# Factors Affecting the Unemployment of the Labor Force with Colleges and Universities Degrees in Vietnam

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**Abstract:**
        *The study results aim to identify and analyze the factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam. The results of this study have made the following objectives: First, identify the factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam; Second, determine priority order of the impact factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam; Third, propose solutions to overcome the unemployment of the labor force with colleges and universities degrees in Vietnam. The study results showed that there are 5 factors having an impact on the unemployment of the labor force with colleges and universities degrees in Vietnam and the impact level of factors as*

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*the following: labor quality, education policy, state management, individual perceived behavioral control and social awareness.*

**Key words:** Unemployed, unemployment, job counseling, human resource management, job application skills, sustainable development

## INTRODUCTION

According to experts of Vietnamese Institute of Labour Science and Society, unemployment of Vietnamese knowledge youth has currently been rising alarmingly. Unemployment of youth is high (22.7%). Long-term unemployment is over 12 months, without a job is more serious, increasing from 22.7% to 25% compared to 2015. More than 1,062,400 people in working age are unemployed all over Vietnam. In the structure of unemployed workers, nearly 45% of people are technical expertise, in which employees have a university degree and professional colleges accounted for the majority. Among those who are unemployed, there are 488,300 people with technical expertise (39.7%), including 225,500 university or higher; 115,000 professional colleges; 6,100 vocational colleges; 63,800 professional vocational school; 15,000 vocational school; 26,900 primary and 35,200 vocational certificates with less than 3 months. It is remarkable that more than 225,500 bachelor and master degrees are unemployed or do something simple or even a bachelor (put their undergraduate degree) is workers which is an alarming problem because they are considered "gold people" of Vietnamese labor. Many people with bachelor, master degree had to learn vocational secondary school in order to get the hope jobs. Currently, in Vietnam more than 400,000 bachelors annually graduate and there will be many of them participating in unemployment (VTV3, 2016). Unemployment figures of professional workers do not reflect the right state of the labor. This shows that the "supply" of training exceeds in comparison

with the "needs" in Vietnam and Vietnamese economy is not strong enough to attract the entire demand of technical labor.

There are many causes for this situation such as Vietnamese society prefer qualifications, young people prefer going to university to vocational college, unemployed bachelors wanted to learn higher, leading to "too many chiefs, no indian", the labor distribution is uneven among economic geographies, training quality of the education sector is still weak, etc. While businesses are in need of skilled workers, more and more good bachelors appear that are good at theory but bad at practical expertise. This poses problems for Vietnamese State, government and education sector many great challenges in the coming period.

## LITERATURE REVIEW

Unemployment has long been a particular concern matter of many countries around the world. There are studies with many approaches to unemployment. Many studies show that the cause of unemployment is due to training quality of education and education policy, state management, social awareness, individual perceived behavioral control, quality of the labor force etc. Experts said that if universities delay in renewing the thinking of education, they will not keep up with the development requirements of the country [1-3]. The education management mechanism must also be compatible and keep up with the development of the market economy and the need to develop the human resources of the country [2]. Training Education is a human growth. If education is easy, it will negatively influence the development of the whole society. The ultimate aim of education is to train a team of workers with high-quality, knowledge, expertise, skills, ethics and innovative thinking in line with the development trend that era [3]. Unemployment shows the real quality of education and

macroeconomic policies of a country. Unemployment in people with high technical expertise does not workers do not reflect the right state of the labor that it shows the "supply" of training exceeds in comparison with the "needs". This imbalance needs adjusting (Nguyen Thi Lan Huong, 2016). The colleges, the universities need to classify training towards research or clear applications [4]. In many countries due to policy orientation and training inequality has led to imbalance in the "supply and demand" for labor. In fact, while businesses need good practice workers, bachelors universities produce redundancy of graduates but lack practices [5]. Or due to poor macroeconomic management or national economy is not strong enough to absorb the entire "demand" of high-tech workers.

If any local has policy with reasonable distribution of labor, the work of a good introduction to employment and professional orientation, it is clear that unbalanced situation in labor relations is lessen [6]. From junior high school level, education needs to implement career orientation activities for students before entering college and university. Education and training sector needs realistic approach when developing training programs, avoiding theoretical, towards capacity development and personal qualities of the learners. It is emphasized on practical experience to improve knowledge and practical training skills for students [5]. Education in many advanced countries in the world such as Japan, students are educated beside comprehensive education program is also very rich as for pupils and students to participate in community activities inside or outside schools, sanitizing public places, visiting companies, factories or working overtime for high school students or university students. That is the way how to educate the awareness of life, the value of labor and industrial behavior for pupils and students before they engage in social working environment. So, from a country which is far behind advanced countries in the world, Japan has caught up now,

even superior in many aspects compared to other countries in Europe and America. The success of Japan is due to a right training human strategy, due to effective and practical education. They teach students not only the knowledge, expertise, skills, but also how to live, how to be human. They educate students that to be patriot is to love the community, the company and the factory where they work. Therefore, educating is not only professional training, knowledge and skills but also how to be human.

According to Nguyen Thi Lan Huong et al (2016), the biggest causes labor leading to Vietnamese qualified colleges and universities upwards unemployment because of their professional knowledge is limited, expertise, communication skills, language skills are poor lack of practical experience, labor productivity is low, lack of industrial style, passive, unmotivated, enjoyment minded, lack of patience and lack of job skills. Enthusiasm, spirit and attitude towards work are weak point of Vietnamese labour. Vietnamese youth still have a lot of illusions about their profession and actual capacity. Besides, the social awareness of Vietnamese is wrong. General sentiment of many Vietnamese often appreciate qualified and differentiate among labor with low qualifications.

Thus, based on the opinion of the scholars, the findings of the experts may make statements that these factors affecting the unemployment of the labor force with college and universitie degrees in Vietnam (Variable Y) which focuses on the following major factors: Education policy, state management, social awareness, individual perceived behavioral control, and labor quality (variable X). Model study includes 05 independent variables (variable X) and 01 dependent variable (variable Y).

## Labor Quality

Labor Quality relates to the elements of knowledge, expertise,
skills, experience, productivity, industrial style, enthusiasm,
spirit and attitude of employees towards work (Bunn Cadon,
1999). According to experts, if any country invests in improving
the quality of labor, the unemployment will be improved
according to the proportion.

*Hypothesis H1*: "Labor Quality" affects posistively the
unemployment of the labor force with colleges and universities
degrees in Vietnam.

## Education policy

Education policy is the principles and good policy of the
Government and the education sector in education governs the
operation of the education system. It can affect directly or
indirectly to all sectors involved in education and training
activities (Chann D. L et at, 2005). According to experts, if any
country spends more on education policy, the unemployment
will be improved according to the proportion.

*Hypothesis H2:* "Education policy" affects posistively the
unemployment of the labor force with colleges and universities
degrees in Vietnam.

## State management

State management of education is a set of policy mechanisms
and State orientation on the balance between education and
employment to a reasonable allocation of labor among economic
geographies (Chann D. L et at, 2005). According to experts, if
any country invests a lot for the state administration of good
education, the unemployment will be improved according to the
proportion.

*Hypothesis H3:* "State management" affects positively the
unemployment of the labor force with colleges and universities
degrees in Vietnam.

## Individual perceived behavioral control

Individual perceived behavioral control is a set of ideology, attitudes, thoughts and concepts with subjective life of each individual. Individual perceived behavioral control can have positive or negative expressions impact on the living environment of individuals (David Ann, 2005). According to experts, if any country invests in raising awareness on individual acts of good control, the unemployment will be improved according to the proportion.

*Hypothesis H4:* "Individual perceived behavioral control" affects posistively the unemployment of the labor force with colleges and universities degrees in Vietnam.

## Social awareness

Social awareness is the ideology of a community formed over time related to the social relationships among individuals, groups and communities in that society (Chann D. L et at, 2005). Awareness of an individual in society interacts to the development of other individual. Social awareness can be formed starting with the development of social skills of individuals from childhood to adulthood (David Ann, 2005). According to experts, if any country has a good investment in raising awareness about occupational, the imbalance employment condition will be improved according to the proportion.

*Hypothesis H5:* "Social awareness" affects posistively the unemployment of the labor force with colleges and universities degrees in Vietnam.

## METHODOLOGY, POPULATION AND SAMPLE

The two major research methods, qualitative and quantitative research are focused, specifically, the research process has three stages.

Stage 1, Based on theory and the related results mentioned the above, qualitative research method was used for group discussing and leading experts consulting to select the variables and observed variable groups.

Stage 2, Based on the grouping of factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam, the researcher designed survey questionnaires to collect the opinions of 167 experts in Ho Chi Minh. The research model includes 05 scales, 31 observed variables (questionnaires), using 5- point Likert scale (Likert scale with a 5-point), Distance value = (Maximum - Minimum) / n = (5 - 1) / 5 = 0.8: 1. Completely disagree; 2. Disagree; 3. No opinion / Normal; 4. Agree; 5. Totally agree. Survey results were entered SPSS 20.0 and Cronbach's Alpha coefficient was used to test reliability of the scale. In this study, sampling and convenience method were used. According to Hair et al., (2006), the formula for calculating sample size is $n = \sum_{j=1}^{m} kPj$. In which m is the scale and Pj is the number of observed variables of the scale. The proportion of the sample compared to 1 analysis variable (k) is 5/1 or 10/1. Thus, the number of samples is larger than "total observed variables" of scale times "5" and less than "total observed variables" of the scale times "10". However, according to Lee Nguyen (2011), depending on the object of study and research goals, increasing sample size will increase the reliability of data.

Stage 3, After testing the reliability using Cronbach's alpha coefficient, Exploratory Factor Analysis - EFA was analyzed to shrink and summarize the data of the scale (Hoang Trong Chu and Nguyen Mong Ngoc, 2005 "Quantitative Research SPSS"). This method is based on extraction ratio factor (Eigenvalue), under which only those factors having ration  (Eigenvalue) greater than 1 will be kept, those smaller than one will not show information better than origin variable because after standardizing, each original variance is 1. The

method of extracting the main components (Principal components) and original method of factor rotation (Varimax Procedure) were used to minimize the number of variables that have large coefficients for the same factor, which increases explaining the factors. The results then were used to analyze multiple linear regression to test the assumptions of the model, which consider the impact of factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam.

## DATA, RESULTS & DISCUSSIONS

**Table 1- Testing the average value for the observed variables**

| OBSERVED VARIABLES | N | MEAN |
|---|---|---|
| Vietnam lacks appropriate and advanced educational models | 167 | 3.86 |
| Socializing education policy is massive, and losing control | 167 | 2.33 |
| Input Quality of candidates is low (There are too many universities) | 167 | 3.01 |
| The testing and evaluation of examinations is poor | 167 | 3.41 |
| Student enrollment for universities too many compared with vocational schools | 167 | 3.07 |
| Focusing too much on colleges and universities training | 167 | 2.65 |
| There is no clarification of training colleges, universities (research or application) | 167 | 2.57 |
| The study of unemployment has not been focused yet | 167 | 2.65 |
| The state management over labor - employment is limited | 167 | 2.35 |
| Communicating on vocational guidance has been taken care of | 167 | 2.47 |
| The job introduction and consultancy are limited | 167 | 2.95 |
| The distribution of labor among geographical regions is uneven | 167 | 2.46 |
| Society prefers degrees / appreciates degrees | 167 | 2.34 |
| Young people tend to prefer universities to vocational colleges | 167 | 2.32 |
| Society discriminate workers with low levels | 167 | 4.04 |
| Young people lack information about jobs, careers | 167 | 2.44 |
| Raising awareness about the profession for young people is still poor | 167 | 3.52 |
| Lack of industrial style | 167 | 4.14 |
| Young people are passive and unmotivated | 167 | 2.95 |
| Having enjoyment feeling and being lazy | 167 | 3.02 |
| Careless and lack of enthusiasm | 167 | 3.29 |
| Young people lack of perseverance | 167 | 3.61 |
| Young people lack of skills for a job | 167 | 2.49 |
| Limited Knowledge of career | 167 | 2.88 |
| Poor qualifications | 167 | 2.92 |

| | | |
|---|---|---|
| Limited communication skills | 167 | 2.34 |
| Poor language skills | 167 | 3.81 |
| Lack of practical experience | 167 | 4.29 |
| Productivity (efficiency) is low | 167 | 4.27 |

(Source: The researcher's collecting data and SPSS)

The average results of inspection of the scale show that most of
the scales are the average from 2:32 to 3:52. In which "Social
awareness" (2:32-3:52) and "Education Policy" (2:33-3.86) are
the lowest compared to the remaining scales. The results of this
study reflect the reality of social awareness for Vietnamese
education sector recently such as fungous universities,
enrollment targets excessive leads to lower quality input, poor
bachelor output, Vietnamese society welcome degrees
excessively leading young people to scrambling to university
causing "too many chiefs, no Indian" while businesses needed
workers etc. Vietnamese Government and education sector
need improving the situation in the future.

**Table 2- Testing the results of reliability scales Cronbach's Alpha**

| Code | | Factors | Cronbach's Alpha |
|---|---|---|---|
| **IV** | EP | **Education policy** | 0.808 |
| | ST | **State management** | 0.835 |
| | SA | **Social awareness** | 0.877 |
| | BC | **Individual     perceived     behavioral control** | 0.865 |
| | LQ | **Labor quality** | 0.886 |
| **DV** | GT | **General assessment** | 0.842 |

(Source: The researcher's collecting data and SPSS)

The test results scale shows that the scale has good accuracy
with Cronbach's alpha coefficient > 0.7 and the correlation
coefficients of the total variables of measurement variables
meet the allowed standard (>0.3), the scale will be accepted.
The observed variables are used for factor analysis to discover
in the next step.

**Table 3. Exploratory Factor Analysis (EFA)**

**Total Variance Explained**

| | *Initial Eigenvalues* | | | *Extraction Sums of Squared Loadings* | | | *Rotation Sums of Squared Loadings* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 7.174 | 25.623 | 25.623 | 7.174 | 25.623 | 25.623 | 3.931 | 14.039 | 14.039 |
| 2 | 3.450 | 12.320 | 37.942 | 3.450 | 12.320 | 37.942 | 3.418 | 12.207 | 26.246 |
| 3 | 2.683 | 9.582 | 47.525 | 2.683 | 9.582 | 47.525 | 3.317 | 11.848 | 38.094 |
| 4 | 2.512 | 8.970 | 56.495 | 2.512 | 8.970 | 56.495 | 3.244 | 11.585 | 49.679 |
| 5 | 1.570 | 5.608 | 62.112 | 1.570 | 5.608 | 62.112 | 2.580 | 9.214 | 62.112 |

Extraction Method: Principal Component Analysis.

The results of EFA (Exploratory Factor Analysis) shows the total variance extracted is 62.112% greater than 50%. This means that the withdrawing factors would explain is 62.112% for model, 37.888 % is explained by other factors. Extraction ratio factor (Eigenvalue) is greater than 01 that is kept.

**Table 4 - Factor Analysis**

| Code | COMPONENT | | | | |
|---|---|---|---|---|---|
| EP6 | 0.834 | | | | |
| EP5 | 0.715 | | | | |
| EP2 | 0.753 | | | | |
| EP4 | 0.705 | | | | |
| EP7 | 0.697 | | | | |
| EP1 | 0.694 | | | | |
| EP3 | 0.607 | | | | |
| SA3 | | 0.846 | | | |
| SA4 | | 0.823 | | | |
| SA5 | | 0.814 | | | |
| SA1 | | 0.784 | | | |
| SA2 | | 0.763 | | | |
| ST3 | | | 0.822 | | |
| ST5 | | | 0.818 | | |
| ST4 | | | 0.710 | | |
| ST6 | | | 0.707 | | |
| ST1 | | | 0.679 | | |
| PC6 | | | | 0.721 | |
| PC3 | | | | 0.715 | |
| PC4 | | | | 0.689 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| PC2 | | | | | 0.672 | |
| PC1 | | | | | 0.626 | |
| PC5 | | | | | 0.591 | |
| LQ2 | | | | | | 0.789 |
| LQ1 | | | | | | 0.817 |
| LQ3 | | | | | | 0.804 |
| LQ4 | | | | | | 0.750 |
| LQ5 | | | | | | 0.680 |

The above results show that the model of EFA (Exploratory Factor Analysis) is consistent with the data, calculated into 5 groups of factors and these results may be used for a multiple regression analysis.

**Table 5 - Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .878[a] | .781 | .789 | .240 | **2.132** |

a. Predictors: (Constant), X5, X1, X2, X4, X3
b. Dependent Variable: Y

The above result shows the correlation coefficient adjustment: $R^2$= 0.781 (verification F, sig. <0.05); which means 78.1 % of the variable Y shift is explained by the five independent variables (Xi). Coefficient Durbin - Watson (d) = 2.132; some observers n = 167, parameter k = 5, the level of significance of 0.01 (99%), in the statistical tables Durbin - Watson, $d_L$ (less statistical value) = 1.623 and $d_U$ (statistical value over) = 1.725. So ($d_L$ = 1.623) < (d = 2.132) < [4 - ($d_U$ = 1.725) = 2.275] proved that the model has no autocorrelation.

**Table 6 – ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 90. 215 | 5 | 36.357 | **149.336** | .000[b] |
| | Residual | 76.291 | 161 | .113 | | |
| | Total | 166.435 | 167 | | | |

Accreditation ANOVA is to assess the relevance of the theoretical regression model. The test results F = 149.336 value and Sig. = 0.000 <0.05 shows the building model is consistent with the data set and the variables included in the model are related to the dependent variable. Generally, regression analysis is 99% reliability, corresponding to the selected variables with statistically significant at the p <0.01; the results also show that all variables satisfy the demand. Verification of conformity of the model show that multicollinearity phenomenon does not violate (VIF <10).

**Table 7 -  Factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| | (Constant) | -1.083 | .236 | | -4.601 | **.000** | | |
| | X1 | .212 | .045 | **.219** | 5.903 | **.000** | .771 | **1.297** |
| | X2 | .074 | .035 | **.096** | 2.681 | **.007** | .830 | **1.104** |
| | X3 | .574 | .045 | **.564** | 13.27 | **.000** | .588 | **1.700** |
| | X4 | .420 | .055 | **.237** | 6.046 | **.000** | .692 | **1.444** |
| | X5 | .078 | .037 | **.079** | 2.120 | **.003** | .991 | **1.009** |

(Source: The researcher's collecting data and SPSS)

The results of regression analysis showed the factors affecting the unemployment of the labor force with college and universitie degrees in Vietnam and expressed the following priorities: (1) Labor quality: ß = 0.564; (2) Education policy: ß = 0.237; (3) State management: ß = 0.219; (4) Individual perceived behavioral control: ß = 0.096; (5) Social awareness: ß = 0.079. The regression equation is: *Y = 0.219X1 + 0.096X2 + 0.564X3 + 0.237X4 + 0.079X5*. This finding is the basis for proposing solutions to overcome the unemployment of the labor force with colleges and universities degrees in Vietnam.

## CONCLUSIONS & RECOMMENDATIONS

The research results showed that all t value > 2 was statistically significant and high data reliability. Besides, the regression coefficients were positive. This showed that the effects of independent variables in the same direction with the unemployment of the labor force with college and universities degrees in Vietnam. In this research, the results had the Variance Inflation Factor  (VIF) and Tolerance shown to be the following VIF < 10. (1 < VIF < 10). This showed that there was not multicollinearity. The study results identified five factors affecting the unemployment of the labor force with colleges and universities degrees in Vietnam and the impact of different factors and the priority order of as follows: labor quality, education policy, state management, individual perceived behavioral control and social awareness. The study results are an important reference and useful to the Government and the education sector with solutions to maximize the unemployment of highly qualified workers with colleges and universities degrees in Vietnam in the coming up time.

Firstly, Vietnamese education sector needs innovative thinking in order to meet the country's development and integration, special realistic needs approaching when developing training programs, avoiding theory, streamlining, modernization, capacity development and personal qualities of the learners. It should emphasize on practical work experience to improve knowledge and practical skills training for students.

Secondly, education sector needs developing mechanisms for strong and synchronous innovation policy towards development qualities and capabilities of learners. It should be clarified and publicized targets and outcomes of each education level, courses, programs, and specialized industry training. Especially, it should distribute and orient careers in general education; classify education colleges and universities

towards research, practical application clearly. State colleges and universities need limited opening as last time. Improve the input quality to be able to meet the actual needs of society.

Thirdly, the state should have the research and scientific evaluation of the current unemployment situation, particularly research on the subjects with qualified colleges, universities who are unemployed increasing sharply in Vietnam today. The managements need connecting with businesses, local to build channels of receiving and introducing jobs for young people to appropriate labor allocation to each geographic economic area, avoid wasting human resources.

Fourthly, the state and education sector should regularly organize propagandas in order to raise social awareness, people on professional values, prevent young people scrambling to college leads to "too many chiefs, no Indian", avoiding discrimination for workers with low qualifications.

Fifthly, besides training knowledge, expertise, skills, education sector needs training communication skills, teaching students how to live, how to work such as to participate in community activities, practice at companies, factories. That is the way to educate life awareness, occupation and industry behavior to students before they can participate in society./.

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