportunities, so the number of young people working in the T&G sector also decreases. That again causes employers in the T&G sector to reduce the age requirement and they hire more people over 35 years old. As a result, the proportion of workers over 35 years old in the T&G sector has increased from 32% in 2010 to 45% in 2020 (**Figure 12**).

**Figure 13: Education levels by gender in T&G sector (%), 2010-2020**

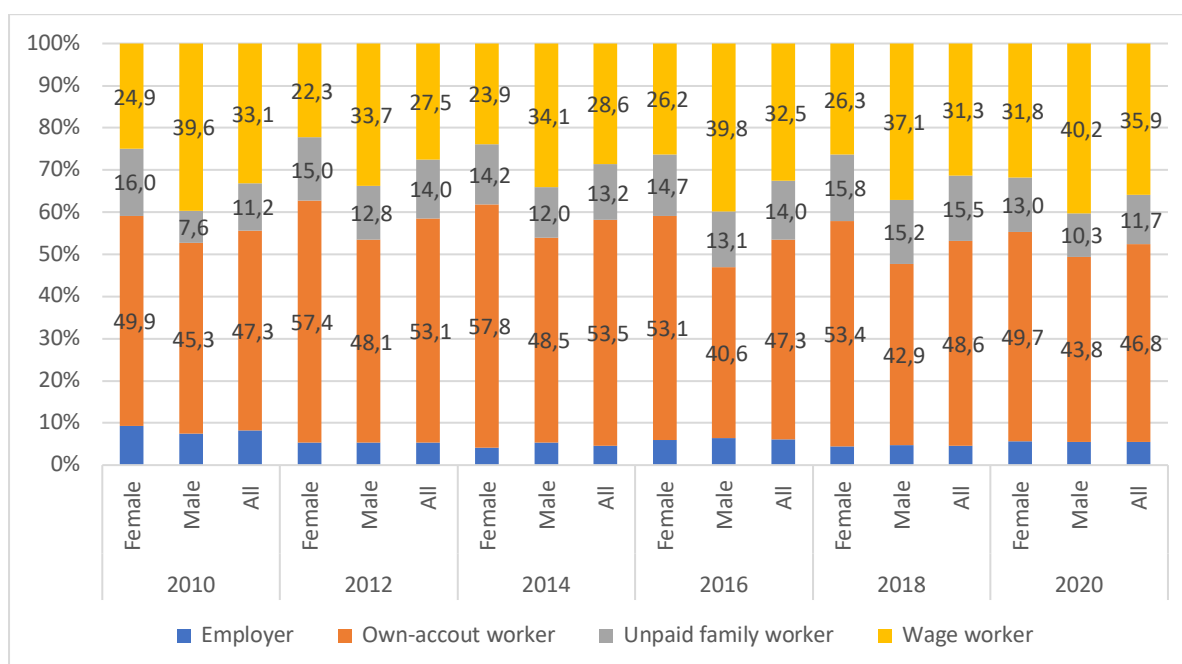


Sources: Authors' calculation from LFS 2010-2020, GSO

### 1.3.3. General gender pattern in the Hospitality sector

The hospitality sector are mainly own-account workers

**Figure 14: Employment status by gender in Hospitality sector (%), 2010-2020**



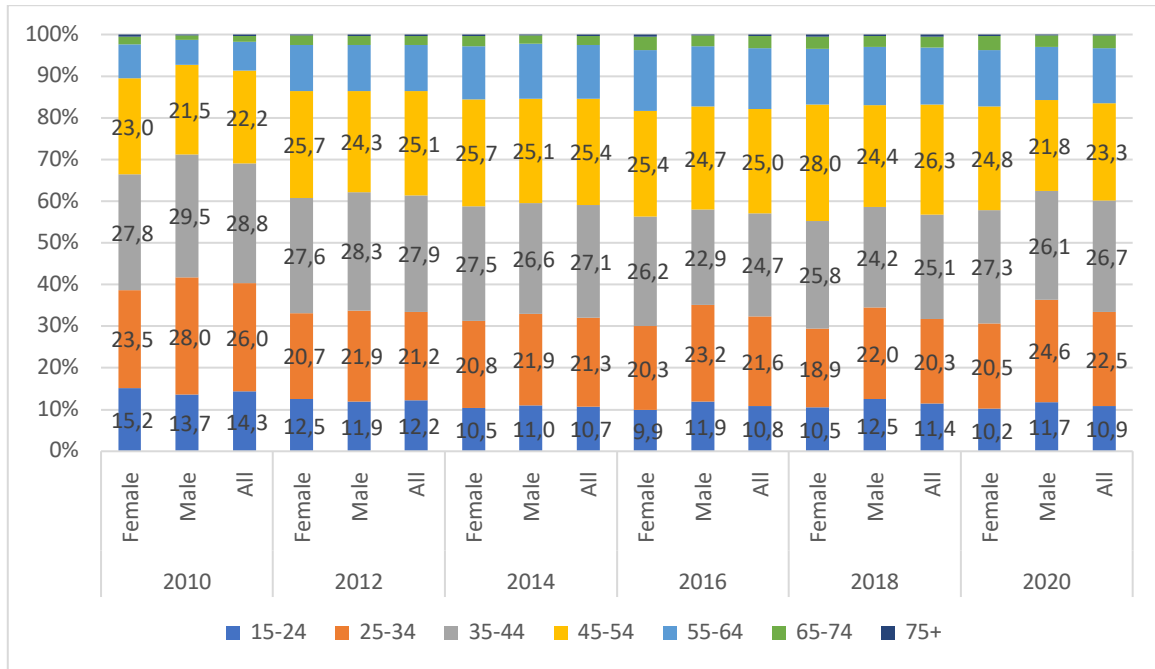
Sources: Authors' calculation from LFS 2010-2020, GSO

Contrary to the employment status structure in T&G, in the hospitality sector nearly one-quarter are own-account workers and waged workers account for just over one-third of the workforce (Figure 14). Even so, the rate of waged workers has tended to increase slightly from 33.1% in 2010 to 35.9% in 2020 and the proportion of own-account workers has decreased slightly from 47.3% to 46.8% in the same period. Another point is that while the rate of unpaid family workers only accounts for a small percentage (less than 2% in 2020) in the T&G sector, this rate in the hospitality sector is quite stable at about 11.5% (the percentage of women about 3 percentage points higher than men).

**The predominant age group in the hospitality sector is 25-54, and the group with the highest percentage is 35-44**

If the young age group (15-24) accounts for a large proportion in the T&G sector, in the hospitality sector the highest proportion is 35-44. Although the rate has decreased slightly from 28.8% in 2010 to 26.7% in 2020, the proportion of this group is still higher than that of the rest of the age groups. The proportion of young workers accounted for only about 14.3% in 2010 and decreased to 10.9% in 2020.

**Figure 15: Age structure by gender in Hospitality sector (%), 2010-2020**

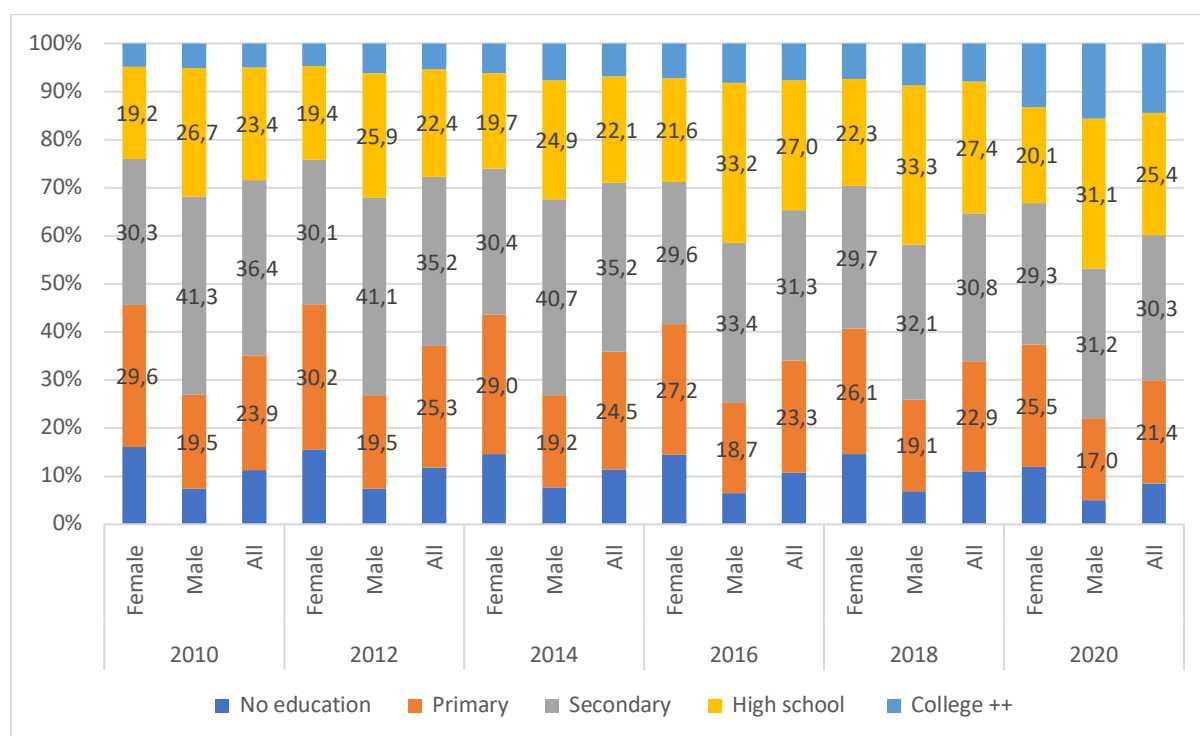


Sources: Authors' calculation from LFS 2010-2020, GSO

**The main educational level of workers in the hospitality sector is secondary school graduates, and men have higher qualifications than women in the group of secondary school graduates and above.**

Along with the general trend, the qualifications of workers in the hospitality sector have improved markedly in the period 2010-2020. Specifically, the proportion of workers without qualifications or having graduated from primary or secondary school has decreased from 11.2%, 23.9% and 36.4% to 8.5%, 21.4% and 30.3% respectively. In contrast, the proportion of workers with a high school and college diploma or higher has increased from 23.5% and 5% to 25.4% and 14.4% respectively. Thus, the percentage with a college degree or higher has nearly tripled after 10 years (Figure 16).

**Figure 16: Education level by gender in Hospitality sector (%), 2010-2020**



Sources: Authors' calculation from LFS 2010-2020, GSO

## 2. Impacts of the pandemic on T&G sectors

### 2.1. Changes in the number of workers and working hours in T&G sectors

#### Women dominate the workforce in the T&G sectors

Although the proportion of women is lower than that of men in the entire labor market, women account for a higher proportion than men in the manufacturing sector in general, especially in the T&G sector. Specifically, in the total of 52.5 million workers in 2020, the proportion of female workers accounts for 46.9%. However, the share of women in manufacturing is 54.1% of the total 11.3 million workers in the sector, and this proportion is 78.6% in the garment sector alone (**Table 1**) (total number of employees in the garment sector is nearly 2.7 million people in 2020).

**Table 1: Proportion of workers in T&G sectors by gender (%), 2018-2020**

	2018			2019			2020		
	FM	M	%FM/ Total FM	FM	M	%FM/ Total FM	FM	M	%FM/ Total FM
All	47.8	52.2	100	46.8	53.2	100	46.9	53.1	100
Manuf.	55.5	44.5	20.8	54.0	46.0	24.6	54.1	45.9	24.8

T&G	77.8	22.2	7.6	75.5	24.5	8.7	77.1	22.9	8.7
Textile	62.7	37.3	0.7	49.8	50.2	0.3	49.1	50.9	0.3
Garment	79.7	20.3	7.0	76.9	23.1	8.4	78.6	21.4	8.5

Sources: Authors' calculation from LFS 2018-2020, GSO

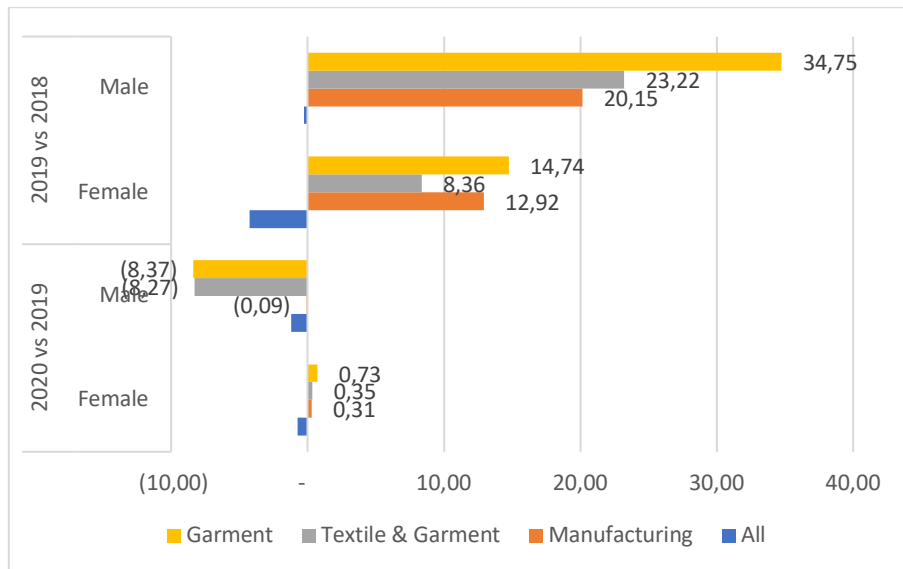
Table 1 also shows in 2018, manufacturing as a whole employed about 21% of the female workforce while T&G employed 7.6% of the total Vietnamese female workforce. The rate increased quite clearly in 2019 with the respective rates of 24.6% and 8.7%, but this rate was almost unchanged in 2020.

### **The pandemic reduced the number of male workers in the T&G sector in 2020**

While the number of female workers in the manufacturing in general and the T&G in particular increased slightly by 0.3% in 2020 (compared to 2019), the number of male workers in the T&G decreased by about 8.4% (equivalent to a reduction of 52 thousand workers). The reduction rate of male workers in the manufacturing sector decreased by less than 0.1% (**Figure 17**).

Comparing to the same period of 1 year ago, the number of male workers in 2019 increased very strongly to 23% for the T&G, and this rate increased by nearly 35% for the garment sector (equivalent to about 160 thousand workers) compared to 2018. It shows that the decrease in number of workers in the T&G sector in 2020 is mainly reduced to the number of male workers. When the pandemic occurs, companies in the T&G sector have reduced orders must to stop production or even close, the first group of workers to be reduced will be workers without contracts or with short-term contracts. Male workers are more likely to be on short-term contracts (less than 3 months) or verbal agreement, or event no contracts. For example, in 2020, up to 71.6% of men have only an oral contract and 67% have no employment contract. This rate tends to increase compared to 2011 (Appendix 2). That explains the reduction in male workers in the T&G sector in 2020.

**Figure 17: Changes in number of workers in T&G sector by gender (%)**



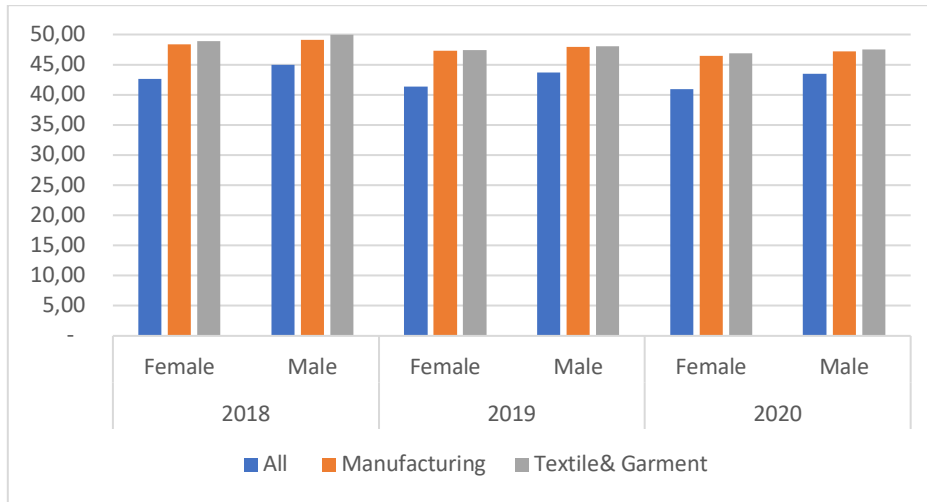
Sources: Authors' calculation from LFS 2018-2020, GSO

### There was no difference in average working hours between men and women in the T&G sector

The average working hours of men and women in the T&G sector in particular and the manufacturing sector in general in 2020 have no difference with an average of 47 hours per week. This number of hours is significantly higher than the average working hours of all workers (43.5 hours for men and 41 hours for women) (*Figure 18*).

**Figure 18: Average working hour per week in T&G sector by gender (hours), 2018-2020**



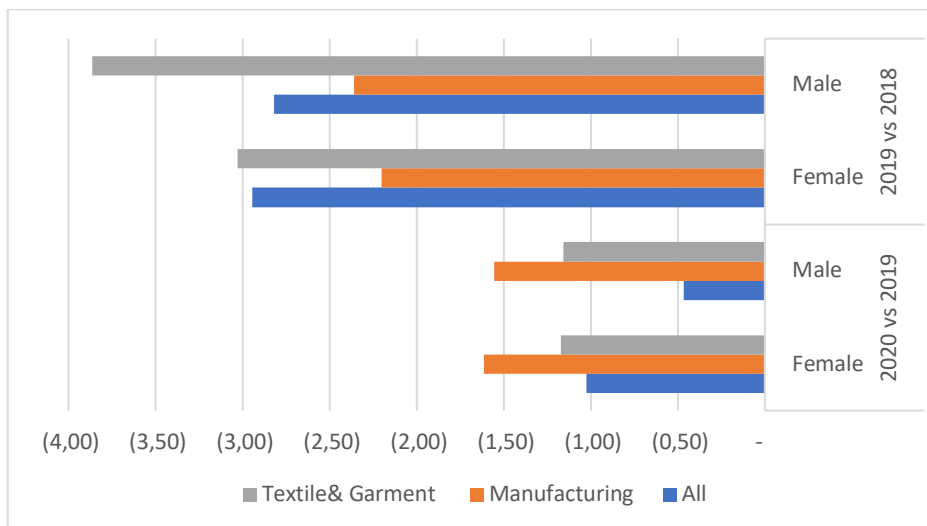


Sources: Authors' calculation from LFS 2018-2020, GSO

### Average number of working hours per week decreased evenly between men and women

Compared to 2019, the average number of working hours per week of workers in the T&G sector decreased by 1.2% (less than 1.6 percent in the manufacturing sector as a whole). However, there was no difference in the reduction of working hours between men and women. The rate of reduction in working hours between 2020 and 2019 is still significantly lower than the reduction rate between 2019 and 2018 (Figure 19).

**Figure 19: Change in the number of working hours in T&G industries by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

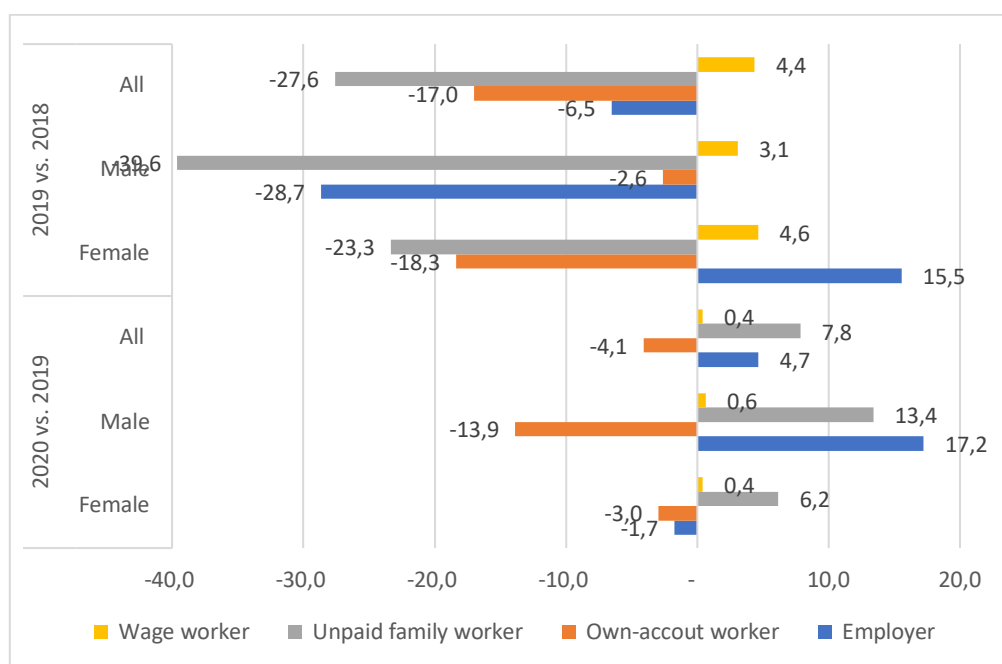
## 2.2. Changes in the quality of employment in T&G sectors

This section will analyze the change of some indicators of job quality in the T&G sector such as employment status, social security, contracts and hourly income by gender.

### **Pandemic increases unpaid family workers and reduces male own-account workers**

The rate of unpaid family workers in 2019 has decreased sharply compared to 2018 (decreased by 27.6%), especially the proportion of men has decreased by 39.6%. However, the pandemic has reversed this positive trend when the rate of unpaid family workers in 2020 has increased by 7.8% compared to 2019, especially for male workers in the T&G sector with a decrease of up to 13.4% (Figure 20).

**Figure 20: Change in Employment status in T&G sector by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

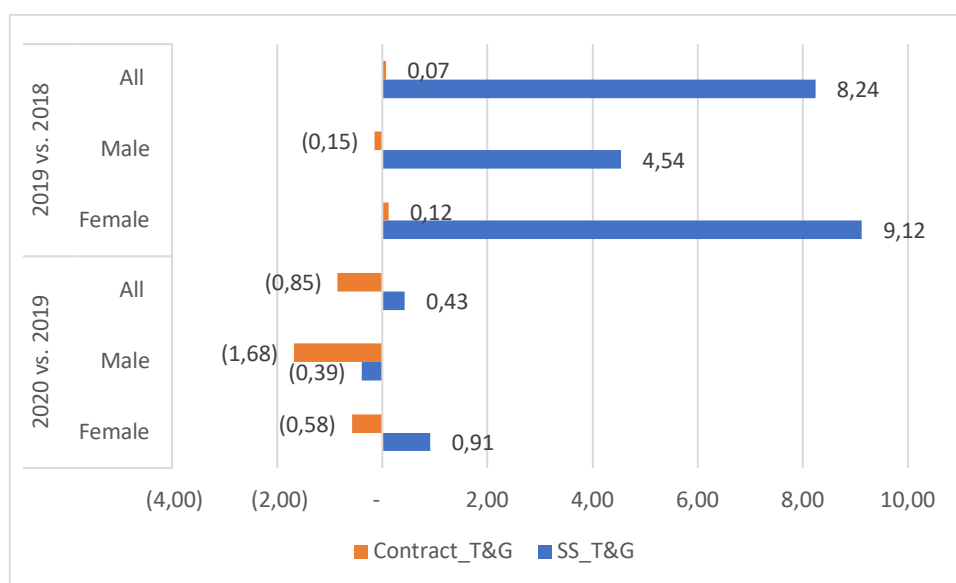
The picture is similar for the employer group. However, the pandemic does not seem to have much impact on the group of own-account workers in the T&G sector as the proportion of this group continues the downward trend from 2019 compared to 2018 and 2020 compared to 2019.

### **The proportion of workers having social insurance increased sharply from 2018 to 2019, but the pandemic has slowed this positive trend.**

Figure 21 shows that the percentage of workers in T&G sector with social insurance has increased by 8.2% in 2019 compared to 2018, especially the increase rate of women is 2 times higher than that of men. However, compared to 2019, the proportion of workers in T&G sector having social insurance only increased by 0.4%, the rate of women increased by 0.9%

while the rate of men decreased by 0.4%. The rate of workers in T&G sector having employment contract also decreased by 0.9% and the rate of men decreased by 1.7% in 2020 compared to 2019. As analyzed above, the proportion of workers in T&G sector having social insurance and having a labor contract is very high with the corresponding rate in 2020 at 65.8% and 97% respectively. The main reason for such a high rate is that the majority of enterprises in the T&G sector are FDI enterprises operating in concentrated industrial parks and export processing zones, so compliance with labor laws is very strict tight and complete.

**Figure 21: Change in Social Security and contract in T&G sector by gender (%), 2018-2020**



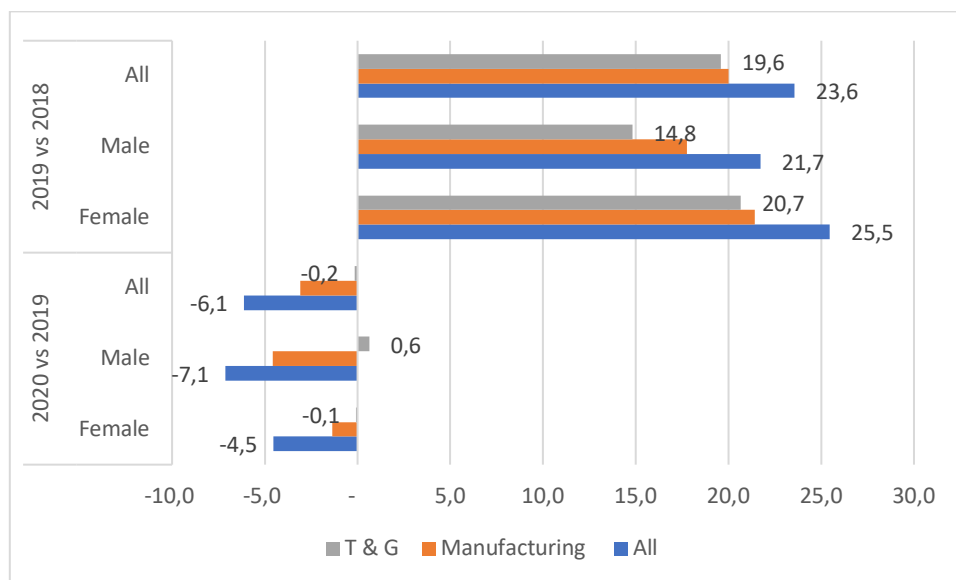
Sources: Authors' calculation from LFS 2018-2020, GSO

### **The pandemic has slowed down hourly income growth in the T&G sector and in manufacturing**

Figure 22 describes the change in hourly incomes of workers in the T&G sector in particular and in the manufacturing industries and overall labor in general. Hourly income and relative gender gap is calculated only for those workers who remain in work each year. Accordingly, the hourly income of workers in T&G sector in 2019 increased by 19.6% compared to 2018. The rate of increase in hourly income of female workers increased significantly higher than the rate of male workers with the respective growth rates for both sexes were 20.7% and 14.8%. Due to the impact of the pandemic, while hourly earnings in general and in manufacturing fell

significantly for both male and female workers, hourly earnings of workers in the T&G sector slightly decreased by only 0.1%, and even men's hourly income rose slightly by 0.6%. As such, the pandemic has reduced the growth rate of hourly earnings of workers in the T&G sector.

**Figure 22: Change in income in T&G sector by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

Details of changes in real hourly income by gender for separated sector of textile and garment are presented in Appendix 4.

### 3. Impacts of pandemic on the hospitality sector

#### 3.1. Changes in the number of workers and working hours in hospitality sector

##### Female workers make up more than half of the workforce in the hospitality sector

The hospitality sector in this study includes people working in travel agencies, accommodation services, catering services and passenger transport (including air, road, water transport and railways), in which the number of workers in the catering sector accounts for nearly 90% of the total number of workers in the hospitality sector and accounts for about 20% of the total number of workers in the service sector. The ratio of workers between men and women in the entire service sector is quite balanced and is equivalent to the general rate of the entire labor force at 47% and 53% respectively.

In 2020, out of a total of 3.7 million workers in the hospitality sector, there are 1.9 million women (accounting for 52%). (**Table 2**). Although the percentage of female workers

in 2020 has decreased slightly compared to 2018 and 2019, still accounts for more than half of the number of employees in the hospitality sector.

**Table 2: Proportion of workers in the hospitality sector by gender (%), 2018-2020**

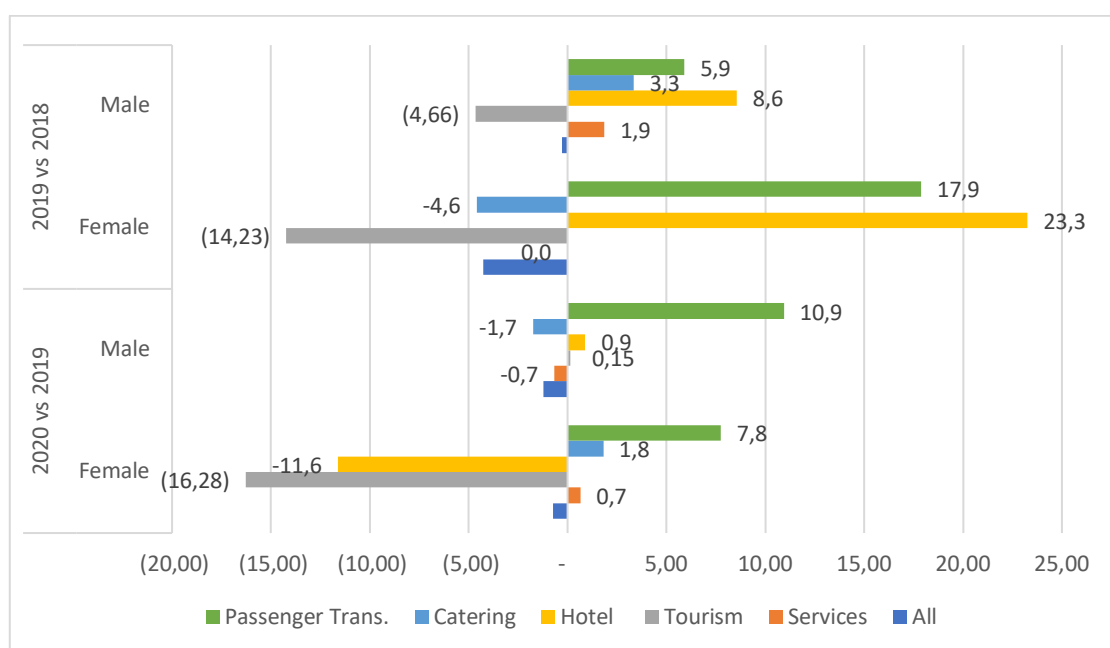
	2018			2019			2020		
	FM	M	%FM/ Total FM	FM	M	%FM/ Total FM	FM	M	%FM/ Total FM
All	47.8	52.2	100	46.8	53.2	100	46.9	53.1	100
Services	48.9	51.1	22.1	48.4	51.6	22.8	48.7	51.3	23.0
Hospitality	54.0	46.0	5.2	52.3	47.7	5.3	51.5	48.5	5.3
Tourism	49.8	50.2	0.1	47.2	52.8	0.1	42.7	57.3	0.1
Hotel	52.5	47.5	0.4	55.6	44.4	0.5	52.3	47.7	0.5
Catering	68.6	31.4	4.6	66.9	33.1	4.6	67.7	32.3	4.7
Pass. Trans.	5.9	94.1	1.4	6.5	93.5	1.5	6.3	93.7	1.7

Sources: Authors' calculation from LFS 2018-2020, GSO

In contrast to the catering sector, the proportion of male employees in the passenger transport sector accounts for the majority with about 94%.

### The number of female workers in the tourism sector sharply declined in the pandemic time

**Figure 23: Changes in the number of workers in tourism sector by gender (%)**



Sources: Authors' calculation from LFS 2018-2020, GSO

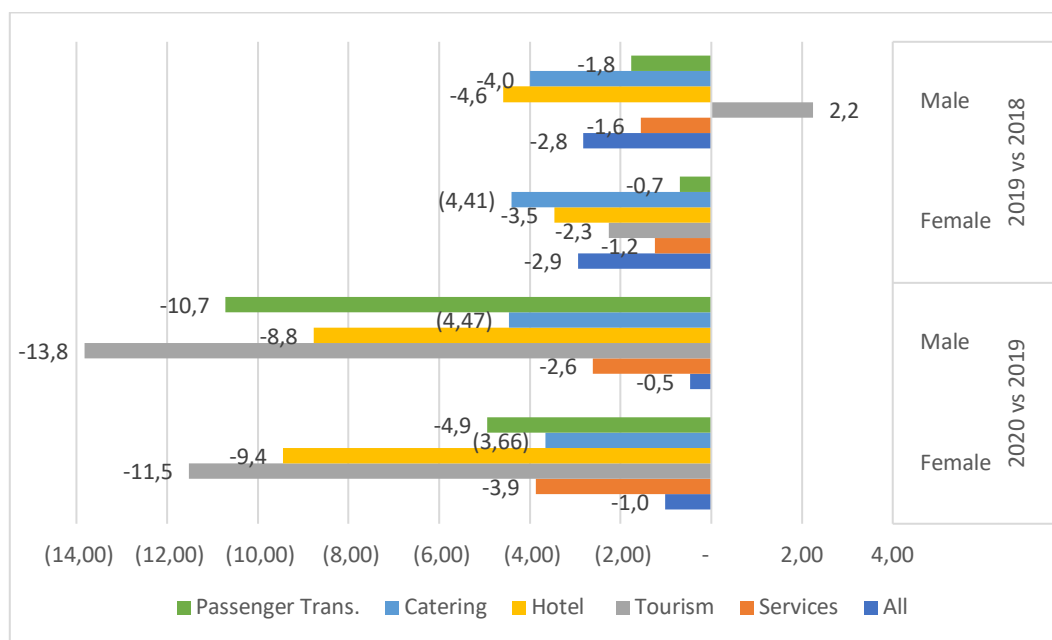
The suspension of commercial flights to Vietnam from April 2020 resulted in a 79% decrease in tourist arrivals compared to 2019 as reported by the General Statistics Office, thus heavily affecting the tourism, hotel, catering industries and passenger transport.

Local lockdowns of Da Nang and Quang Nam, the country's main destinations for tourists at the end of July and throughout August 2020 also slowed the recovery of these sectors. Compared to 2019, the number of workers in the tourism, hotel and catering industries decreased by 0.22%. In particular, travel services decreased by 7.6%, of which the number of female workers dropped the most by 16.3% (**Figure 23**).

The hotel sector also decreased by 6.1% overall and the number of female workers decreased by 11.6%. In contrast, catering, employing about 2.5 million workers in 2020 has a slight increase of 0.6% compared to 2019. Along with that, the number of workers in the passenger transport sector was about 883 thousand workers also increased by approximately 10.7%. This can be explained by the fact that during the time of social distancing, restaurants still continue to operate to sell takeaway food instead of serving customers at the store, and on-demand passenger transport services such as Grab bike has also completely switched from transporting passengers to delivering food and shopping items.

**The number of hours worked in the tourism and hotel sector experienced the biggest drop due to the pandemic**

**Figure 24: Change in working hour in the hospitality sectors by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

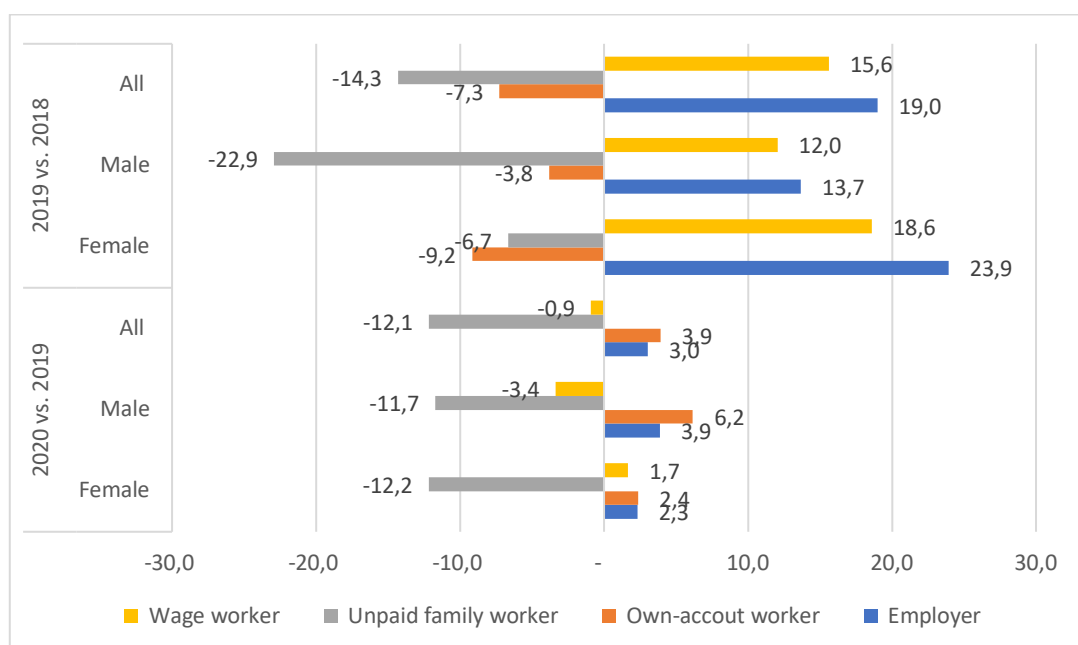
Working time in the tourism, hotel, catering and passenger transportation industries also experienced a sharp decline in 2020 (**Figure 24**). Specifically, in the tourism sector, men's working time is more strongly affected than that of women, with the corresponding reduction

in working time for both sexes of 13.8% and 11.5%, respectively. This decline is more than 6 times (for men) and 4 times (for women) compared to the overall decline rate of the whole service sector during the same period. Similarly, workers in the hotel sector also have their working hours reduced by 9.1% (the reduction rate for men and women is 9.4% and 8.8% respectively) corresponding to a decrease of 4.2 hours/week. Working hours in the passenger transport sector also fell by 10.7% for men and by 5% for women.

### 3.2. Changes in the quality of employment in hospitality sectors

The rate of unpaid family workers decreased significantly during the pandemic while the rate of own-account workers increased compared to before the pandemic in hospitality sector (Figure 25).

**Figure 25: Change in Employment status in Hospitality sector by gender (%), 2018-2020**



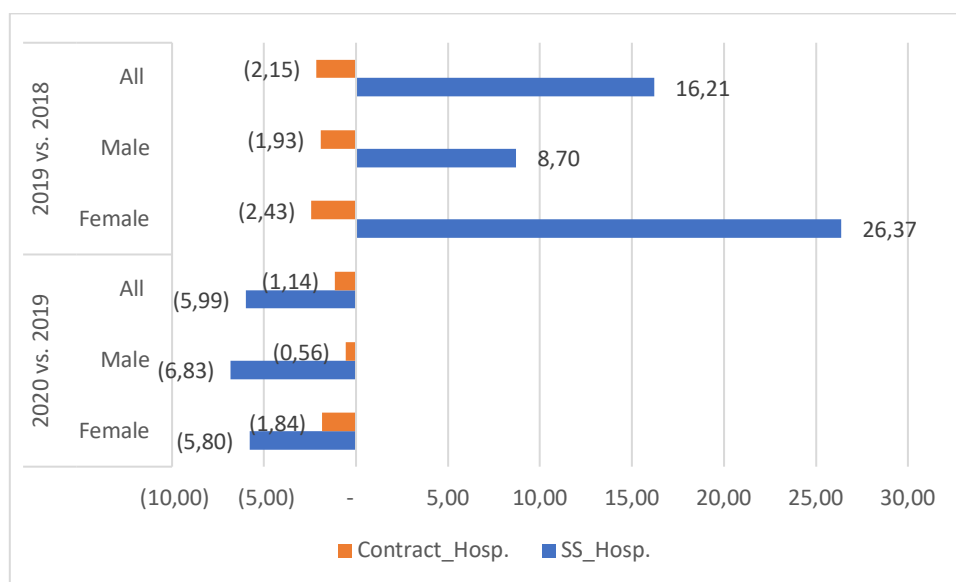
Sources: Authors' calculation from LFS 2018-2020, GSO

In particular, the growth rate of the proportion of employers fell sharply during the pandemic. Specifically, the growth rate of the rate of employers in 2019 compared to 2018 is 19%, this rate is only 3% in 2020 compared to 2019.

**The pandemic reversed the rate of increase in the proportion of workers with social insurance and slowed the rate of decline in the rate of employment in the hospitality sector.**

Compared to 2018, the proportion of workers in the hospitality sector having social insurance has increased by 16.2% in general and by 26.4% for female workers. However, due to the impact of the pandemic, this rate in 2020 has decreased by 6% compared to 2019, and the reduction rate of men is more than that of women during the same period (6.8% decrease for men compared to a decrease of 5,8% of female) (Figure 26).

**Figure 26: Change in Social Security and contract in Hospitality sector by gender (%), 2018-2020**



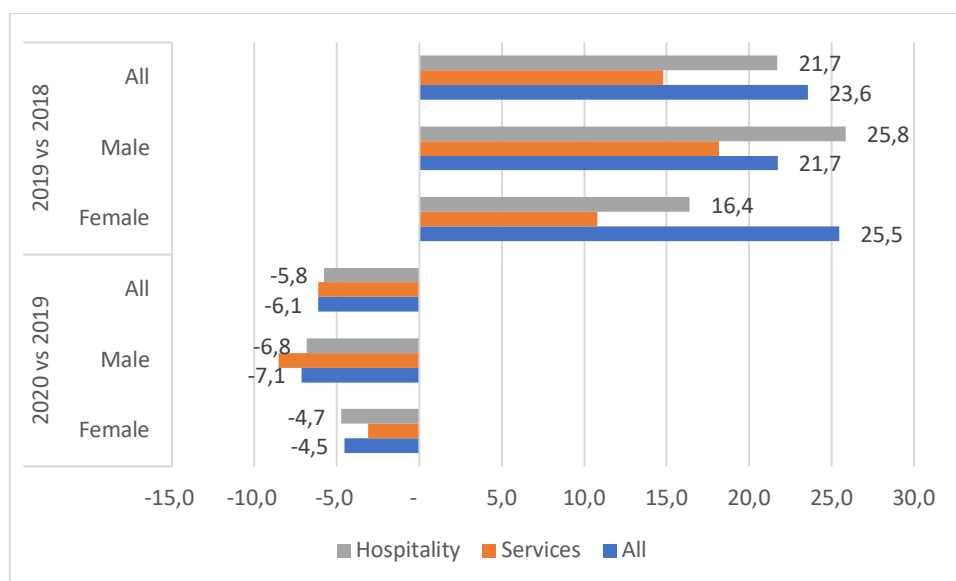
Sources: Authors' calculation from LFS 2018-2020, GSO

**Male workers in hospitality sector experienced the largest income reduction in 2020**

While the average income reduction of the service sector in 2020 was 6,1%, being relatively balanced between men and women, the income of male workers in the hospitality sector decreased by 6.8% (higher than the rate of decrease in income of female workers-4.7%) (Figure 27). The decline in 2020 compared to 2019 is considered quite strong because the hourly income growth rate of male workers was +25.8% compared to +16.4% of female workers in 2019 compared to 2018.



**Figure 27: Income change in the hospitality sector by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

Details of changes in real hourly income by gender for separated sector of hospitality are presented in Appendix 5

#### 4. Impacts of the pandemic on the internal migrant workers

A separate analysis for migrant workers plays an important role in assessing the impact of the pandemic on labor and employment in Vietnam because this is the group that tends to be affected the earliest and also is the strongest. Many migrants have to rent houses and do not fully access basic services such as education and health care due to barriers related to urban management policies, notably the household registration book “Ho Khau” (MDRI, 2016).

Migrants are defined in this study as those who have moved to the currently living area for less than 5 years. People who have lived in the study area for more than 5 years are considered non-migrants, although they may also come from other places rather than where they were born and raised.

#### **Pandemic reduced both the number of migrants, the number of working hours as well as the income of migrant workers in 2020**

Table 3 presents the numbers of migrant workers, working hours and income of migrant workers by gender in three years from 2018 to 2020. Although the number of migrant workers increased from 2.4 million people in 2018 to 3 million people in 2019, the total number reduced to 2.7 million in 2020. It might reflect the impact of the pandemic as before the government

applies lock down strategy to control the pandemic, many migrants come back to their home villages.

**Table 3: Working hours and income of migrant worker by gender, 2018-2020**

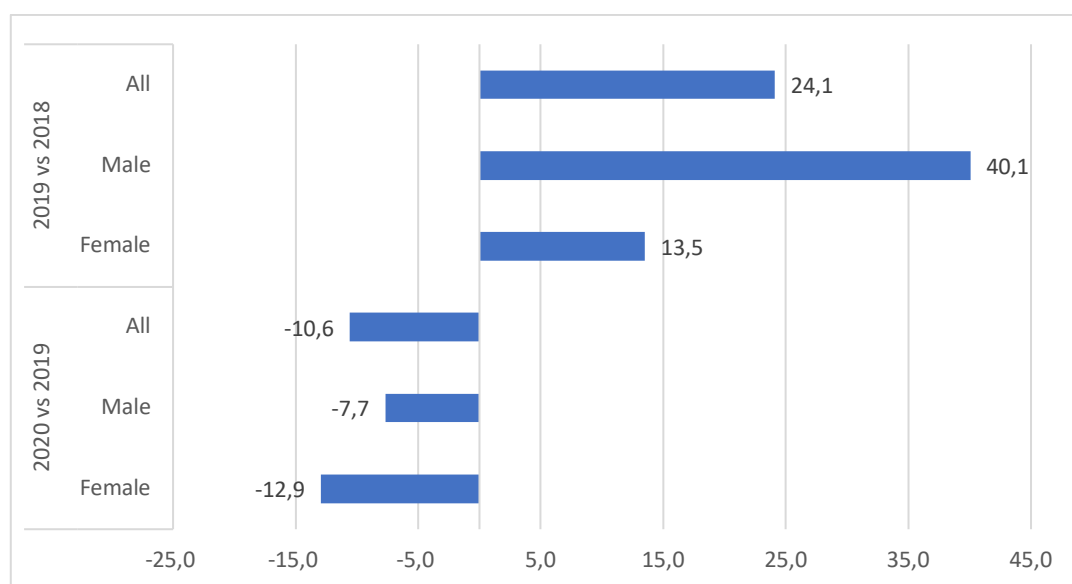
	2018			2019			2020		
	Female	Male	All	Female	Male	All	Female	Male	All
Migrant workers (million people)	1.46	0.97	2.43	1.66	1.36	3.02	1.44	1.26	2.70
Working Hours (hour/week)	44.08	47.39	45.40	44.21	46.60	45.29	43.38	45.59	44.41
Real hourly Income ('000 VND/hour)	27.64	39.05	32.25	35.19	47.39	40.73	34.52	42.58	38.31

Sources: Authors' calculation from LFS 2018-2020, GSO

The average working hours of migrants in 2020 was 44.4 hours per week, these figures were 45.6 hours/week and 43.4 hours/week for female and male migrant workers respectively. The real hourly income of female and male migrant workers in 2020 was 34.5 thousand VND/hour and 7.8 thousand VND/hour, respectively. (Table 3).

**The pandemic slowed the migration flow, especially for women**

**Figure 28: Changes in number of migrant workers by gender (%)**



Sources: Authors' calculation from LFS 2018-2020, GSO

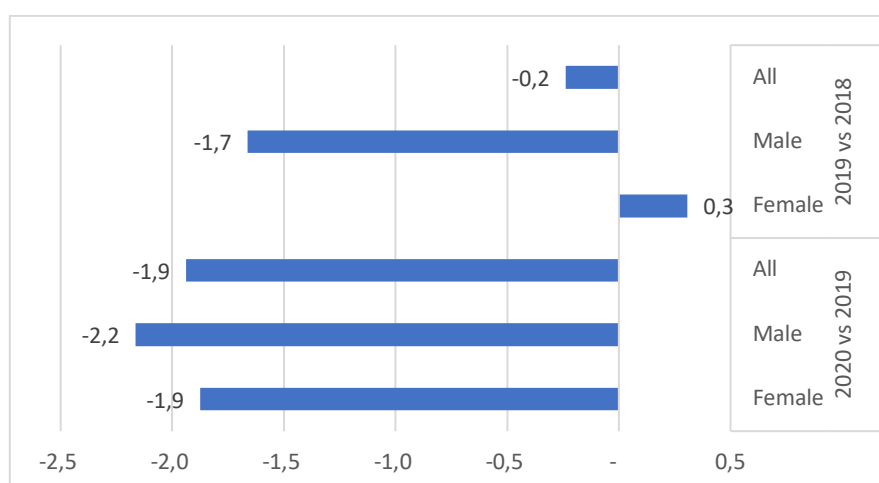
Compared to 2018, the number of migrant workers increased by 24% in 2019, in which the highest growth rate was observed for male workers at over 40%, while that for female workers was 13.5% (Figure 28).

However, due to the impact of the pandemic, the number of migrant workers in 2020 decreased significantly compared to 2019, especially for female workers when the reduction rate of this group was up to nearly 13% as opposed to 7.7% for male workers.

### **Not only decreased the numbers of migrants, did the pandemic also reduce their working hours**

The number of working hours per week of migrant workers in 2020 decreased by 1.9% compared to 2019, and the rate of reduction in working hours was higher for men, by 2.2% than for women, by 1.9%. Notably, the number of working hours of female migrant workers in 2019 compared to 2018 (pre-pandemic period) increased slightly by 0.3% while that of male migrants decreased by 1.7% in the same period (Figure 29).

**Figure 29: Change in working hour of migrant workers by gender (%), 2018-2020**

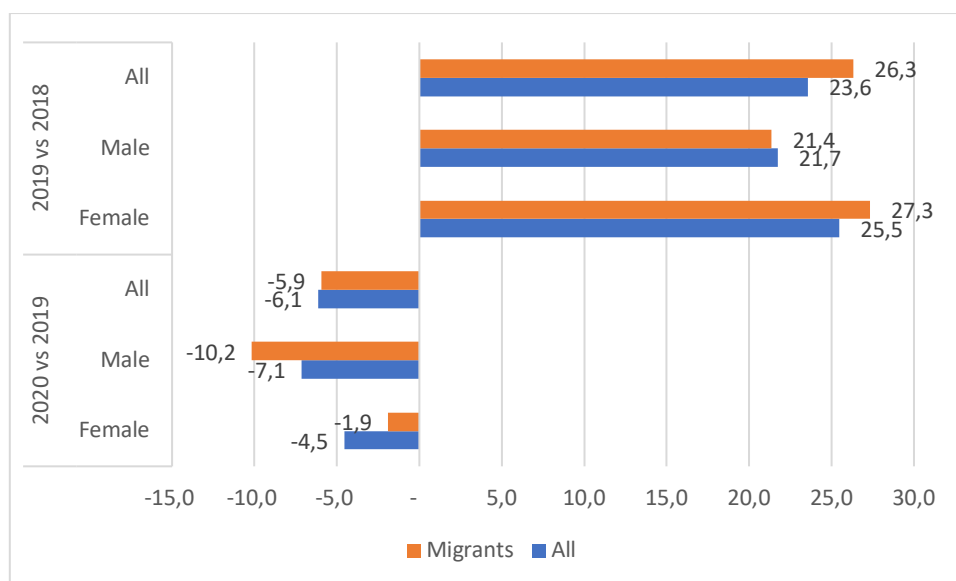


*Sources: Authors' calculation from LFS 2018-2020, GSO*

### **Internal migrant workers experienced discernible hourly income reduction in 2020**

The average hourly income of male migrant workers in 2020 decreased by 10.2% compared to 2019 while the reduction rate of hourly income of female migrant workers was 1.9%. This is in stark contrast to the pre-pandemic period when the hourly income of female and male migrant workers increased by 27.3% and 21.4% in 2019 compared to 2018, respectively (Figure 30).

**Figure 30: Income change of migrant workers by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

## 5. Impacts of the pandemic on the informal and vulnerable workers

### 5.1. Impacts on informal and vulnerable workers in the whole country

As with the group of migrant workers, a separate analysis for informal and vulnerable workers plays an important role in analyzing impact of the pandemic on labor and employment in Vietnam. The reason is that informal and vulnerable employment is commonly considered as important indicators of the quality of work.

#### Informal worker concept

In Vietnam, the General Statistics Office uses two criteria to determine whether an employee's main job is informal or not, namely (1) whether the person has an employment contract and (2) whether the person has access to social protection. However, it is recommended by the ILO to use only social protection criteria (ILO, 2021). On the other hand, Oudin et al (2014) define informal employment as off-farm employment without formal social insurance (compulsory or voluntary). Agriculture is not counted because informal employment in agriculture is close to 100%, so including agriculture will mask trends in other areas. However, a recent ILO report includes the agricultural sector to produce internationally comparable statistics on informal employment (ILO, 2021). Therefore, to ensure international comparability and as recommended by the ILO, we adopt the definition of informal employment as all employment (both agricultural and non-agricultural) with social insurance. All jobs without social insurance are considered informal employment, and workers without

social insurance are called informal workers (regardless of the area in which they work is formal or informal).

### **Vulnerable worker concept**

According to the definition of the International Labor Organization (ILO), vulnerable employment includes self-employed workers (without hiring labor) and family workers (those who work in an establishment run by relatives or family members without receiving salary) (Gammarano, 2018). Workers are called vulnerable workers because they often work in informal sector and are less likely to be protected by the social security system and benefit from social dialogue. This report will apply the concept of vulnerable employment by Gammarano (2018).

### **The pandemic reduced both the number of migrants, the number of working hours as well as the income of migrant workers in 2020**

Table 4 presents the numbers of workers, working hours and income of informal and vulnerable workers by gender in three years from 2018 to 2020. Although the number of informal workers (IW) and vulnerable workers (VW) sharply decreased from 41.7 and 29.2 million people in 2018 to 38.8 and 25.6 million people in 2019, the total numbers were almost remained at 38.3 and 25.1 million in 2020.

**Table 4: Working hours and income of informal and vulnerable worker by gender, 2018-2020**

	2018			2019			2020		
	Female	Male	All	Female	Male	All	Female	Male	All
IW (Mil. people)	19.25	22.44	41.69	17.27	21.48	38.75	17.06	21.20	38.26
VW (Mil. people)	15.39	13.84	29.23	13.24	12.31	25.55	13.02	12.10	25.12
IW (work hours/w)	41.79	44.58	43.29	39.68	42.84	41.43	39.48	42.69	41.26
VW (work hours/w)	40.55	42.21	41.34	37.76	39.65	38.67	37.95	39.86	38.87
IW hourly Income ('000 VND/hour)	18.42	29.24	24.24	23.19	35.78	30.16	21.88	33.24	28.17
VW hourly Income ('000 VND/hour)	16.86	27.96	22.12	21.27	34.66	27.71	19.90	31.80	25.63

*Sources: Authors' calculation from LFS 2018-2020, GSO*

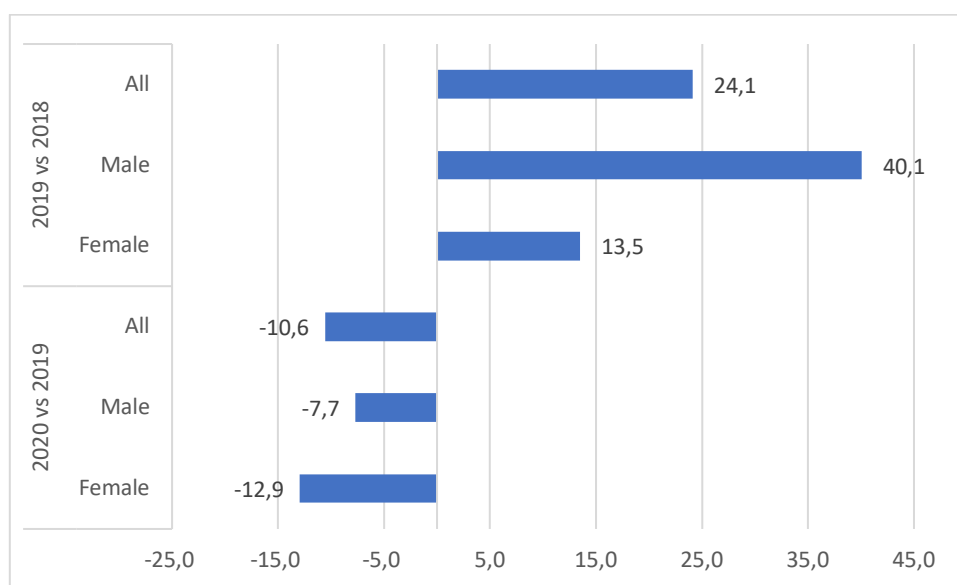
The average number of working hours per week of informal workers and vulnerable workers decreased steadily from 2018 to 2020 with the number of hours decreasing

respectively from 43.3 and 41.3 hours/week to 41.3. and 38.9 hours/week. In contrast, the average hourly income of both these labor groups increased significantly from 2018 to 2019 with an increase of 24.2 and 22.1 thousand VND/hour to 30.2 and 27.7 thousand VND/hour, respectively. However, the real hourly income of these two groups of workers has decreased slightly from 2019 to 2020 with 28.2 and 25.6 thousand VND/hour, respectively (**Table 4**). So, the pandemic has not only slowed down the real hourly income growth of informal workers and vulnerable workers, but also reduced the hourly income levels of these two groups of workers.

**The pandemic slowed the decreasing rate of informal and vulnerable employment, especially for women**

Compared to 2018, the number of informal workers and vulnerable workers decreased by 7.1% and 12.6 % in 2019, in which the highest reduction rate was observed for female vulnerable workers at 14%, and female informal workers was 10.3% (**Figure 31**). The decline in the proportion of informal and vulnerable workers is a development trend in the right direction of the modern labor market because then workers will have more access to the social security system and have the opportunity to improve income.

**Figure 31: Changes in number of informal and vulnerable workers by gender (%)**



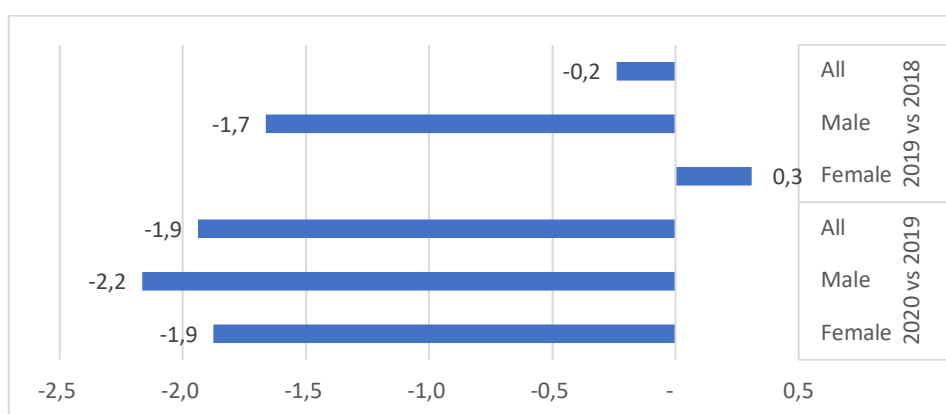
Sources: Authors’ calculation from LFS 2018-2020, GSO

However, due to the impact of the pandemic, the number of informal and vulnerable workers in 2020 decreased slightly compared to 2019 when the reduction rate of these two groups was just 1.3% and 1.7%, respectively. That means that the pandemic has slowed down the transformation of the Vietnamese labor market.

### The pandemic had modest impact on working hours of informal and vulnerable workers

The number of working hours per week of informal workers in 2020 decreased by 0.4%, and that of vulnerable workers was increased 0.5% compared to 2019. In the pre-pandemic time, the number of working hours of female vulnerable workers in 2019 compared to 2018 (pre-pandemic period) was sharply decreased by 6.9% while that of female informal workers decreased by 5.1% in the same period (Figure 32).

**Figure 32: Change in working hours of informal and vulnerable workers by gender (%), 2018-2020**

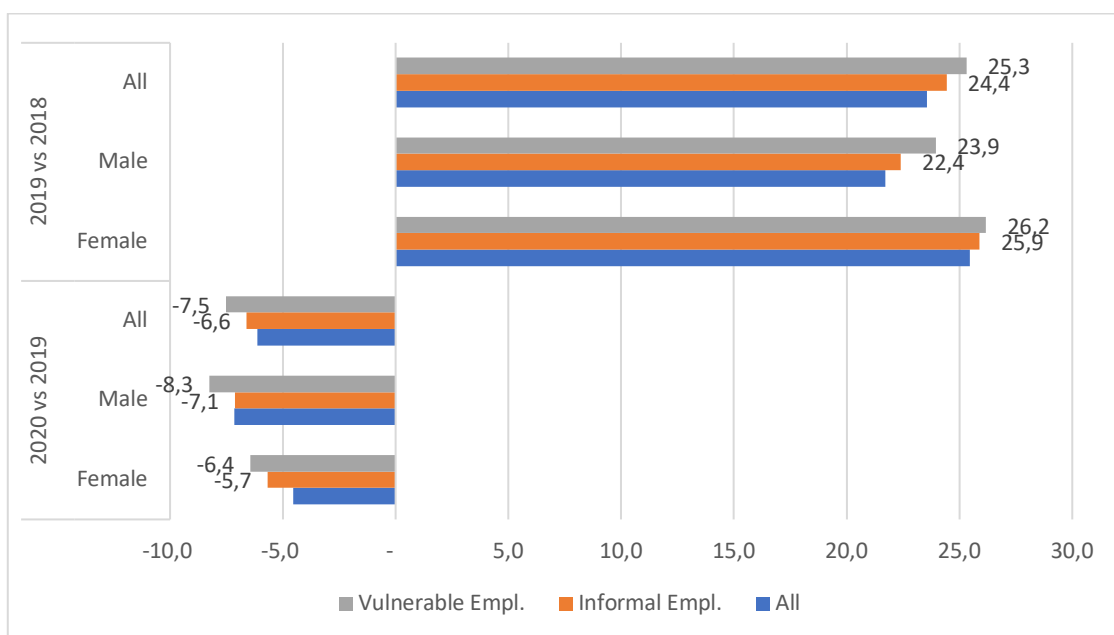


Sources: Authors' calculation from LFS 2018-2020, GSO

### Both informal and vulnerable workers experienced significant hourly income reduction in 2020 due to the pandemic

The average hourly income of informal and vulnerable workers in 2020 decreased by 6.6% and 7.5% compared to 2019 while the reduction rate of hourly income of female workers in these two groups was 5.7% and 6.4%. This is in stark contrast to the pre-pandemic period when the income of female and male workers in informal and vulnerable group increased by 13.8% and 12.0% in 2019 compared to 2018 respectively (Figure 33). The significant decrease in hourly income while the working time is only slightly reduced, and even increased for the vulnerable group, shows the significant impact of the pandemic on per hour earnings of these two disadvantaged groups of workers.

**Figure 33: Hourly Income change of informal and vulnerable workers by gender (%), 2018-2020**



Sources: Authors' calculation from LFS 2018-2020, GSO

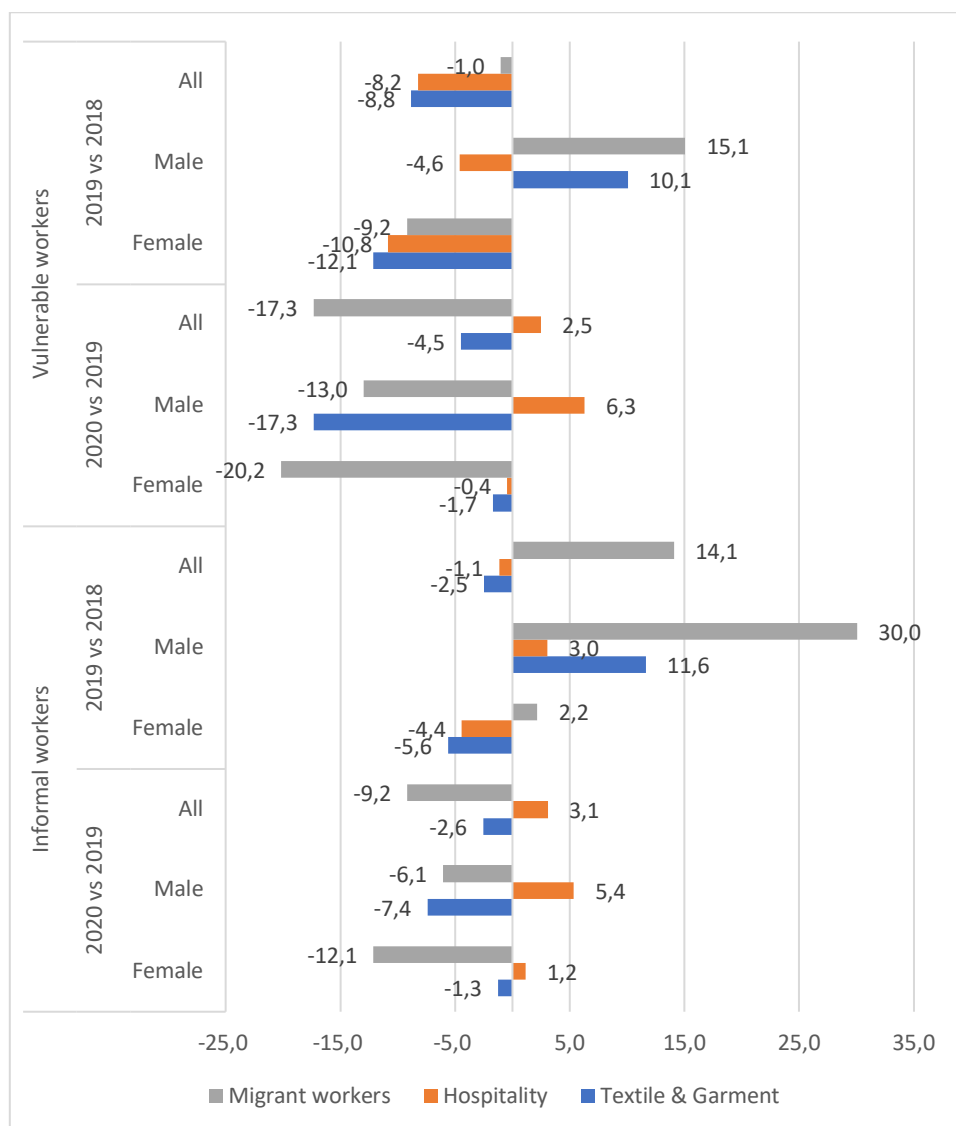
**5.2. Impacts on informal and vulnerable workers in T&G and hospitality sector and migrant group.**

In 2020, the rate of vulnerable female and male workers in the T&G sector decreased significantly by 20.2% and 17.3% respectively. In contrast, the percentage of vulnerable male workers in the hospitality sector increased by 6.3% compared to 2019.

The proportion of informal workers and the migrant workers in the textile and garment sector also decreased by 9.2% and 2.6% respectively in 2020 compared to 2019, of which, the percentage of female informal migrant workers decreased with the rate of 12.1% and the rate of male informal workers decreased by 7.4% (Figure 34).



**Figure 34: Changes in number of T &G, hospitality and migrant workers by informality, vulnerability and gender (%)**



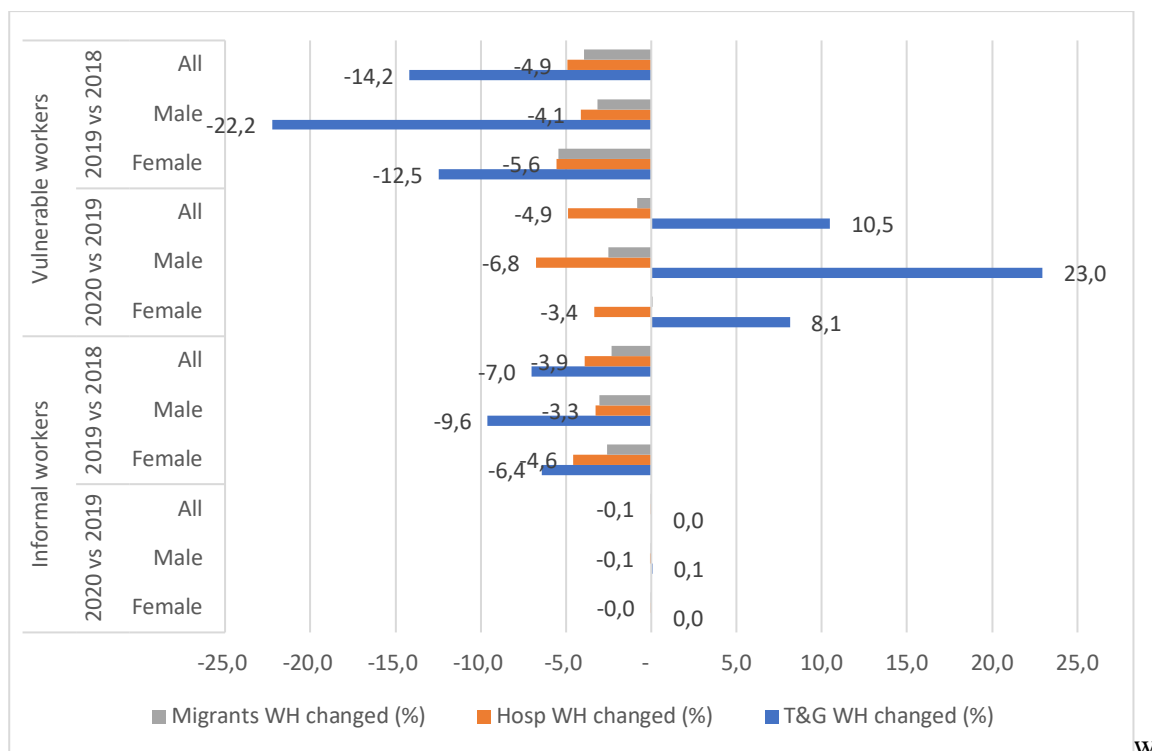
Sources: Authors' calculation from LFS 2018-2020, GSO

**The number of working hours of informal workers did not change in 2020 while the working hours of male vulnerable workers increased sharply in the T&G industry and decreased significantly in the hospitality industry**

Although the working time of informal workers decreased significantly from 2018 to 2019, this ratio is almost unchanged in 2020 compared to 2019. In contrast, the working time of vulnerable workers has a different variation between sector groups in the same period. Specifically, while the working time of vulnerable workers in the T&G sector increased sharply (10%), especially the male group increased by 23%, while the working time decreased for the

hospitality and migrant workers group. In particular, the working time of male vulnerable workers in hospitality decreased by 6.8% in 2020 compared to 2019 (**Figure 35**).

**Figure 35: Changes in working hours of T &G, hospitality and migrant workers by informality vulnerability and gender (%)**

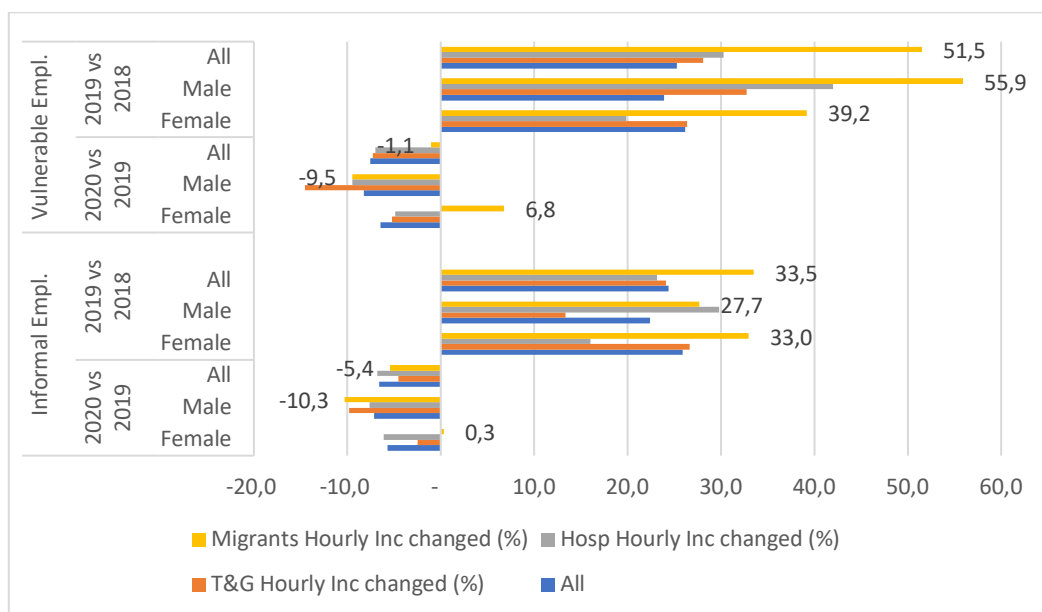


Sources: Authors' calculation from LFS 2018-2020, GSO

**The hourly income of informal and vulnerable workers decreased significantly for migrants and in T&G and hospitality, in which male workers were heavily affected**

The hourly income of informal workers in 2020 has decreased in all 3 groups of T&G, hospitality and migrant compared to 2019, in which the hourly income of male informal workers has decreased the most. Informal workers in the hospitality sector also suffered a significant drop in earnings for both men and women with a 7.6% and 6.1% decline. Notably, in 2019 compared to 2018, the income of informal workers increased significantly in all 3 groups. It shows that the pandemic has had a strong impact on the income of informal workers (**Figure 36**).

**Figure 36: Changes in hourly income of T &G, hospitality and migrant workers by informality vulnerability and gender (%)**



Sources: Authors' calculation from LFS 2018-2020, GSO

**Informal and vulnerable migrant workers experienced largest income reductions**

Similarly, the hourly income of vulnerable workers in 2020 also decreased significantly in all 3 groups of T&G, hospitality and migrant compared to 2019, in which the hourly income of male vulnerable workers decreased the most. Vulnerable workers in the hospitality sector also suffered a significant drop in hourly earnings for both men and women with a decline of 9.5% and 4.9% respectively. Figure 36 also shows that vulnerable migrant workers suffer the most hourly income loss. The reduction rate of this group in 2020 for men is 9.5%, while the increase rate of these two groups in 2019 compared to with 2018 up to 55.9% and 39.2%.

## **Conclusion**

The pandemic in 2020 has caused Vietnam's GDP growth to drop to its lowest level in more than 20 years, and the same is true for manufacturing and services. The T&G sector for the first time in 25 years experienced a negative growth of 10.5% while the tourism sector decreased by nearly 80% compared to 2019.

The textile and garment and hospitality industries have twice as many female workers as men, although the gender ratio is quite balanced in the Vietnam's entire workforce as well as in the two broader industries of manufacturing and services.

Under the impact of the pandemic, in the textile and garment sector, male workers were affected more heavily than female workers in terms of both the number of workers and income decline, while the number of working hours did not differ between men and women in 2020.

The tourism, hotel, catering and passenger transportation services industries were strongly impacted by the impact of the pandemic in 2020 with a decline in both the number of workers, working hours and income. Compared to male workers, female workers in the hospitality sector were significantly more heavily affected.

The pandemic did not only decrease the numbers of migrants, but also reduced their working hours (particularly for female migrants), and income (for male migrants).

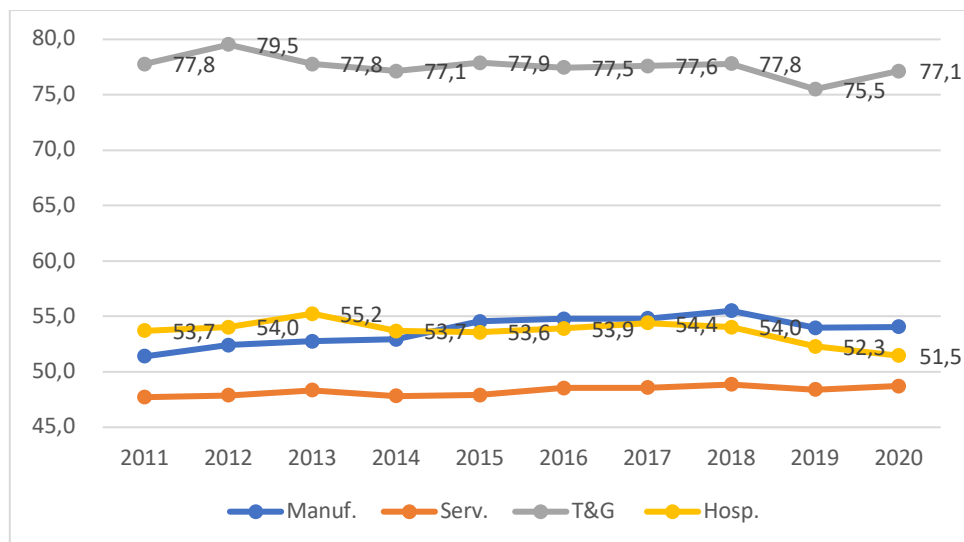
Finally, the pandemic slowed the decreasing rate of informal and vulnerable workers, especially for women. The significant decrease in income while the working time is only slightly reduced, and even the working time is increased for the vulnerable group, shows significant impact of the pandemic on per hour earnings of these two disadvantaged groups of workers.

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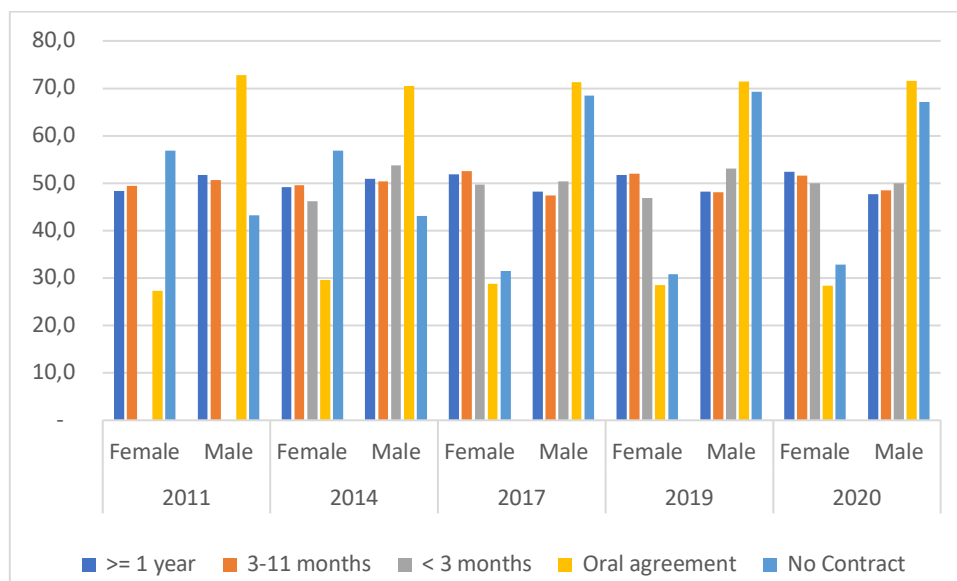
## Appendix

### Appendix 1: Share of female workers in Manufacturing, Services, T&G and Hospitality (%), 2011-2020



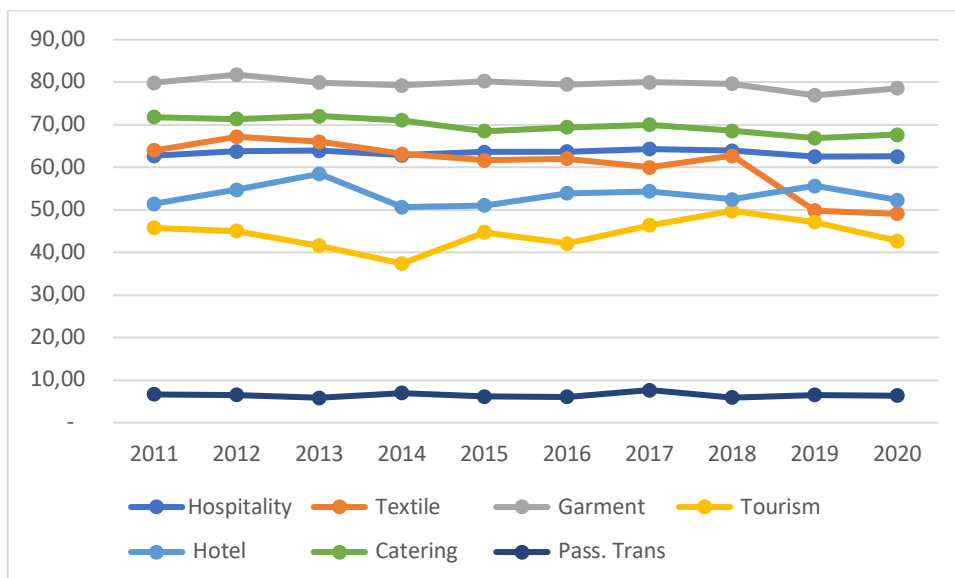
Sources: Authors' calculation from LFS 2011-2020, GSO

### Appendix 2: Employment contract types by gender (%)



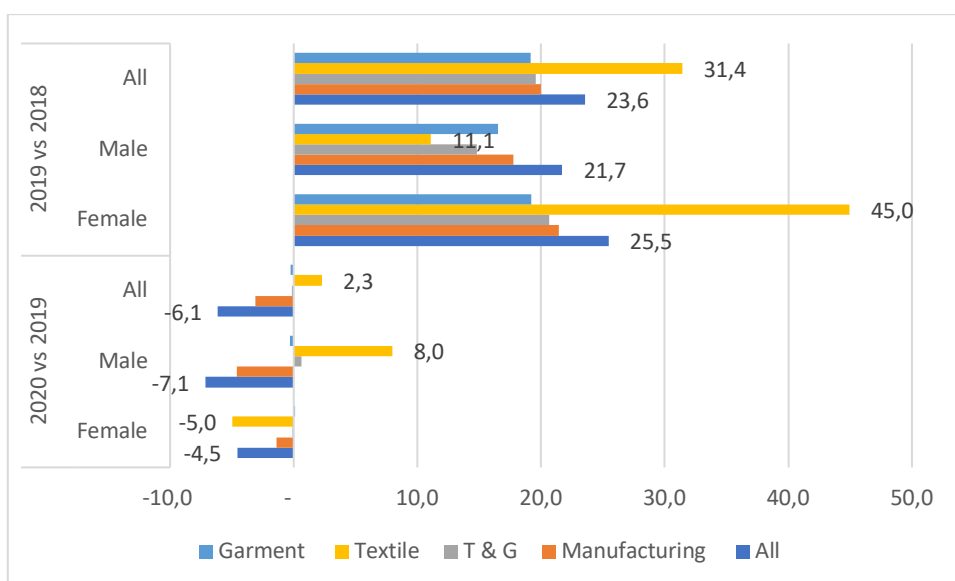
Sources: Authors' calculation from LFS 2011-2020, GSO

### Appendix 3: Female share in the Hospitality sector by gender (%)



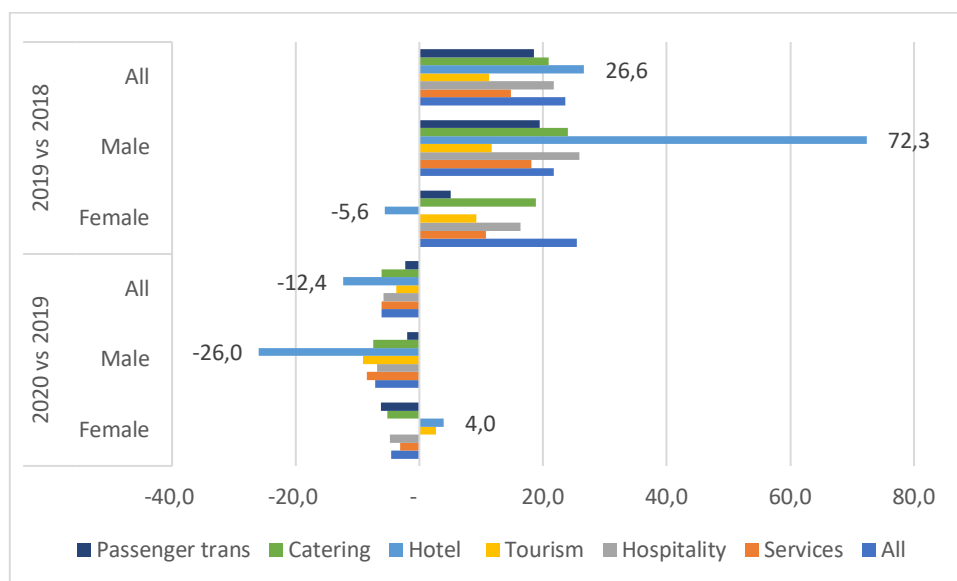
Sources: Authors' calculation from LFS 2011-2020, GSO

### Appendix 4: Change of real income in T&G sector by gender (%)



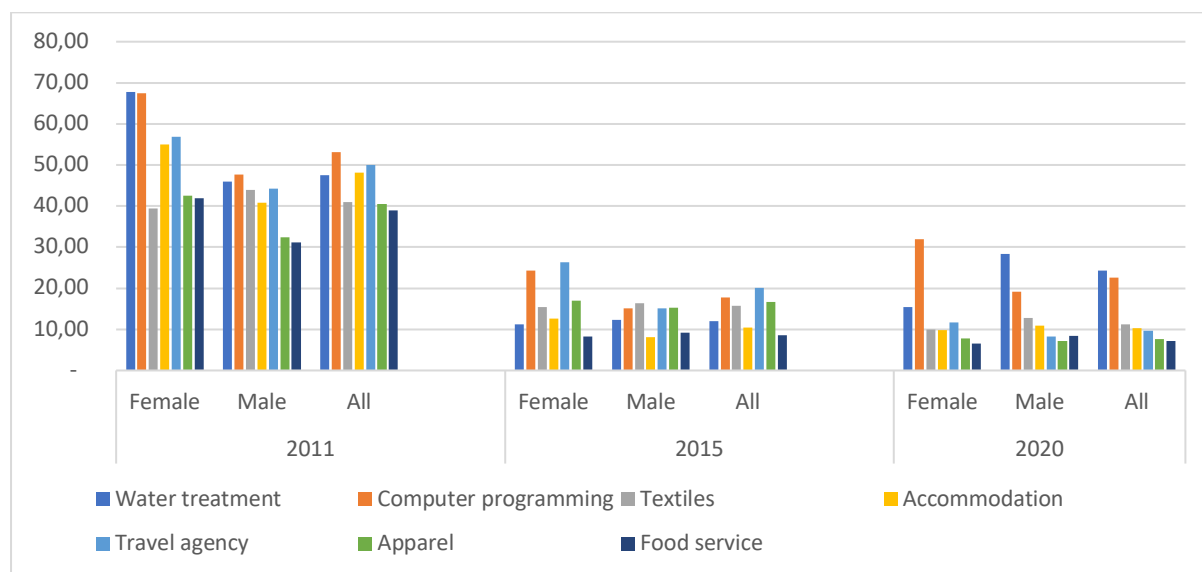
Sources: Authors' calculation from LFS 2018-2020, GSO

### Appendix 5: Change of real income in the Hospitality sector by gender (%)



Sources: Authors' calculation from LFS 2018-2020, GSO

### Appendix 6: Change of real income in the Hospitality sector by gender (%)



Sources: Authors' calculation from LFS 2011-2020, GSO