

HUMAN RESOURCE DEVELOPMENT IN CONSTRUCTION OF VIETNAM

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1) Executive Summary

The modernization in the socio-economic conditions of Vietnam requires huge construction investment capital which accounts for 30-40% of GDP. The emphasis should be put on investing technical infrastructure of the fields; developing industrial parks, new urban areas and houses, besides medical, cultural, educational and service works. Therefore, in order to develop at a high rate, construction activities ask for huge human resources who work on many fields, ranging from management, consultancy, production of building materials to erection activities on tens of thousands of works all over the country.

Human resource of construction include:

- Divisions of direct labours (workers, engineers) work in construction departments.
- Divisions of indirect labours (leaders, managers, expertises,...) work in construction departments.
- Divisions of central and local administrative construction: civil servants, officials, state managers
- Divisions of migrant construction workers work in foreign countries or follow labour export plans.
- Divisions of construction students study in schools, universities and institutions.

Each division has its own characteristics and features. For this reason, each division must have different solutions in the development of human resources (quantity, structure and quality) in accordance to requirements of the labor market for the human resources of each division.

2.1 The definition of human resource development.

Nowadays, there are lots of different definitions of human resources. According to the United Nations: "Human resources are knowledge, skills, experience,

competence and creativity of its person that are relevant to the development of individuals and of the country."

World Bank said that human resources is the total human capital that includes the physical strength, intellect, and professional skills of each individual.

Hitherto, due to different approaches, there are still many different interpretations when discussing human resource development. According to the United Nations perspective, human resource development includes education, training and use of human potential to promote socio-economic development and improve quality of human life.

Human Resource Development (HRD) is the framework for helping employees develop their personal and organizational skills, knowledge, and abilities.

Human Resource Development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification, tuition assistance, and organization development.

2.2 Some key issues in human resources development in the construction industry

Construction is one of the industries whose index of human resources grows continuously. For example, in 2005, the labor force of the construction industry had nearly two million people, accounting for 4.63% of the labor force in the economy; by 2010, this figure reached 3.1 million, accounting for 6.34% and 1.57 times in volume and by 2016 it was estimated the labor force of the construction industry had 3.8 million people, making up 7.1% of total labor force in the whole economy.

According to the Ministry of Construction, the structure of construction human resources (proportion in structure: engineers, vocational trainers, workers) is 1: 1.3: 3; Meanwhile, in other countries around the world, this ratio is 1: 4:10. With this ratio, there are too many chiefs and not enough Indians in the construction industry.

On the other hand, due to the difficult economic conditions, the quality of life of workers is low so these disadvantages affect the intensity and productivity of labor. The workers of the construction industry lack of quality and quantity. The number of the vocational trainers and the trained technical workers is on the downward trend, while the contingent of skilled senior workers is slowly supplemented. The percentage of unskilled laborers and casual seasonal workers is still high. The sources of casual seasonal labor of the construction sector select mainly from

remote areas and ethnic minorities people. As a result, the quality of common labor is getting worse, the level of proficiency and the workmanship is low. Therefore, there is a labor section who does not meet the needs of the technological level and the development rate of the construction industry.

Every year, universities, colleges and vocational schools, high schools and institutes continuously train human resources. However, the number of vocational trainers has increased but they do not meet the development needs of the sector. Moreover, there is an imbalance between training levels: University education has increased rapidly but college education, vocational training has increased slowly, even recently they are declining. Therefore, the structure of human resource is increasingly disproportionate.

In the educational organizations, the training programs and the curriculums are still heavy in theory rather than practical lessons. Furthermore, they do not really associate with the demand for use, with scientific progress and practical works. As a consequence, when students graduated from school, it takes a lot of time to get used to the job. In many cases, the companies have to carry out further training or retraining.

3. Efforts Made According to the Conditions Surrounding Construction Industry

3.1 The quantity of human resource in construction industry

In recent years, the labor force has been significantly attracted to work in the construction industry and the demand is on the rise because Vietnam is in the process of industrialization and modernization. The demand for investment in the construction of infrastructure, civil and industrial constructions is increasing, which is demonstrated in Table 3.1.

Table 3.1 Manpower in construction industry 2010 – 2016

Unit: thousand persons

Year	2010	2011	2012	2013	2014	2015	2016 (prel.)
Employed population at 15 years of age and above as of annual 1st July in construction industry	3108.0	3221.1	3271.5	3308.7	3313.4	3431.8	3800.1
Structure of employed population at 15 years of age and above as of annual	6.3%	6.4%	6.4%	6.3%	6.3%	6.5%	7.1%

1st July in construction industry							
Growth rate of employed population in construction industry	19.8%	3.6%	1.6%	1.1%	0.1%	3.6%	10.7%

Source: Statistical yearbook of Vietnam - General Statistical Office

Human resources in the construction industry have increased gradually over the years. In 2010 the number of labors in the industry was 3,108,000 then increased to 3,800,100 in 2016. Labor structure of the industry occupied 6.3% of the country's labor force, especially in 2016 the figure was estimated at 7.1%. Growth rate of the industry grows annually. The highest growth rate was in 2010, at peak 19.8% and then fell to 10.7% in 2016. The remaining years of research recorded the rates of less than 10%.

3.2 The quality of the construction industry

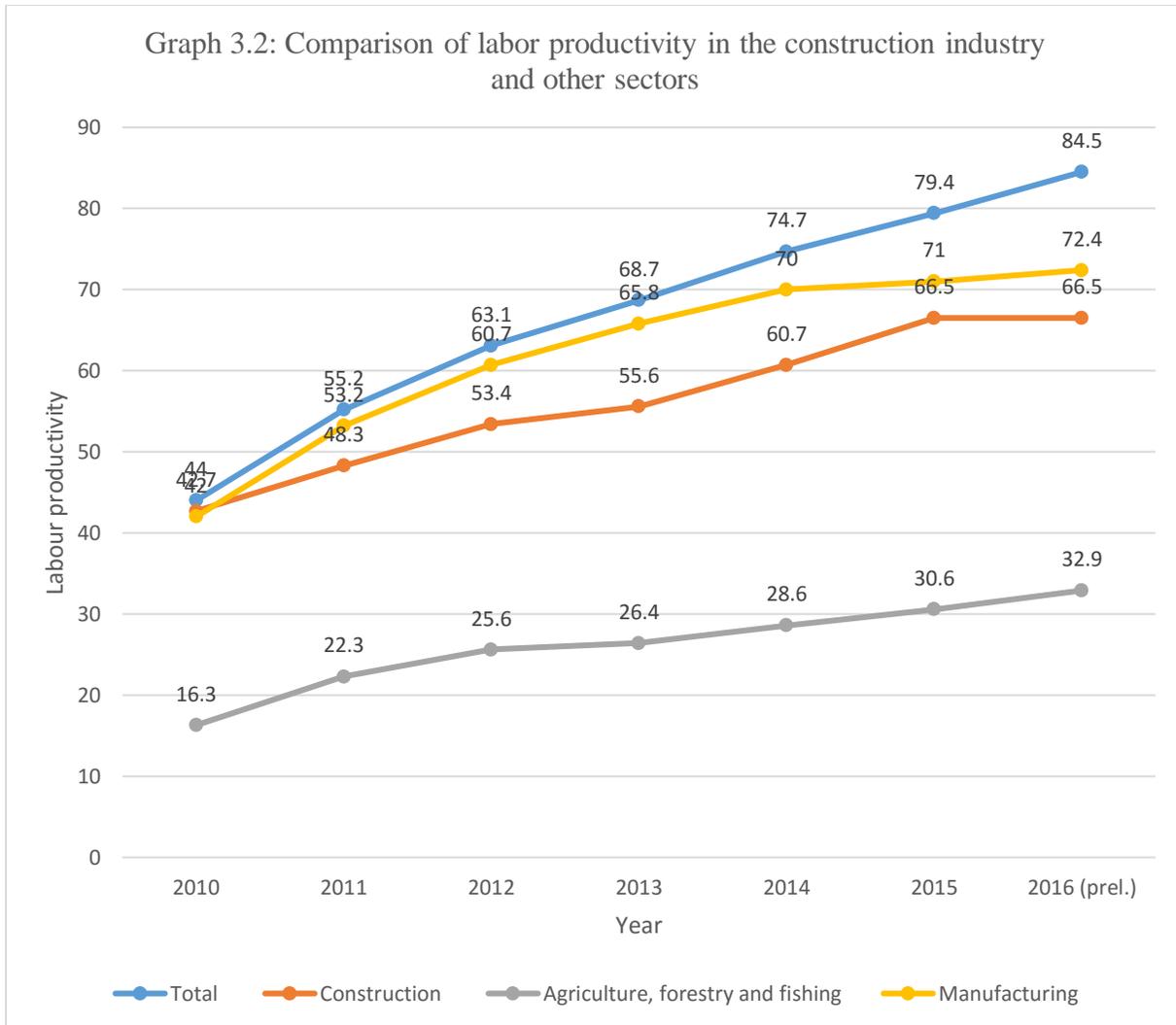
Productivity of construction, in comparison with that of the whole economy, and other key fields such as Agriculture – Forestry- Fishing, Manufacturing sector can reflect, to some extent, human resources of Construction Industry.

Table 3.2: Comparison of labor productivity in the construction industry and other sectors

Labour productivity by kinds of economic activity	Total	Construction	Agriculture, forestry and fishing	Manufacturing
2010	44.0	42.7	16.3	42.0
2011	55.2	48.3	22.3	53.2
2012	63.1	53.4	25.6	60.7
2013	68.7	55.6	26.4	65.8
2014	74.7	60.7	28.6	70.0
2015	79.4	66.5	30.6	71.0
2016 (prel.)	84.5	66.5	32.9	72.4

Source: Statistical yearbook of Vietnam - General Statistical Office

The table 3.2 reveals that the labor productivity in all the industries including economy increase steadily over the years, except for 2016.



The labor productivity in construction sector in general is lower than manufacturing sector and higher than agriculture sector. In comparison with that of the whole economy, the labor productivity is annually lower. This gap widens more and more. Thus the efficiency of the construction sector is lower than that of the whole economy.

The experts believe that in Viet Nam the labor productivity is low because of many reasons:

- Training labor is not suitable with the requirements of enterprises.
- Physical health of labor is weak
- Skills of labor are weak
- Production technology and technical is low

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Furthermore, ability to work in groups, work spirit, professional ethics, civic ethics, industrial culture consciousness, labor discipline of a significant part of the workforce are not high.

3.3 Training and education of the construction industry

According to surveys in the report "Planning for development of human resources in construction sector in the period 2011-2020", the construction sector has 33 training institutions. In addition, the network of independent institutions from the construction sector has specialized training in construction, including 162 units, including 41 universities, 47 colleges, 34 professional secondary schools, 23 vocational colleges, 17 vocational secondary schools. Every year, the universities admit 7,000 people; the figure for colleges, the professional high schools and the vocational schools was over 3,000; 5,000 and 18,000 respectively. The number of vocational training has increased but has not met the development needs of the sector and is disproportionate among the training levels. College-level training is increasing, but at colleges and middle schools, the profession is slowing down, thus making the occupational structure even more irrational.

The current situation of human resources development in the construction industry is still inadequate. According to statistics of the Ministry of Construction, although the civil servants of the Ministry of Construction have matured visibly, the Ministry of Construction still have the status of "standard debt" of civil servants (specialists, key specialists, senior specialists ...), while a small number of public servants of the Ministry is not trained in the right sector. In addition, the trained labor of enterprises in the construction sector is still very low (3.9%), and in general, the labor force is less well-trained, especially knowledge of economic management in the market economy. It can be said that this situation affects the effectiveness of management, especially in the field of urban management and the general development of the construction industry.

Although the labor force in the construction sector has been increasing steadily over the years, the proportion of trained workers is still low, reaching about 41%. Regarding professional and technical qualifications, the total number of workers in the construction sector (Ministry of Construction survey) was 204,097, of which 40.54% were construction workers: among them construction assemblers occupy 13.64% construction workers, material workers occupy 20.27%: mechanics workers occupy 11.72% and unskilled workers occupy 13.82%. The number of workers with

college qualifications is low, accounting for only 11.8%, skilled workers (level 5, 6, 7 and higher required standard level), accounting for only 16.84%. The percentage of high school workers is 71.36%. Therefore, in many large projects, there are people who are not trained, agricultural laborers replace technical workers.

4) Future Development for Human Resource Development in construction

Along with the modernization and industrialization trend of the nation, many huge construction projects as well as a large amount of private investment on regional countries has come to work, which leads to the high demand of the building labor. The higher level in the development of science, technology in building industry as well as the complexity of big project is getting, the more demand for the highly-qualified worker, who can achieve greater succession in quality. Besides, in the time of worldwide integration, all the enterprise should take care of not only the updated technology but also the quality of the labor.

In the progression of the development, there is a high demand for the highly qualified management board who can boost the rank of the corporation to world level.

In order to develop the quality of the human resources in future, there are many requirements:

Firstly, educational system should be put into high consideration.

- Educational programs need to be updated to adapt the demand of market and worldwide integration so that students have enough skills for work right after graduation.
- There is a need of extra class to educate the latest knowledge for employees, especially business management skills for managing board of the company.
- In terms of vocational school, government should have a particular policy in finance to enhance the facilities for education and encourage the youth to learn from skilled workers.

Secondly, there should be a particular policy to develop the human resources.

- Construction is a unique industry sector: workers are required to work outside in a long time under intense environment to produce a product. As a result, government should have a policy to give them a reasonable income which may enable them to devote for work. Workers are paid at a low cost while potential danger rate is high in real.

- Workers should be given specific care policy, such as free meal or protection from potential danger.
- Companies must strictly follow the tender requirement about management board and fixed personal list during construction.

Thirdly: Development of enterprise that provide the human resources should be encouraged.

Due to the changeable human resources and work types in construction, the contractors are unable to give the final list of employees (or if they can, there will be imbalance among various types of officials in different period of time, which may lead to a waste of labor). Therefore, if supply of labour is conducted in accordance with contracts, specialization in professions and flexible transference of labor to construction sites in need of labour according to progress would be stimulated, thus saving costs, reducing waiting time for jobs or doing non-major jobs.

5) Conclusion

After the renovation period, Viet Nam implemented the modernization and the industrialization and step by step. Viet Nam has been integrating profoundly with the region and the world, so the construction sector is the foundation for the process of development. Therefore the human resources in the construction sector are growing in quantity and quality.

Considering the productivity quality of human resources in the construction sector, the productivity of the construction industry is lower than the overall productivity of the whole economy, higher than the agriculture-forestry-fishery sector, and lower than the manufacturing sector. The low productivity is due to low capacity of management of large corporations, workers' weak physical strength, low sense of discipline, lack of trained workers, unstable direct labor force, mainly agricultural labor from remote areas, minor communities.

Vocational institutions are high in numbers; however, training programmes do not meet the needs of the market. The number of vocational schools, colleges is decreasing obviously, leading to disproportionate proportion of labor. Furthermore, now, the construction industry is not attractive to students. The entrance scores of construction universities tend to decrease.

In the future, the construction industry will continue to demand huge human resources, both in quantity and quality, for both domestic and international markets.

Therefore, the construction sector needs to promote training, have a practical policy mechanism to facilitate working, have special income and incentives for workers who work in the heavy and dangerous occupations. In order to ensure adequate human resources for the sector, it is necessary to encourage the development of companies providing human resources for the construction industry.

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