



PHÒNG THƯƠNG MẠI VÀ CÔNG NGHIỆP VIỆT NAM

## **RAPID ASSESSMENT REPORT**

**The impact of COVID-19 pandemic on labour and employment in enterprises in Vietnam**

**Hanoi, April 2020**



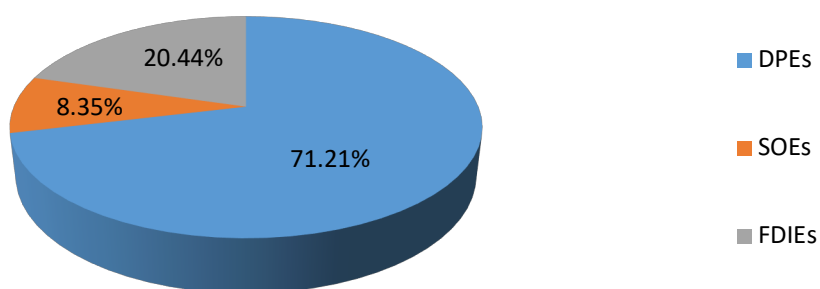
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## 1. Introduction to the survey

This report is generated on the data from a rapid survey conducted by the Vietnam Chamber of Commerce and Industry (VCCI) in April 2020. The recommendations have been gathered from online meetings with and reports from over 700 enterprises and business associations from 46 provinces/cities across the country.

The survey sample includes a large number of enterprises in manufacturing (including in garment, footwear, electronics); wholesale, retail and repairing; transportation and warehousing; accommodation and food services; supporting service; education and training; agriculture - forestry and fisheries; construction; finance; health ect.. These are industries greatly affected by the Covid-19 pandemic. The sample was structured as follows: more than 8% are state-owned enterprises (SOEs), about 71% are domestic private enterprises (DPEs) and more than 20% are foreign-invested enterprises (FDIEs). The composition of the survey sample includes all sizes of enterprises in terms of employment, from small, medium to large enterprises. Among them, the group of enterprises with more than 500 employees accounts for 25.57% and the ones with fewer than 10 employees account for 10.51%.



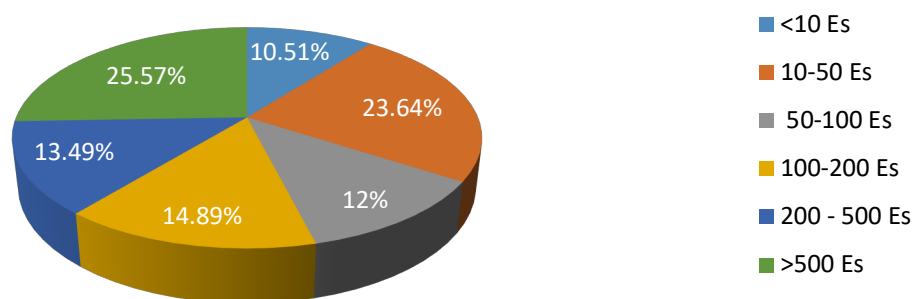
**Figure 1: Composition of the surveyed enterprises by type of ownership**

**Table 1. Composition of the surveyed enterprises by type of ownership and by industry**

	SOEs	DPEs	FDIEs	Total
Manufacturing	51%	42%	84%	52%
Wholesale and retail trade; repair of motor vehicles and motorcycles	6%	11%	3%	9%
Agriculture, Forestry and fisheries	12%	8%	1%	7%
Transportation and Warehousing	4%	8%	1%	6%

Mining and Quarrying	6%	1%	0%	2%
Accommodation and food services	10%	8%	3%	7%
Construction	4%	8%	0%	6%
Real estate activities	0%	1%	0%	1%
Professional, scientific and technical activities	0%	4%	2%	3%
Administrative and support services	0%	2%	0%	2%
Human health and social work activities	0%	0%	1%	0%
Financial, banking and insurance activities	0%	1%	3%	2%
Electricity, gas, steam and air conditioning supply	4%	0%	0%	1%
Water supply, sewerage, waste management and remediation activities	2%	0%	1%	1%
Education and Training	0%	3%	0%	2%
Information and communication	0%	2%	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The composition of the survey sample includes all sizes of enterprises in terms of employment, from small, medium to large enterprises. Among them, the group of enterprises with more than 500 employees accounts for 25.57% and the ones with fewer than 10 employees account for 10.51%, most of them are DPEs (13.83%).



**Figure 2: Composition of the surveyed enterprises by employment size (Es=employees)**

## 2. Key findings

### 2.1. Status and the impact of the COVID-19 pandemic on enterprises in terms of labour and employment (by group of industries/ locations/ type of ownership/ size of enterprises...)

#### *Input Materials*

In general, there is a large share of enterprises in the sample using key input materials imported from foreign countries for production. In total, 34.36% of enterprises use less than 10% and 39.71% use more than 50% of key input materials imported from foreign countries for production. FDI enterprises use input materials from imported sources more often with larger quantity than others. Especially, up to 66.67% of FDI enterprises use more than 50% of the main input materials imported from foreign countries for production. This rate among SOEs is 37.84% and among DPEs is 31.07%.

**Table 2. The share of key input materials imported for production**

<b>The share of imported input materials</b>	<b>SOEs</b>	<b>DPEs</b>	<b>FDIEs</b>	<b>Total</b>
< 10%	32.43%	42.01%	11.71%	34.36%
10 - 20%	13.51%	13.02%	4.50%	11.11%
20 - 50%	16.22%	13.91%	17.12%	14.81%
> 50%	37.84%	31.07%	66.67%	39.71%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### *The consumption market*

More than 52% of enterprises surveyed said that their main market is the domestic market. However, domestic enterprises and FDI enterprises view the importance of the domestic market differently. While more than 62% of DPEs and approximately 45% of SOEs consider the domestic market as the main market, only 21.7% of FDI enterprises mentioned that the domestic market is the main market for them.

However, the enterprises also said that the international markets play a very important role to them. 27.26% of enterprises see Asia as their main markets; 50.77% of enterprises consider Europe and 20.44% consider America as their main markets. In particular, FDI enterprises are of the opinion that international markets are more important than the domestic market, in which European and American markets are more important than Asian ones.

**Table 3. The key consumption markets by type of ownership<sup>1</sup>**

<b>Key markets</b>	<b>SOEs</b>	<b>DPEs</b>	<b>FDIEs</b>	<b>Total</b>
Domestic	44.90%	62.20%	21.67%	52.47%
Asian Markets	24.49%	29.43%	29.17%	27.26%
European Markets	51.02%	44.02%	74.17%	50.77%
American Markets	20.41%	16.03%	35.83%	20.44%
Other markets	4.08%	0.48%	2.50%	1.19%

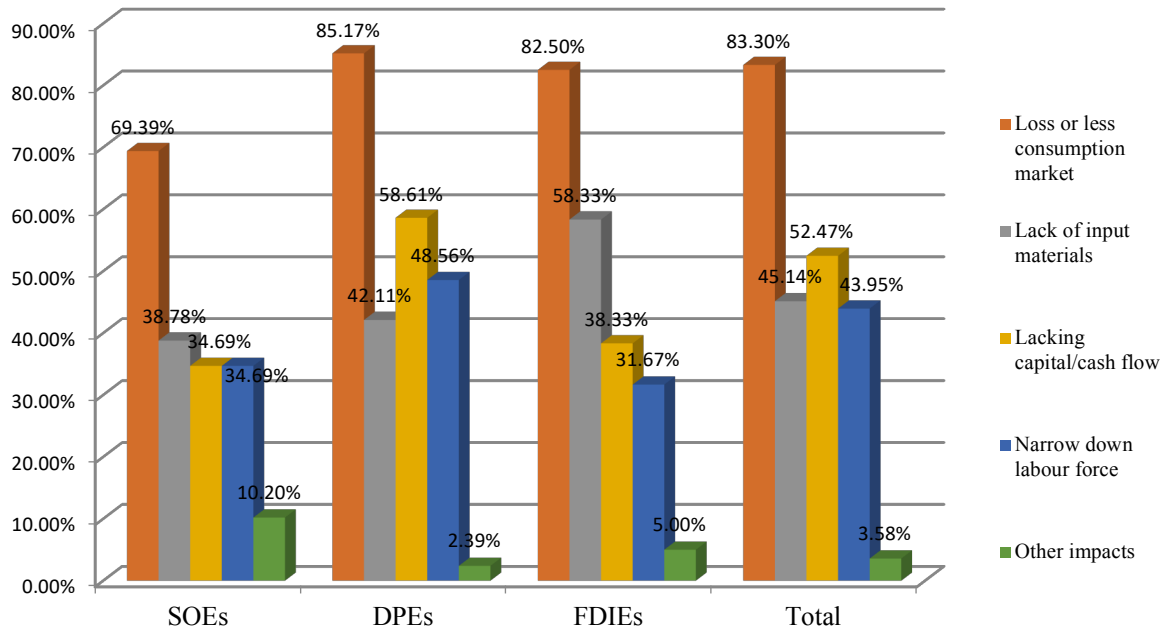
***The key impact of the COVID-19 pandemic on enterprises***

The Covid-19 pandemic has had very severe impact on production and business activities of enterprises, including a number of key ones as follows.

- Market narrowing is the main impact of the pandemic on the enterprises. 83.30% of the enterprises said that they have lost or had less consumption market; the group suffer from the most serious impact is the DPEs (85.17%).
- Lack of capital/cash flow for doing business: 52.47% of enterprises said that they were short of capital or cash flow for doing business due to the impact of the pandemic on production and business activities, and the DPEs have been affected most severely (58.61%)
- Lack of supply of input materials: 45.14% of enterprises said that they had a shortage of input materials for production and business activities of enterprises, of which FDI enterprises suffered from the highest shortage (58.33%).
- Narrowing down the labour force: 43.95% of enterprises had to shrink the labour force due to the impact of the pandemic, in which the private sector had to cut down the largest number of workers (48.56%).

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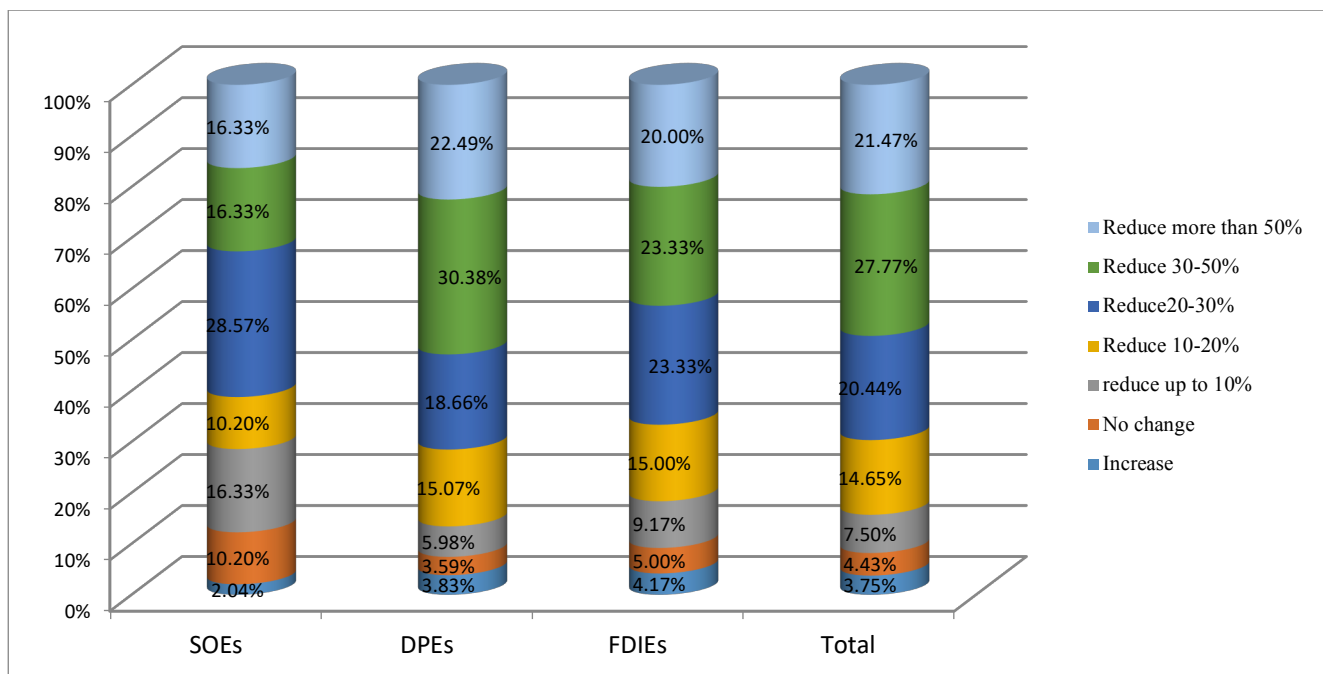
<sup>1</sup> Formula for calculations of the key consumption markets by type of ownership: Number of enterprise by type of ownership (sharing a market in X)/total number of enterprises of the same type of ownership. The formula applies similarly in the table in the following sections.



**Figure 3: The key impact of the Covid-19 pandemic on enterprises**

Only 3.75% of enterprises said that their estimated revenue in 2020 will increase compared to that in 2019 and 4.43% of enterprises thought that the revenue will be the same as 2019. The remaining approximately 92% of businesses thought that their revenue in 2020 will be lower than that in 2019. Notably, 21.47% of enterprises announced a revenue decrease of over 50%; 27.77% of enterprises will reduce their revenue by 30-50%; 20.44% of enterprises will gain 20-30% less revenue. The situation is serious for all types of enterprises (SOEs, DPEs and FDIEs), in which the decline is higher among DPEs, with 30.38% of enterprises will reduce from 30-50% of their revenue and more than 22 % will decrease over 50% of revenue.





**Figure 4: The changes of estimated revenue in 2020 compared to that in 2019 by type of ownership**

***Period of time to maintain operation, if the pandemic lasts for a long time***

In the current complicated situation of the pandemic, with a strong dependence on imported input materials and on overseas consumption markets, and less domestic demand, it is very difficult to maintain production and business for enterprises. Up to 29.81% of enterprises can only maintain operation for 1-3 months, 29.47% of them can maintain operation for 3-6 months, 20.78% of them can maintain operation for 6-12 months and only approximately 20% of enterprises announced that they can maintain operation for more than 1 year. The challenges in maintaining production, in addition to many economic consequences, will inevitably affect employment maintenance, income stability and living conditions for workers. The most serious challenge is that the number of DPEs and FDIes that can maintain operation for only 1-3 months accounts for 33.33% and 30.38% of the total respectively.

**Table 4. Period of time to maintain operation by type of ownership, if the pandemic lasts for a long time**

	SOEs	DPEs	FDIEs	Total
1-3 months	16.33%	30.38%	33.33%	29.81%
3-6 months	28.57%	29.43%	30.00%	29.47%
6-12 months	22.45%	21.05%	19.17%	20.78%

Over a year	32.65%	19.14%	17.50%	19.93%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

By looking at the industry groups, it can be seen that enterprises in manufacturing; wholesale and retail; accommodation and food services industries face the strongest challenges in maintaining operation; About 63% of manufacturing enterprises expected to be able to maintain operation for only 1-6 months. That rate for wholesale and retail industry is around 60% and for accommodation and food services is 75%.

**Table 5. Period of time to maintain operation by type industry, if the pandemic lasts for a long time**

	<b>Manufacturing</b>	<b>Wholesale, retail, repairing ...</b>	<b>Accommodation and food services</b>
1-3 months	32.99%	59.57%	75.68%
3-6 months	30.61%	38.30%	18.92%
6-12 months	22.45%	12.77%	13.51%
Over a year	13.95%	35.14%	10.81%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### ***Changes of employment***

In the context that is challenging to maintain production and business activities, it is not difficult to predict the employment situation. About 76% of enterprises announced that the number of employed workers will decrease. Typically, the rate of labour reduction is from 10% to 50%. In particular, almost 10% of enterprises will reduce over 50% of employed workers. The largest reduction in labour takes place in DPEs (71.18%).

**Table 6. The employment change compared to the situation before the Covid-19 pandemic by type of ownership**

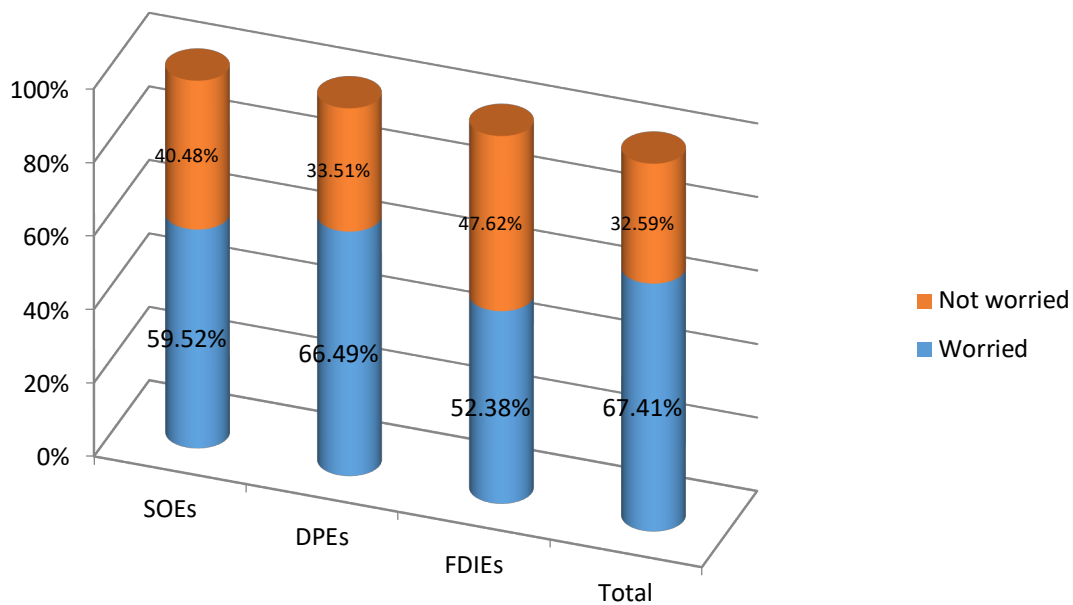
	<b>SOEs</b>	<b>DPEs</b>	<b>FDIEs</b>	<b>Total</b>
Increase	2.04%	0.00%	1.68%	0.51%
No changes	22.45%	21.45%	31.09%	23.50%
Reduce by less than 10%	24.49%	14.46%	19.33%	16.30%

Reduce by 10 - 20%	18.37%	20.48%	15.97%	19.38%
Reduce by 20 - 30%	18.37%	15.42%	10.92%	14.75%
Reduce by 30 - 50%	10.20%	17.83%	13.45%	16.30%
Reduce by 50% - 75%	2.04%	6.02%	4.20%	5.32%
Reduce by more than 75%	2.04%	4.34%	3.36%	3.95%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

By sector, the largest labour cuts occur in enterprises for education and training and professional activities (83%), accommodation and food services (81%); manufacturing (78%). However, with tens of millions of workers working in manufacturing, especially garment and textiles, footwear, electronics, food processing, and wood processing, the number of enterprises cutting employment, and the number of unemployed workers can reach millions people in the coming time.

### *Working spirit of workers*

Two-thirds of enterprises reported that workers are worried about the current situation. They are worried about many things: worried about being infected, problems with their own health and life and their families'; worried about employment and income security; worries also come from how to organise life in the context of turmoil such as school closing, difficulties in transportation... Worries in working spirit will inevitably affect the quality of work, labour productivity, and that is also the concerns of employers. Unsecured feeling of workers in the current situation is more common among DPEs, with more than 66% of them compared to 59.52% in SOEs and 52.38% in FDI enterprises.



**Figure 5: Working spirit of workers in enterprises**

### ***Changes in labour cost***

Answering questions about the changes in the average labour cost per worker, 17.38% of enterprises said it will decrease compared to that in 2019, about 26.41% said there will be no change and up to 56.22% of enterprises mentioned that the labour cost per worker will increase, and this will, therefore, add more burden on enterprises. 33.33% of SOEs said the average labour cost per worker in 2020 will not increase compared to the same period last year, while more than 34.09% of FDI enterprises said that this cost will increase by up to 10%.

**Table 7. Changes in labour cost/worker compared to the same period in 2019 by type of ownership**

	SOEs	DPEs	FDIEs	Total
Decrease	10.26%	17.55%	18.94%	17.38%
No changes	33.33%	25.48%	27.27%	26.41%
Increase by up to 10%	28.21%	24.28%	34.09%	26.75%
Increase by 10-20%	17.95%	20.43%	14.39%	18.91%
Increase by 20-30%	2.56%	8.65%	5.30%	7.50%
Increase by more than 30%	7.69%	3.61%	0.00%	3.07%

<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
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Table 7 shows the highest rate of enterprises announcing an increase in the average cost per worker is in the Professional, scientific and technical activities (including education and training) (approximately 68%); manufacturing (nearly 60%); agriculture, forestry and fisheries (55.3%).

**Table 8. Changes in labour cost/worker compared to the same period in 2019 by industry**

<b>Industry</b>	<b>Manufacturing</b>	<b>Professional, scientific and technical activities</b>	<b>Wholesale, retail, repairing</b>	<b>Transportation and warehousing</b>	<b>Accommodation and food services</b>	<b>Agriculture, forestry and fisheries</b>
Decrease	15.3%	17.9%	13.7%	18.8%	37.8%	18.4%
No changes	25.2%	14.3%	37.3%	28.1%	16.2%	26.3%
Increase by up to 10%	30.3%	21.4%	31.4%	28.1%	10.8%	21.1%
Increase by 10-20%	19.0%	25.0%	11.8%	9.4%	21.6%	28.9%
Increase by 20-30%	6.8%	21.4%	3.9%	15.6%	8.1%	5.3%
Increase by more than 30%	3.4%	0.0%	2.0%	0.0%	5.4%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Compared to the same period in 2019, the average labour cost per worker will increase more commonly in enterprises with larger employment size. The average labour cost per worker will increase with the highest rate in enterprises with 50-100 employees (67.61%), followed by enterprises with the number of employees from 200-500 employees (63.1%); enterprises with 100-200 employees (60.92%); enterprises with more than 500 employees (55.41%); enterprises with 50-100 employees (52.94%), and finally enterprises with fewer than 10 employees (36.7%). Obviously, micro enterprises have the advantage of being able to adjust the labour force flexibly, while larger enterprises need to consider maintaining the workforce so that after the crisis they can stabilize production quickly.

**Table 9. Changes in labour cost/worker compared to the same period in 2019 by size of employment of enterprises**

	< 10 Es	10 - 50 Es	50-100 Es	100-200 Es	200 -500 Es	> 500 Es	Total
Decrease	24.59%	17.65%	8.45%	12.64%	20.24%	19.59%	17.38%
No changes	39.34%	29.41%	23.94%	26.44%	16.67%	25.00%	26.41%
Increase by up to 10%	9.84%	20.59%	32.39%	34.48%	32.14%	29.05%	26.75%
Increase by 10-20%	18.03%	16.91%	18.31%	17.24%	23.81%	19.59%	18.91%
Increase by 20-30%	8.20%	10.29%	12.68%	5.75%	5.95%	4.05%	7.50%
Increase by more than 30%	0.00%	5.15%	4.23%	3.45%	1.19%	2.70%	3.07%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

***The cost of occupational safety and health (OSH cost)***

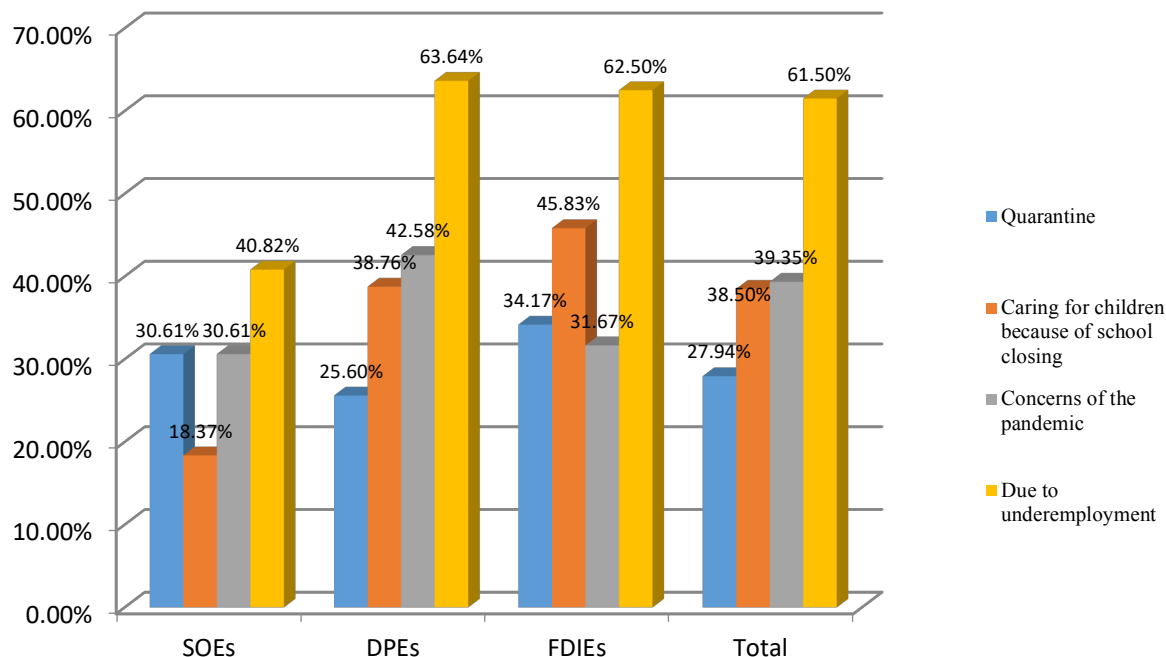
Up to 78% of enterprises informed that the OSH cost will increase. Particularly, more than one third of enterprises mentioned that the OSH cost will increase by up to 10%, another one third of enterprises said that the OSH cost will increase 10-30% and more than 8% of enterprises expected that this cost will go up by more than 30%.

**Table 10. The changes of OSH cost compared to 2019 by type of ownership**

	SOEs	DPEs	FDIEs	Total
Decrease	2.56%	5.54%	5.51%	5.28%
No changes	7.69%	18.07%	18.11%	17.21%
Increase by up to 10%	41.03%	32.77%	40.94%	35.78%
Increase by 10-20%	23.08%	24.82%	16.54%	22.66%
Increase by 20-30%	20.51%	11.33%	7.09%	10.90%
Increase by more than 30%	5.13%	7.47%	11.81%	8.18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

***The common reasons for workers to leave work due to the impact of the Covid- 19 pandemic***

During the pandemic, part of workers had to leave their jobs. The most common reasons informed by enterprises include: underemployment (61.50%); disease concerns (39.35%); caring for children because of school closing (38.50%) and quarantine due to the pandemic effects (27.94%).

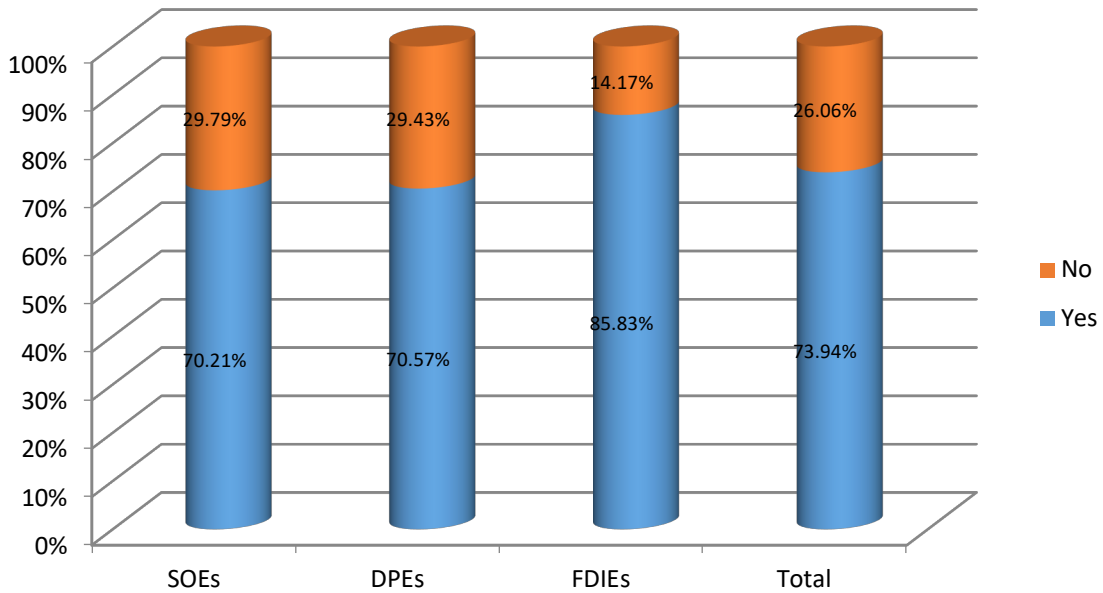


**Figure 6: Reasons for workers to leave work during the Covid- 19 pandemic**

**2.2. Solutions/initiatives implemented by enterprises to respond to the crisis**

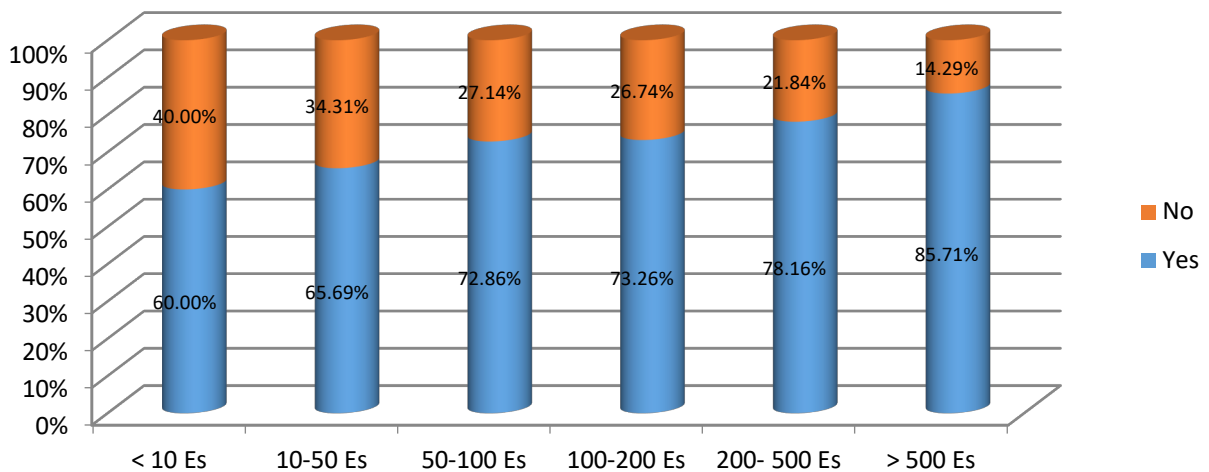
***Policies/ guidelines/ responding functions against impact of natural disasters / epidemics / disasters like the Covid-19 pandemic***

Almost 74% of enterprises said that there are policies or guidelines or functions to respond to the impact of the Covid-19 pandemic. In particular, that rate is highest among FDI enterprises with 85.83%, followed by DPEs (70.57%) and SOEs (70.21%).



**Figure 7: The rate of enterprises having policies to respond to the impact of the pandemic by type of ownership**

Figure 8 also shows that the enterprises with bigger employment are more highly associated with the higher possibility of having policies/ guidelines or response functions compared to the ones with fewer employees. This also reflects the reality of labour management situation, ensuring safety conditions and timely response of enterprises in the context of crises.



**Figure 8: The rate of enterprise with policies/ guidelines/ responding functions against impact of the Covid-19 pandemic by size of employment of enterprise**

*Solutions to prevent and combat against the COVID-19 pandemic at workplaces*



The survey data shows that the enterprises have been very active and proactive in implementing epidemic prevention measures in the workplaces, including: active prevention of the epidemic as recommended by the Ministry of Health (99.32%); improved hygiene (masks, washing hands, sterilization...) (98.81%); limited travel for business (96.08%); limited gathering together (96.08%). information sharing and communication with workers about the pandemic also received attention from most of the enterprises.

**Table 11: Solutions to prevent and combat against the Covid-19 pandemic in the workplaces implemented by the enterprises**

	SOEs	DPEs	FDIEs	Total
Active prevention of the epidemic as recommended by the Ministry of Health	100.00%	99.28%	99.17%	99.32%
Improved hygiene (masks, washing hands, sterilization...) (98.81%)	100.00%	98.56%	99.17%	98.81%
Limited gathering together	81.63%	97.85%	95.83%	96.08%
Ensure safe distance at work/ eating places	73.47%	89.23%	78.33%	85.69%
Limited travel for business	87.76%	96.89%	96.67%	96.08%
Collect information/feedback from workers from different channels for timely response	77.55%	85.65%	81.67%	84.16%
Information sharing events for workers about how to prevent and combat against the COVID 19	67.35%	74.88%	73.33%	73.94%

### *Solutions for the use of labour*

In the epidemic context, the enterprises have been very proactive and creative in introducing appropriate and timely solutions for reasonable use of labour in enterprises: approximately 62% of enterprises have applied flexible working time for part of workers; 47% of enterprises would reduce worked hours rather than cutting down employment; 41.23% of enterprises let workers work from home; almost 41% of enterprises takes advantage of the epidemic time to retrain their workers. Only 19.42% of enterprises said that they cut down employment/ terminate labour contracts, and 19.93% of enterprises said they had to cut their workers' salaries to avoid cutting employment.

**Table 12. Solutions for the use of labour during the COVID-19 pandemic taken by enterprises by type of ownership**

	SOEs	DPEs	FDIEs	Total
Work from home	44.90%	46.65%	20.83%	41.23%
Flexible working time	61.22%	69.38%	35.83%	61.84%
Cutting employment/ terminating contracts	10.20%	22.73%	10.00%	19.42%
No employment cutting, reduced worked hours instead	40.82%	46.89%	50.00%	47.02%
No employment cutting, reduced salaries instead	16.33%	22.97%	10.83%	19.93%
Encourage part of workers to take unpaid temporary leave	16.33%	29.43%	15.83%	25.55%
Encourage part of workers to take leave with allowance	18.37%	29.43%	15.83%	25.72%
Encourage part of workers to take annual leave	38.78%	36.84%	45.83%	38.84%
Take advantage of the epidemic time to retrain their workers	28.57%	45.45%	29.17%	40.72%

By industry, working from home is more common in the industry of wholesale, retail and repairing of motor vehicles (60.78%); education, training and professional, scientific and technological activities (58.62%); and accommodation and food services (50%). Flexible working time is commonly applied in most industries and is also the solution chosen by most enterprises (64.71%). Nearly 30% of enterprises applied the solution of reduced worked hours instead of employment cutting, which is applied more commonly on the accommodation and food services and manufacturing. About 52% of enterprises in accommodation and food services encourage workers to take unpaid temporary leave or annual leave.

**Table 13. Solutions for the use of labour during the COVID-19 pandemic taken by enterprises by industry**

Industry	Wholesale, retail and repairing	Manufacturing	Accommodation and food services	Professional, scientific and technical activities	Agriculture, forestry and fishery	Transportation and warehousing	Administrative, finance, health, assistance, information and communication
Work from home	60.78%	27.21%	50.00%	58.62%	39.02%	45.71%	48.15%

Flexible working time	76.47%	48.64%	69.05%	75.86%	65.85%	77.14%	59.26%
Cutting employment/terminating contracts	19.61%	18.37%	40.48%	13.79%	21.95%	11.43%	18.52%
No employment cutting, reduced worked hours instead	45.10%	50.00%	52.38%	41.38%	46.34%	40.00%	33.33%
No employment cutting, reduced salaries instead	25.49%	14.97%	35.71%	34.48%	29.27%	20.00%	14.81%
Encourage part of workers to take unpaid temporary leave	29.41%	20.41%	52.38%	44.83%	26.83%	22.86%	22.22%
Encourage part of workers to take leave with allowance	27.45%	23.13%	38.10%	41.38%	21.95%	25.71%	14.81%
Encourage part of workers to take annual leave	25.49%	42.52%	52.38%	51.72%	31.71%	25.71%	22.22%
Take advantage of the epidemic time to retrain their workers	41.18%	36.39%	47.62%	37.93%	34.15%	45.71%	59.26%

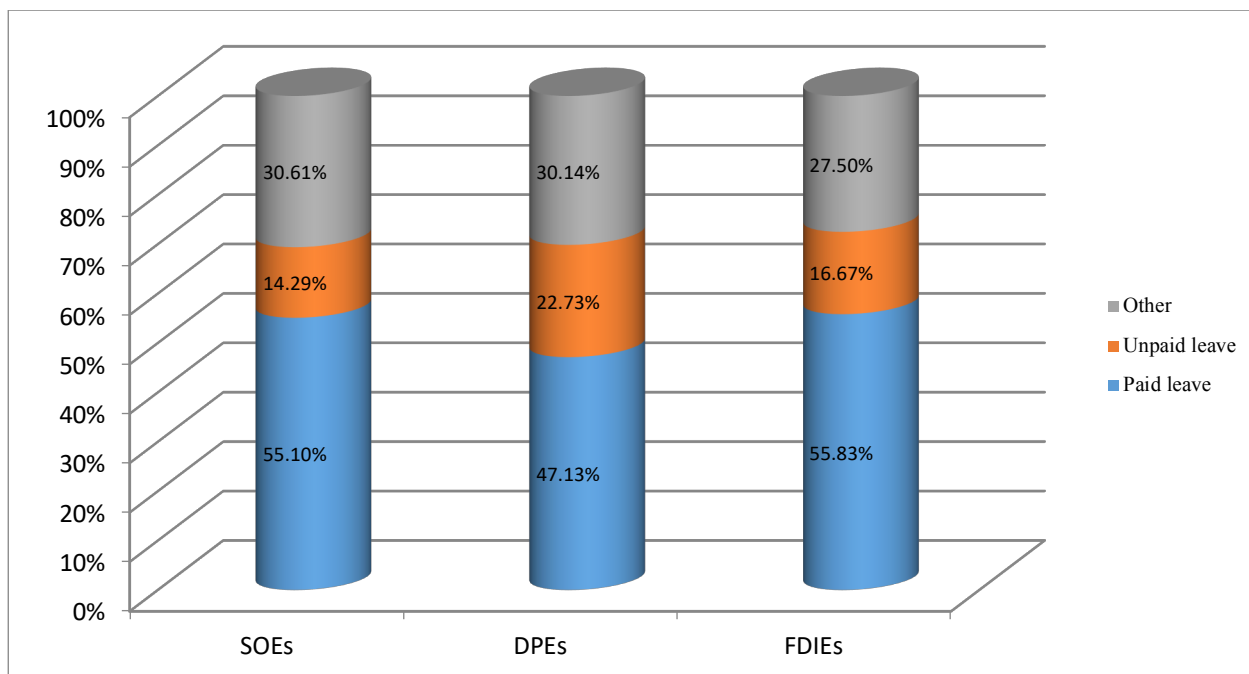
Considering the employment size of the enterprises, enterprises with less than 10 employees most commonly apply the solution of letting workers work from home (70%) and flexible working time (83.33%). Enterprises with 10-50 employees also commonly apply flexible working time (more than 77%). Obviously, the application of labor use solutions depends heavily on the nature of the work, the nature of the labor arrangement of each enterprise, the characteristics of the industry, and the implementation conditions.

**Table 14. Solutions for the use of labour during the COVID-19 pandemic taken by enterprises by size of employment of the enterprise**

	< 10 Es	10 - 50 Es	50-100 Es	100-200 Es	200 - 500 Es	> 500 Es
Work from home	70.00%	57.04%	32.35%	37.65%	38.96%	26.03%
Flexible working time	83.33%	77.04%	51.47%	60.00%	66.23%	45.89%
Cutting employment/ terminating contracts	18.33%	27.41%	23.53%	12.94%	22.08%	13.70%
No employment cutting, reduced worked hours instead	48.33%	42.96%	42.65%	41.18%	53.25%	54.11%
No employment cutting, reduced salaries instead	21.67%	28.89%	13.24%	21.18%	14.29%	15.07%
Encourage part of workers to take unpaid temporary leave	25.00%	39.26%	17.65%	63.53%	29.87%	20.55%
Encourage part of workers to take leave with allowance	25.00%	36.30%	25.00%	17.65%	25.97%	23.29%
Encourage part of workers to take annual leave	36.67%	34.81%	29.41%	40.00%	44.16%	47.26%
Take advantage of the epidemic time to retrain their workers	53.33%	48.89%	72.06%	32.94%	44.16%	36.99%

***How to deal with quarantined workers (F0-1-2) (if applicable)***

Regarding the question of how enterprises deal with the situation where their workers are compulsorily quarantined, nearly 50% of enterprises said that they would let workers leave their work with salary; about 20% would give unpaid leave and about 30% would apply other solutions (for example, encourage the workers to take annual leave, or support part of the salary and continue to pay social insurance for workers, etc..). The highest rate of enterprises going without payment to quarantined workers is among DPEs with 22.73%.



**Figure 9: Dealing with quarantined workers (F0-1-2) (if applicable) by type of ownership**

### *Other solutions*

In the context of the increasingly widespread epidemic which negatively affects production and business activities, enterprises have been actively seeking and deploying various solutions to overcome the crisis such as improving service quality; actively seeking for markets, especially DPEs; and cutting production costs. There are 54.17% of enterprises have built teams for crisis management, a relatively new practice for Vietnamese enterprises. In difficult situations, enterprises seek to cut costs or narrow down production to avoid disrupting production and business. However, there are 20.61% of enterprises that have to suspend business, of which the highest rate is among DPEs.

**Table 15: Other solutions taken by enterprises in the COVID -19 pandemic by type of ownership**

	SOEs	DPEs	FDIEs	Total
Actively seeking for new market	57.14%	72.73%	65.00%	69.85%
Improving service quality	61.22%	80.14%	70.00%	76.49%
Building team for crisis management	44.90%	54.78%	55.83%	54.17%
Cutting production cost	63.27%	68.42%	67.50%	67.80%
Narrowing down production	40.82%	55.26%	45.00%	51.96%
Suspending business	10.20%	23.44%	15.00%	20.61%

When dealing with the issues related to the rights and benefits of workers during the Covid-19 pandemic, about 85% of enterprises provided information to and consulted with representatives of workers' collective. This rate among FDI enterprises and DPEs is 86% and among SOEs is about 74%.

### 2.3. Recommendations from enterprises

#### *General Recommendations*

In the current widely spreading epidemic situation, enterprises are facing many difficulties in maintaining production, and workers are facing numerous risks. In this context, enterprises have suggested many recommendations to the Government regarding support to enterprises to survive and helping workers overcome the crisis.

- 69.85% of enterprises requested the Government to provide financial support / credit / debt freezing / debt rescheduling;
- 83.82% of enterprises proposed the Government to provide tax assistance (tax reduction, deferred tax payment);
- 58.77% of enterprises proposed the Government to have an employment protection support program for workers;
- 38.67% of enterprises recommended the Government to support epidemic prevention for workers during the pandemic;
- 72.57% of enterprises requested the Government to suspend payment of social insurance premiums from March to the end of December 2020;
- 55.71% of enterprises asked the Government to suspend payment of unemployment insurance premiums from March to the end of December 2020;
- 21.29% of enterprises suggested the Government to support retraining for workers;
- 13.97% of enterprises recommended the Government to support salary payment for workers.

**Table 16. Recommendation from enterprises to the Government by type of ownership**

	SOEs	DPEs	FDIEs	Total
Financial support / credit / debt freezing / debt rescheduling	55.10%	77.27%	50.00%	69.85%
Tax assistance (tax reduction, deferred tax payment)	63.27%	89.00%	74.17%	83.82%

Employment protection support program for workers	57.14%	60.53%	54.17%	58.77%
Support epidemic prevention for workers during the pandemic	38.78%	40.19%	33.33%	38.67%
Suspend payment of social insurance premiums from March to the end of December 2020	67.35%	75.60%	64.17%	72.57%
Suspend payment of unemployment insurance premiums from March to the end of December 2020	36.73%	60.05%	48.33%	55.71%
Support retraining for workers	22.45%	21.77%	19.17%	21.29%
support salary payment for workers	14.29%	15.07%	10.00%	13.97%

### ***Recommendations regarding contribution of trade union fee***

- 76.49% of enterprises proposed to defer payment of trade union fee to the end of December 2020 and reduce the rate of the fee to 1% from March to the end of December 2020.

### ***Recommendations on adjusting the minimum wages in 2021***

- About 82% of enterprises suggested not increasing the minimum wages in 2021, while 20% recommended increasing them.

## **3. A number of recommendations from VCCI to mitigate the impact of COVID -19 pandemic on labour and employment in enterprises**

Recently, the Government has issued a series of policies to support enterprises and workers, especially the Directive No. 11/CT-TTg dated March 4, 2020 of the Prime Minister with seven comprehensive solutions groups, which will timely support businesses in many different ways. Ministries and agencies have issued guiding documents to implement the Prime Minister's Directive No. 11/CT-TTg or are preparing to issue new policies.

VCCI with the role of a national organisation representing the business community and employers in Vietnam, we affirm that firstly, we need to seriously and fully implement the Directive No. 11/CT-TTg. Supporting policies and programs should be implemented as quickly as possible to support enterprises and workers, because the more slowly they are implemented, the lower the effects and less opportunity

values they can bring to enterprises. In order to do this, it is necessary to reduce bureaucracy, simplify administrative procedures, facilitate services, and strongly apply information technology.

In order to have mechanisms and policies that are strong enough to support businesses to overcome the current difficulties, as well as to stabilize and restore production and business, the Government, ministries and agencies need to facilitate research on and learning experience from different countries, organise rapid assessments, review the actual situation in different localities and enterprises to timely introduce appropriate solutions to support enterprises and workers;

It is necessary to simultaneously implement many different solutions to support enterprises to be resilient and to help workers to stabilize their lives, conserve the labor, then the society will be more stable and the aggregate effects will be higher; in this way, the resonance effects of the policies will be stronger. It is necessary to strengthen the smooth coordination among ministries and localities.

### **3.1. Some specific recommendations**

1. Provide support packages for enterprises to pay workers for job termination or temporary leave due to factory disruption a result of the epidemic, and severance pay. Strengthen support to secure employment, first priority should be given to DPEs, disadvantaged worker groups; workers in small enterprises or informal sector; workers temporarily stop working; workers that are underemployed or unemployed. The government can use the revenue-expenditure difference of the Unemployment Insurance fund to support 50% of the salary for the workers who stop working and to provide loans to enterprises to cover labor costs. There should be financial support policies for enterprises with larger employment to upskill and or provide training in other skills to workers. Support enterprises in case any factory worker is positive to Covid-19 and the factory has to close for 14 days to prevent the spread of the epidemic. Support for quick processing of unemployment insurance procedures after job termination.

2. The Government should provide specific guidance on cases where a worker with a labor contract has to suspend the work or take unpaid leave due to the epidemic so that the worker can keep the job; review policies on flexible working time during the epidemic so that enterprises can reduce weekly worked hours and adjust salaries appropriately for workers; allow workers and employers to agree on the wage which is lower than the regional minimum wage during the epidemic time, on reduction of worked hours with corresponding payment; allow workers to take full unemployment insurance benefits in case enterprises have to close to retain workers; allow not counting overtime work salary in case enterprises have to reduce the number of workers and increase overtime worked hours in factories due to implementation of the requirements of social distancing for disease prevention under the provisions of the Ministry of Health and guidance of local authorities.

3. Facilitate new issuance or extension of work permits and visas for foreign workers who have entered Vietnam before the outbreak of the epidemic or are being quarantined for 14 days as prescribed and they are denied getting the visas or work permits on the basis of being foreigners.

4. Regarding the implementation of occupational safety and health and prevention of infection in labor-intensive enterprises, the Government should facilitate issuance of documents of specialized management agencies guiding enterprises to conduct isolation or self-isolation and to handle



situations in case there is an infected or suspected infected person in the enterprise, to minimize risks of factory closure if there is a case of infection in the workplace (partial or whole-off quarantine), support for damages or loss (if any) ... In addition, there should also be policy provisions for workers in the quarantine time (benefits from health insurance or payment from the enterprises).

5. Regarding social insurance, unemployment insurance, and contribution to the trade union fund, trade union fee and regional minimum wage in 2021:

- No regional minimum wage adjustment for 2021;
- Temporarily suspend employers' contributions to trade union funds, social insurance, health insurance, and unemployment insurance in 2020. The Government should submit to the National Assembly a proposal to reduce the unemployment insurance premium from 1% to 0.5% at least for a period of 6 to 12 months, to reduce the trade union fee from 2% to 1% for 2020.

### **3.2. Recommendations to enterprises and employer's representative organisations**

Enterprises need to monitor the situation, continue to promote the current initiatives and solutions for overcoming the crisis and for development. Some specific points:

- Implement corporate restructuring. This is the time to focus on reviewing the conditions for innovation of production and technologies, expanding markets, organising labor to improve efficiency and competitiveness, and preparing for new steps to be ready for development after the pandemic is over;
- Quickly perform digital transition in enterprises. This solution has been repeatedly mentioned at both Government and enterprise level under the influence of the Industrial Revolution 4.0;
- Make savings, cut costs. This is a very "classical" measure but it is very useful and compulsory for an enterprise to implement once it is facing difficulties in terms of supply and market, especially small and medium enterprises, micro enterprises and household businesses. It is necessary to review all costs and implement cost cutting and reduction to the maximum possible extent;
- Provide training and retraining for staff to better meet the current and future development requirements for the enterprise – the undone jobs due to time constraints; develop a flexible payment systems (which may be lower than the regional minimum wage);
- Effective use of government support to stabilize production and take care of workers.

### **3.3. Recommendations to workers and worker's representative organisations**

This is the time for the sharing of many different parties, especially workers and worker's representative organisations. Consideration should be given to the adjustment of contribution from enterprises to trade union funds, create favorable conditions for development of enterprises; consider reducing worked hours and reducing wages during the epidemic time to share costs with enterprises. Workers need to take advantage to enjoy training and self-training to improve skills to better meet job requirements once the epidemic has been over.

## References

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