

A Review of Salary Policies for Vietnamese Civil Servants from 2010 to 2019

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Abstract

The public- sector salary policy is an important part of the socio-economic policy system, directly related to the balances of the economy, state budget and the life of the salary earners. This paper rests on secondary data that are legal documents on salary policy, related data and literature officially published to describe and analyse the salary system for Vietnamese civil servants in governmental agencies from 2010 to 2019. Some issues are outlined for consideration. First, how civil servants are ranked and salary policies for them from 2010 to 2019 are. The salary policy includes salary formula, base pay, minimum wage, allowances, components of the pay scale, pay rise rules. Second, their four characteristics are drawn out consisting of the stable and unified legal system; career-based grade pay system; many allowances; the salary system tends to pay for performance, be market-oriented but not really achieved. Third, some comments, pros and cons of the salary system in this period are explored. Finally, it is summarized that some suggestions, recommendations to improve Vietnamese civil service salary system through minimizing its disadvantages and promoting inherent advantages.

Keywords: Vietnam, salary policy, salary system, public sector, civil servants, career-based system

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1. Introduction

President Ho Chi Minh¹ once said, "Staff is the root of all work", "To succeed or fail is due to good or bad officials". It means that the contingent of cadres, public servants and civil servants in the administration of each nation play a critical role in determining the success or failure of public administration. Whether the administration is strong or not, it depends on whether the country's public employees are qualified or not.

Moreover, to create conditions and motivation for public employees to fulfil the role of "servants of the people" and do well all their assigned tasks while still maintaining good moral qualities, the state should have the appropriate regimes and policies, especially is the salary policy. An appropriate salary policy will enhance the motivation for civil servants and other public sector employees; contribute to build a stronger, more effective political system and minimize corruption.

Since the Law on Cadres and Civil servants; Law on Public servants came into effect in early 2010 and 2012, they helped to distinguish groups of people working in Vietnamese state agencies, who are cadres, who are civil servants, who are public servants and who are contract workers in state agencies. But the scope of this article only refers to civil servants to review the salary policies for them in the 2010-2019 period.

2. Literature Review

Gary Dessler wrote that employee compensation arises from their employment and includes all forms of pay going to employees (Dessler, 2017). The purpose of pay is to compensate employees for work done and to motivate them to perform well (Mukherjee, 1998). Salary is one of the main components of compensation or pay system. The salary policy is a crucial policy of any organization, both in the private and in the public sector.

The public sector contributes to the survival and development of any country. Sikhungo Dube et al. defines that the public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises, and other entities that deliver public goods or services (Sikhungo Dube and Daniela Danescu, 2011). In any country, the public sector generally embodies at least three in five types of organizations: core government; agencies; public enterprises; State businesses; and public contractors.

People who work in the public sector are called civil servants, public servants, cadres but civil servants are commonly used. They help the State perform the two main functions of the State, which are managing and providing public services to the whole society.

In the public sector, salary policy for the contingent of officials is an important part, closely relates to other policies in the socio-economic policy system. S. Schiavo-Campo and P. Sundaram determines that along with government employment policy, salary policy's goal is "to achieve a workforce with the size, motivation,

¹ President Ho Chi Minh(1890-1969), Vietnamese Communist leader, was honoured as a "world cultural celebrity" in 1987 by UNESCO

professional ethos, and accountability needed to provide quality public services; reduce transaction costs for the private sector; design and implement economic policies; execute State budgets and investment projects; and preserve the key assets of society. A skilled, motivated, and efficient civil service with a professional ethos is one of the key requirements for good government” (Campo and Sundaram, 2001).

There are some researches on salary for Vietnamese civil servants. Nguyen Ngoc Duy Phuong et al. examined and concluded salary is one of the factors affecting Vietnamese civil servants’ job satisfaction (Phuong *et al.*, 2018). Chris Sakellariou and Zheng Fangin; Clément Imbert decomposed wage inequality in Vietnam by sectors (public and private sector) of employment during a specific period (Sakellariou and Fang, 2014), (Imbert, 2011). Nguyen Duc Thanh et al. showed preliminary observations on minimum wages in Viet Nam public and private sector (Nguyen, Pham and Nguyen, 2017). Salary reform is also a research problem attracting many researchers. Bui Thi Thuy Ngan presented about salary system reform for Vietnamese civil servants (Bui, 2015). Salary reform is also one of the contents of public administration reform presenting in the paper “The reform of the Civil service system as Vietnam moves into the middle-income country category” (Poon, Nguyen and Do, 2009). Some other papers in Vietnamese language about current salary policy for civil servants, about salary reform projects, the result of salary reforms etc.

3. Methodology

This paper follows descriptive qualitative method, bases on secondary data and uses literature analysis to describe and outline an overview of pay system for Vietnamese civil servants in the public sector (in the scope of core government and agencies) from 2010 when the Law on Cadres and Civil servants started to take effect to 2019, thereby finds out the general characteristics, advantages and disadvantages of the Vietnamese wage system. The analytical results of this article can give suggestions, recommendations to wage policymakers on how to reform wage policy to promote inherent advantages and minimize disadvantages.

4. Findings

4.1 The content of salary policies for Vietnamese civil servants from 2010 to 2019

The content of salary policy can be considered as compensation. S. Schiavo-Campo and P. Sundaram offered that any compensation plan for public employees should cover some things such as an identification of the kinds of positions, employees; a statement of the basic pay policy (base salary, allowances and benefits); pay schedule, payroll; rules of pay in other cases. Therefore, in this article, the main contents of salary policies in each period will include civil servants’ ranks and grades; salary formula (how salary is calculated); base pay; allowances; minimum salary; pay rise rules (Campo and Sundaram, 2001).

Base pay is something that every civil servant receives monthly from the government by payroll. Base pay is usually calculated resting on the employee’s position or rank and is uniform across similar positions (Mukherjee, 1998).

Allowances (e.g., transport, housing, telephone, travel, ...), that can be in kind or by cash, to support employees working in remote areas for housing, transport expenses or telephone costs. (Mukherjee, 1998)

The minimum salary is the lowest salary employee can be received to afford living cost. In each stage of Vietnam public-sector salary history, this term can be defined differently.

Regulations on salary regime for Vietnamese civil servants for the period of 2010 - 2019 (salary coefficient based on rank, salary level, allowances, ...) are basically still applied according to Decree 204/2004/ND-CP dated Dec 12, 2004 on the regime of wage regime for cadres, civil servants, public servants and army force (hereinafter referred to as Decree 204). After this Decree, there are some documents on supplements, amendments, and circulars guiding the implementation such as Decrees 76/2009/ND-CP dated Sep 15, 2009; 14/2012/ND-CP dated March 7, 2012; 17/2013/ND-CP dated Feb 19, 2013; 117/2016/ND-CP dated July 21, 2016 on amending and supplementing some articles of Decree 204; and other relating circulars. Besides, two consolidated documents 04 /VBHN-BNV issued on July 22, 2014 and 01/VBHN-BNV issued on Oct 17, 2016 by the Ministry of Home Affairs amalgamating the Decree 204. Especially, the law on cadres and civil servants was promulgated in 2008 and took effect since 2010, regulating the classification of civil servants.

4.1.1 Rank and grade of civil servants

The current salary policy of the public sector in Vietnam, which rests on rank /grade, level, coefficient, is calculated according to a general formula. The Government stipulates the system of salary scales and salary schedule corresponding to the ranks/grades.

Under Law on Cadres and civil servants 2008, taking effect since Jan 1, 2010, Rank indicates the level of professional, specialized capability and qualification of a civil servant (Law on Cadres and Civil Servants, 2008). This also means the titles of civil servants classified by the branch. Civil servants are classified into 4 grades based on their appointed ranks.

- Grade A involves the rank of the senior or equivalent specialist;
- Grade B is composed of principal-specialist or equivalent rank;

- Grade C is specialist or equivalent rank.
- Grade D embraces the technician/ employee or equivalent rank.

The order ABCD is the order from high to low of the salary scale corresponding to the rank of civil servants. Class D contains civil servants who don't have a bachelor degree, they may only have the vocational certificate or high school degree. Class C, specialists or equivalent (administrative specialists, inspectors, accountants, etc.) are usually those who have a bachelor degree or higher at the time of recruitment. Civil servants in Class D (technician rank) can become class C (specialist rank) if they have added their bachelor degrees and passed the rank upgrade exam. Class B and A are those from Class C who passed the examinations for rank promotion (from C to B, B to A), the requirements for the rank upgrade exams are the seniority, performance and other specific criteria. For example, a civil servant wants to register for the rank-promotion exam from specialist rank (class C) to principal-specialist rank (class B), then the basic criteria are to have at least 9 years working experience as a specialist (class C) besides other requirements.

4.1.2 Salary formula

The monthly pay for public - sector employees is calculated by multiplying minimum wage with a coefficient determined by qualifications and experience. That is also called a basic salary. And the salary they are received monthly is equal to the basic salary plus allowances.

$$\text{Monthly salary} = \text{General minimum wage} \times \text{Salary coefficient} + \text{Allowances}$$

Base pay

Base pay or basic salary for civil servants contains two main components, common minimum wage (also called as base salary) and salary coefficient. It means that base pay or basic salary equal base salary plus salary coefficient.

Basic salary (along with some types of allowances) is one of the main bases of calculating insurances for civil servants. Until 2019, social insurance is equal to 8% and health insurance is occupied 1.5% of basic salary charged by civil servants themselves. The remaining 21.5% is paid by the State by Decision 595/QD-BHXH issued on April 14, 2017 by Vietnam social insurance on promulgating the procedure for collection of social insurance, health insurance, unemployment insurance, labour accidental insurance - occupational diseases; management of social insurance books and health insurance cards

General minimum wage

There are two minimum wage systems in Vietnam. One system which is called "regional minimum wage" applies to employees in the private sector. The other system is "general minimum wage" is applied for the government officials "who receive salaries, allowances, and for employees working in the government bodies, public service organizations of the Communist Party and the State, state budget funded social-political organizations and agencies at the central, provincial, district, and commune levels, and the armed forces" (Poon, Nguyen and Do, 2009).

The general minimum wage (called base salary since June 27, 2013 in Decree 66/2013/ND-CP on base salary for cadres, civil servants and public servants) to pay employees who do the simplest work under normal working conditions by Decree 203/2004/ND-CP on December 14, 2004 prescribing the minimum wage level (hereinafter referred to as Decree 203). It is used as a basis for calculating the salary relied on salary scales, salary schedules and allowances in the public sector. The general minimum wage is reviewed yearly basis and made official through the Government's Decrees.

Table 1. General minimum wage (Base salary), 2010 – 2019

Year	Decree	In-force date (d/m/y)	Minimum wage (Thousand VND/month)	Growth rate (%)
2010	28/2010/ND-CP	May 1, 2010	730	
2011	22/2011/ ND-CP	May 1, 2011	830	13.70%
2012	31/2012/ ND-CP	May 1, 2012	1,050	26.51%
2013 -2015	66/2013/ ND-CP	July 1, 2013	1,150	9.52%
2016	47/2016/ ND-CP	May 1, 2016	1,210	5.22%
2017	47/2017/ ND-CP	July 1, 2017	1,300	7.44%
2018	72/2018/ ND-CP	July 1, 2018	1,390	6.92%
2019	28/2019/ ND-CP	July 1, 2019	1,490	7.19%

Source: Synthesized from the Vietnamese Government website

Salary coefficient

The salary coefficient is an indicator showing the difference in salary between different positions, ranks and levels based on qualifications. It's used as a basis for calculating basic salary, allowances and related others. The salary coefficient is one of two components of the salary scale.

Salary scale is used to determine the salary coefficient difference between public - sector employees in the same rank when they are at different levels. Each salary scale for each rank consists of some salary levels and

coefficients appropriate to those levels.

For example, the following table is the salary scale of civil servants who are ranked as Specialist or equivalent (Class C), it has 9 levels.

Level	1	2	3	4	5	6	7	8	9
Coefficient	2.34	2.67	3.00	3.33	3.66	3.99	4.32	4.65	4.98

There are seven salary schedules issued together with the Decree 204 for experts, cadres, civil servants, public servants, staffs, commune-level cadres and civil servants, armed force and public security force. Among seven salary schedules, there are two ones for civil servants, Salary schedule number 2 and 4. The salary schedule is the collection of many salary scales, including many ranks of civil servants in the same field.

Salary schedule 2: Profession salary schedule applied for cadres and civil servants in the State agencies (including those who hold elected positions which entitle them to the salary which is determined in accordance with the salary schedule applicable to administrative civil servants and with the position allowance schedule applicable to positions of authority and civil servants in communes, wards and townships).

Salary schedule 4: Applied for staff members who work in the State agencies and public service agencies units.

Conforming to Salary schedule 2 and Salary schedule 2 in the Appendix to Decree 204 and Law on Cadres and civil servants, the summary of main salary scales for civil servants in the basic categories of state agencies is shown in Table 2 below.

For each title or some specific fields, the salary coefficient at each level will be slightly different, but basically, the number of levels in each rank is the same.

Grade A civil servants (A3 according to Decree 204) has 6 salary levels; Grade B (A2 according to Decree 204) has 08 levels; Grade C (A1 according to Decree 204) has 9 levels; The remaining grade D encompasses 12 levels.

Table 2. Summary table of main salary scales for Vietnamese civil servants

Rank code	Rank name	Grade (Decree 2004)	Grade (Law on Cadres and CS ¹)	Duration ² (years)	Distance between 2 levels	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
01.001	Senior specialist	A3.1	A	3	0.36	6.20	6.56	6.92	7.28	7.64	8.00						
01.002	Principal specialist	A2.1	B	3	0.34	4.40	4.74	5.08	5.42	5.76	6.10	6.44	6.78				
01.003	Specialist	A1	C	3	0.33	2.34	2.67	3.00	3.33	3.66	3.99	4.32	4.65	4.98			
01.004	Junior functionary	B	D	2	0.2	1.86	2.06	2.26	2.46	2.66	2.86	3.06	3.26	3.46	3.66	3.86	4.06
06.035	Cashier	C2	D	2	0.18	1.50	1.68	1.86	2.04	2.22	2.4	2.58	2.76	2.94	3.12	3.30	3.48
01.010	Driver	Staff	D	2	0.18	2.05	2.23	2.41	2.59	2.77	2.95	3.13	3.31	3.49	3.67	3.85	4.03
01.007	Technician	Staff	D	2	0.18	1.65	1.83	2.01	2.19	2.37	2.55	2.73	2.91	3.09	3.27	3.45	3.63
01.011	Security guard	Staff	D	2	0.18	1.50	1.68	1.86	2.04	2.22	2.4	2.58	2.76	2.94	3.12	3.30	3.48
01.008	Clerical staff	Staff	D	2	0.18	1.35	1.53	1.71	1.89	2.07	2.25	2.43	2.61	2.79	2.97	3.15	3.33
01.009	Service worker	Staff	D	2	0.18	1.00	1.18	1.36	1.54	1.72	1.90	2.08	2.26	2.44	2.62	2.80	2.98

Sources: Decree 204; Law on Cadres and Civil servants 2008

Allowances

Allowance is one of parts of public – sector salary to support civil servants in transportation expenses, housing, telephone fee, etc depending on job position, regions, working environment and others.

In Vietnam, civil servants are received several categories of allowances regulated in Decree 204 and some other legal normative documents. Some types are calculated as a percentage of the minimum wage, some are based on the sum of the basic salary, position and seniority allowances (if any).

- Excessive seniority allowance

This is the allowance for working years over the required number of working years. Civil servants who fulfil their assigned tasks without violating the discipline rules shall be entitled to seniority allowance if they have

¹ CS: civil servants

² Duration: Number of years to calculate salary increase to the next level

enough time to hold the final salary level in the rank as follows:

- + Civil servants who have had 3 years (36 full months) in the highest salary level of grades ABC of Salary schedule 2 in Decree 204.

- + Grade D civil servants who have completed 2 years (24 full months) in the last salary level of Salary schedule 4 stipulated in Decree 204.

This type of allowance shall be equal to 5% of the current basic salary. From the first date received this allowance, 1% will be added next each year.

- Leader position allowances and Pluralism allowance

Civil servants who are holding the position of leader in a government agency will have an allowance at least 0.2 (20%) of minimum salary. There are some tables of position allowances attached in Decree 204. Eg, Vice Minister position allowance is 1.3 (Vice Minister is a civil servant in Vietnam).

Pluralism allowance applies to a civil servant who is holding a leadership position at an agency, at the same time appointed concurrently as the leading position of another agency or others. The rate of allowance equals to 10% in the total of current basic salary, position allowance for leader and the allowance for excessive working years (if any). For commune-level civil servants, this allowance is 20% of the total basic salary, position and seniority allowances according to Decree 92 issued in Oct, 2009 (about titles, numbers, some regimes, policies for cadres and civil servants in communes, wards and townships and part-timers at the commune level administrative units) and the latest 50% of the total basic salary (level 1) plus position allowance following Decree 34/2019/ND-CP effecting from June 25, 2019 (on amending and supplementing a number of provisions on commune-level cadres, civil servants and part-time officials at commune, village and residential quarter levels).

- Regional allowance

Civil servants working in remote, isolated and bad weather regions will receive a regional allowance. The area allowance is set at seven levels: 0.1; 0.2; 0.3; 0.4; 0.5; 0.7 and 1.0 of the general minimum wage; Level 1.0 applies only to especially difficult areas such as Truong Sa archipelago (Spratly islands) of Khanh Hoa province, Vietnam. Joint Circular 11/2005/TTLT-BNV-BLDTBXH-BTC-UBDT guiding the regional allowance system issued in 2005 by the Ministry of Home Affairs - the Ministry of Labour, War Invalids and Social Affairs - the Ministry of Finance - the Committee for Ethnic Minorities.

- Special allowance for civil servants who work on far-reaching islands and in the border area with extremely difficult living conditions. It is calculated as a percentage of the sum of current basic salary plus leader position allowance and extra-seniority allowance (if any).

The allowance rate, which consists of three levels of 30%, 50% and 100%, is defined in the Appendix enclosed with Circular No. 09/2005/TT-BNV of the Ministry of Home Affairs on guiding the implementation of special allowance regime for cadres, civil servants, public servants and the armed forces.

- Incentive allowance of Attractive allowance

For civil servants who voluntarily come to work in new economic zones, offshore islands in extremely disadvantaged living conditions

There are four levels of allowance i.e. 20%, 30%, 50% and 70% of the total current salary plus leader position allowance and extra-seniority allowance (if any) in Decree 204. However, since 2010 this allowance has been changed into 70% and the duration to enjoy this allowance is the actual time of working in regions with exceptionally difficult socio-economic conditions but not exceed 5 years. More than 5 years, they can receive a long-term working allowance in exceptionally difficult socio-economic conditions areas. These things are set in the Decree 116/2010/ND-CP issued on Dec 24, 2010 about regarding policies for cadres, civil servants and public servants and salaried people in the armed forces in areas with exceptionally difficult socio-economic conditions.

- Mobility allowance

Applicable to civil servants who do some jobs that require frequent relocation of working and living places. This allowance has three levels: 0.2; 0.4 and 0.6 compared to the general minimum salary, which is stipulated in Circular No. 06/2005/TT-BNV issued on Jan 5, 2005 on guidance for the implementation of the mobile allowance regime for cadres, civil servants and public servants.

- Allowance for the toxic or hazardous working environment

Apply to civil servants engaged in occupations or jobs with toxic, dangerous and particularly hazardous working conditions but not yet determined in the computation of the salary schedule.

According to Decree 204 and Circular 07/2005-TT-BNV issued on January 5, 2005 guiding the implementation of the hazardous allowance regime for cadres, civil servants, public servants, this kind of allowance comprises four levels i.e. 0.1; 0.2; 0.3 and 0.4 which are computed on the basis of general minimum salary level.

- Job-specific allowance rates: this group contains different types of allowances, such as seniority allowance, occupation-specific preferential allowance, occupational responsibility allowance, job responsibility allowance,

allowances for service in national defence and security. Each profession will have specific documents regulating allowance levels. According to Decree 34/2012/ND-CP issued on April 15, 2012 about the public service allowance regime, civil servants currently receive a 25% public service allowance (a form of occupation-specific preferential allowance) based on the total of basic salary, position allowance and seniority allowance (if any).

Depending on the specific conditions of each civil servant, they will be entitled to the corresponding allowances among the above types.

From the salary formula, table 1, table 2 and the explanations above, take for example the salary of a normal district-level civil servant at the specialist rank (class C), salary level 1 in July 2019. The salary is calculated as $2.34 \times 1,490,000 + 25\% \times 2.34 \times 1,490,000 = 4,358,250$ VND (about 188 USD), which contains basic salary and 25% public service allowance.

4.1.3. Salary increment

Pay rise for civil servants is considered every two or three years (see table 2), with formalistic performance evaluation results and seniority being taken into account. Pay rise means that from lower salary level to the next salary level. If a civil servant fulfils their duties excellently, they may be entitled to a salary increase in advance of 6 months or 1 year.

There are two main legal documents have regulations on salary increment i.e. Decree 204 and Circular 08/2013/TT-BNV dated July 31, 2013 on guiding the implementation of regular salary increment and salary increase before the duration for cadres, civil servants, public servants and labourers.

In cases any civil servant who wants to be classified in a higher salary scale, he /she must take an upgrade exam, e.g. upgrading exam from grade D to C, C up to B, B to A. Specific conditions for rank promotion examinations are specified in the relevant legal normative documents which embody Decree 24/2010/ND-CP, dated March 15, 2010, on recruitment, use and management of civil servants, Decree 161/2018/ND-CP on November 29, 2018 amending and supplementing Decree 24 and Circulars guiding implementation.

4.2 Characteristics of salary policies for civil servants in Vietnam from 2010 to 2019

4.2.1. Stable and unified legal system

There has been a stable and unified legal system on salary for Vietnamese public sector employees since 2004. It's the Government's Decree 204 on salary regime for cadres, civil servants, public servants, and armed force personnel; and some decrees on supplements, amendments such as Decree 76/2009/ND-CP, 14/2012/ND-CP, 17/2013/ND-CP, 117/2016/ND-CP. These documents don't change the nature of the Decree 204 but make it more accurate and complete. The most recent is the consolidated document 01/VBHN-BNV in 2016 to unify all the above decrees. There are also many circulars promulgated to guide the implementation of these decrees.

Salary policies for civil servants in the period 2010-2019 still comply with these legal documents. Besides, the Law on cadres and civil servant 2008, which takes effect from the first of Jan 2010, clearly defines who are civil servants and categorization of civil servants. Moreover, Article 12 in this law says that civil servants have the rights to be paid by the State salaries matching with assigned tasks and powers and suitable for national socio-economic conditions. Those working in mountainous, border, islands, deep-lying, remote and ethnic minority areas and areas with especially difficult socio-economic conditions or hazardous and dangerous sectors and occupations are entitled to allowances and incentive policies according to law. Civil servants also have the right to enjoy overtime and night-work pays, working trip allowances and other benefits according to Labour Code 2012.

Civil servants receive salaries from the State budget. Salary payment for them is specified in the annual State budget plan. Salary increases for civil servants for the period of 2010 - 2019 have a clear roadmap in the financial plan every five years, and each year there are legal normative documents issued clearly. The salary increase for civil servants nationwide is made through the increase of the general minimum wage (base salary). In 10 years of the period 2010-2019, the general minimum wage was increased by 8 times in 8 Decrees (see table 2). When the base salary increases civil servants and other public sector employees receive a raise.

4.2.2. Career-based grade pay system

Traditionally, employment systems have two types, career-based and position-based. Public employment system of Vietnam is career-based system and changing to a hybrid system which means combining between career-based and position-based system. Corresponding to these two public employment systems, there are two ways of grading for personnel and job in the public sector: rank- in – person and rank-in-post (or job).

Kuperus and Rode defined that the main facet of the career-based system is the recruitment of civil servants for a specific career not for a particular post based on academic credentials through a centralized competition procedure, during which they will be promoted to the higher ranks or higher levels by moving up the career ladder and their salaries are increased under statutory regulations. The law provides for basic conditions of training access. This type of system has a very noticeable hierarchy and is based on various levels of career and career development. The civil servant is granted a permanent job after completing specific training or a period of probation (Herma, Cristiana and Rode, 2008).

By view of Salvatore S.C and Pachampet S., under the rank- in-person approach, the structure of ranks or grades with rules for recruitment and promotion to the higher ranks is distinguished by the type of work performed, e.g., engineering service, accounting service, etc. There is often also a generalist administrative service, whose duties include setting general policies and managing departments (Campo and Sundaram, 2001).

Kuperus and Rode showed that the fundamental principle of the position-based system is that civil servants are not recruited for a specific career, but to a specific post or position. Applicants must satisfy the requirements laid down by the department or agency in question. This system makes no provision for the granting of a permanent job or promotion within a statutory career development system. The conditions of the work contract are flexible to respond to individual interests and to the needs both of the department that is recruiting and of the civil servant, in the context of collective agreements. Employment in the position-based system is similar in many ways to employment in the private sector. The salary is determined by the position description and the requirements for it (Herma, Cristiana and Rode, 2008).

Salvatore S.Campo and Pachampet Sundaram wrote that under the rank-in-post approach, rank is assigned to positions, and recruitment is for a specific position. The job, not the person, is rated, and salary is determined by the position description and the requirements for it, rather than the qualifications of the person, as such. The rank-in-post system permits recruitment through the lateral entry and enables more efficient younger employees to leapfrog over more senior employees (Campo and Sundaram, 2001).

From the characteristics of Vietnam's public sector employment system, it is still more prone to the career-based system, combining the description of the civil servant salary system above, civil servants are ranked in person, they are recruited, ranked A, B, C or D by their certification. Salary schedules for them have 4 pay scales can be regarded as 4 career ladders in ascending order from grade D to grade A. Career ladder of grade D has 12 steps, grade C has 9, grade B has 8 and 6 for grade A. Salary increases to a next higher level within a grade (in-grade pay rise) have generally been automatic by seniority, every two years with civil servants grade D and every 3 years with grades A, B, C. They have been withheld if they are in punishment on unfulfilled their annual assignments or they are subject to such disciplines as reprimand, warning, displacement. Where civil servants want a higher salary scale, they must pass the rank promotion exam.

4.2.3. Many kinds of allowances

Salary includes basic salary and allowances. There are too many allowances: extra-seniority allowance, leadership allowance, pluralism allowance, regional allowance, special allowance, attraction allowance, mobility allowance, hazardous working environment allowance, civil service allowance. Those are the main allowances for civil servants. Also, each field has its specific regulations on seniority allowance, career preferential allowance, occupational responsibility allowance, job responsibility allowance, and national security and defence allowance. Some allowances are computed on the common minimum wage, other types are calculated as a percentage of the total basic salary plus position allowances and extra-seniority allowance (if any). The purpose of the allowances is to create fairness and encouragement for civil servants working in hazardous conditions, remote areas, long-term work.

4.2.4. The salary system tends to pay for performance, be market-oriented but not really achieved

Article 7 and 8 of Decree 204 states that the salary regime is tied to the professional performance of civil servants and other public sector employees. Salary increment is regularly practised on the basis of the professional performance of cadres, civil servants and the duration in which they are entitled to the salary grade within the relevant category or applicable to the title. But in reality, the majority (95%-96% in 2017) of civil servants are rated Excellent/Good accomplishment of tasks" (good performance) at the end of each year (Trinh, 2017), they still receive a regular monthly salary and periodic salary increase as prescribed. Wherefore this is "pay for the person", not actually pay for performance.

Article 1 of Decree 203 provides that general minimum wage is adjusted depending on economic growth, price index, supply and demand of labour market by period. Salary of civil servants during 2010-2019 is adjusted to increase through 8-fold base salary increase but the salary of civil servants is still low, do not meet the life needs of civil servants.

4.3 Advantages and disadvantages of salary policies for Vietnamese civil servants in 2010 -2019 period

In general, these above characteristics show that the salary policy for civil servants is followed a stable legal system that enables managers to unify on applying, creates stability in the state budget for this expenditure. However, this salary policy has been applied for a long time and has some unsuitable points. Decree 204, which is issued in 2004 on stipulating wages for civil servants, cadres, public servants and armed forces, remains effect until now while the Law on Cadres and Public Servants and Law on Public Servants has been enacted and effective from the beginning of 2010 and 2012, in order to distinguish groups of employees working for state agencies. Different documents have must be issued to set regulations on salaries for cadres, civil servants to discriminate from public servants. The minimum wage mentioned in Decree 203, for another instance, is the lowest that a simple employee can receive under normal working conditions. But with the monthly salary

formula, the general minimum wage which is the base salary multiplying by the salary coefficient, then adding allowances, no one is receiving this minimum wage in reality, losing the true meaning of it. In the previous period, under Ordinance 188 of 1946 on the new civil servant regime, the minimum wage provided that, after adding the main salary and allowances, if the total salary was less than 220 VND, it would also be added to full 220VND (*Ordinance No. 188-SL*, 1948). The provision of that period is the true meaningful minimum wage. What's more, many types of allowances to improve the salary of civil servants, to compensate for civil servants who do toxic jobs and work in remote areas, towards fairness. However, too many kinds of allowances make payroll calculation more complicated, especially job-based allowances generated many unreasonable things. In some case, the allowance is higher than the basic salary whereas the basic salary is supposed to be the main income, it must higher than the extra one i.e allowances.

Furthermore, Decree 204 has been amended, supplemented and consolidated many times but it is still quite complex and has some irrational points. The consolidated documents amending and supplementing Decree 204 are Consolidated document 01/VBHN-BNV in 2016 and 04/VBHN-BNV in 2014, although they were issued after the effective date January 1, 2010 of the Law on Cadres and Civil servants, they didn't update the content about grade categorization of civil servants. Civil servants are classified into A, B, C, D grades corresponding to the ranks as mentioned above, but the amended or merged documents still retain the old classification of Decree 204.

Regulation on salaries by ranks and grades makes managing and arranging salaries for the contingent civil servants not too difficult to implement. Moreover, it helps to facilitate the transfer and rotation of civil servants in the political system but still keep the same salary level. Salary increment takes place periodically according to civil servant's seniority, this brings psychological peace for civil servants on the job and stable income. However, this remuneration policy is equal, not creating incentives, encouragement for civil servants to perform better. Civil servants who have similar qualifications, the same rank and the same salary coefficients and in non-hazardous working conditions, or not in remote areas, they must have the same salary even though they are in agencies with different administrative hierarchy, regardless of the performance results. Because most civil servants are evaluated in "good or excellent accomplishment of tasks" categories at the end of the year. For example, a civil servant who works in a provincial People's Committee office has a level-2 salary coefficient (2.67), surely his salary will be equal to a civil servant's salary who works at a district-level People's Committee office, though district-level is a lower administrative level. In many other cases, the salary of the senior leaders is lower than the salary of the subordinate leaders, which does not clearly indicate the administrative hierarchy in public service activities.

5. Conclusion

The salary policies for Vietnamese civil servants in 2010-2019 period has four characteristics i.e stable and unified legal system; career-based grade pay system; many kinds of allowances; the salary system tends to pay for performance, be market-oriented but not really achieved. These policies have both advantages and disadvantages. All of them can supply the reference for the improvement of Vietnamese civil servants' pay system.

Civil servants are an important workforce, empowered by the State to carry out comprehensive management of all aspects of social life, providing public services to the people to ensure the country's development. Thus, proper pay for civil servants is the investment for human resource development, helps motivate them to perform better to contribute to building a clean political system, effective, efficient, anti-corruption and negative activities.

Reform of salary policy for them must ensure the overall, systematic, synchronous, inherit and promote the advantages, effectively overcome the limitations and inadequacies of current policies; adhere to the principle of labour distribution and the objective laws of market economy, to increase labour productivity as a basis for wage increases; meeting the requirements of international integration; have a road-map suitable to the socio-economic development conditions and resources of the country.

The State pays salaries to civil servants should base on positions by ensuring the administrative hierarchy, pay for performance, ensure equity in pay, change towards market-oriented and flexible enough to improve their work efficiency or performance. What is more, the Government should uphold the role and creativity of the heads of each state agency in paying salaries and bonuses to civil servants under their management.

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