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CPHRS-ORSTOM

A Qualitative Survey (QS) of Skills Development in Rural Areas of Vietnam

VEFSS

Final Report

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1. Introduction

This Qualitative Survey completes the Skills Development Study and Labour Market Study (SDLMS-VEFSS). Its purpose is to provide a detailed and comprehensive understanding of skill development and labour market related issues in rural Vietnam.

This Qualitative Survey has been conducted in three predominantly agricultural districts located near provincial capitals and characterised by varying degrees of economic diversification. These three areas are assumed to correspond to different skill development patterns, systems and practices. The three areas are the following: Kien Xuong District, Thai Binh Province (a predominantly rice growing area in the Red River delta); Bao Loc District, Lam Dong Province (an area in the Central Highlands dominated by cash crop production on small holders' plots); and Phung Hiep District, Can Tho Province (an area in the Mekong delta that has already attained some degree of agricultural diversification).

In addition to an analysis of each area's economic and institutional context, this Qualitative Survey is based on detailed and comprehensive qualitative interviews with people from about 10 centres in each district where professional training is delivered, with a focus on non-institutional activities (a total of 25 centres); and about 25 enterprises in each district, with a focus on small or family-owned businesses and their specific apprenticeship programs (a total of 75 centres). When necessary and when possible, more intensive and in-depth case studies have been conducted with a few training centres and enterprises.

Since this Qualitative Survey does not purport to be representative but, rather, aims to be comprehensive, the training centres and enterprises surveyed belong to all three sectors of the rural economy. However, we focused on secondary sector production activities given their potentially important role in rural economic diversification.

2. Implementation of the Qualitative Survey in the Three Districts

2.1. *Survey Objectives*

The objectives of the survey are to gain further knowledge about all forms of Technical and Vocational Education and Training (TVET) activities in rural Vietnam and to understand to what extent these activities provide the new skills required for agricultural and rural development.

Studies led by different national and international organisations have outlined new global trends in professional and technical training over the past twelve years. Traditional training policies and models must be adapted in order to deal with the current economic situation, unemployment and poverty as well as structural adjustment, economic transition and the restructuring of production. This search for reform and innovation, which prevails everywhere in the world, is particularly intense in two types of countries: those dealing with structural adjustment and those beginning their transition from a planned economy to a new development model based on market economics. Vietnam is in the second category. While reading this study, three important characteristics that are specific to Vietnam must be kept in mind. Vietnam is above all a country dominated by agriculture (more than 80% of the total population live in rural areas and around 73% of the labour force work in the primary sector of the economy). Vietnam is a poor country facing very serious budget constraints that hamper better access to financial resources and the distribution of financial costs. Vietnam is also a country that has been implementing a policy of economic renovation (*Doi Moi*) since 1986 and has started its transition to a market economy. Thus, particular attention must be given in this study to endeavours to finance professional training, to current institutional management practices, to the role of institutions and private enterprises and to local conditions.

Regarding the three rural districts and the economic contrasts that are found among them, this survey intends to identify all the economic, social and institutional aspects from the perspective of production and training, in order to establish a framework for the analysis of training: the articulation of local supply and demand; the present needs; the initiatives; as well as the origin of initiatives, whether individual or institutional. Moreover, this survey will provide a detailed and comprehensive understanding of skills development and related problems encountered in the local labour market.

This survey relies on the assumption that in rural areas, the evolution of the labour market and training needs arising therefrom are related to the diversification of agricultural production and of secondary and tertiary economic activities that accompany and support such diversification. Diversification is a process taking place over time (from one generation to the next) and space (here and/or somewhere else).

Two different interview guidelines were established to collect the information required (see Annex). The first type of interview, the Training Institution Survey

(TIS), deals with training centres – their purpose, training facilities, material and pedagogical capacity, training staff, financing, relations with the community and training results; the second type of interview, Small Enterprise Survey (SES), is deals with enterprises – it is a general overview of each enterprise, the skill level of the management and/or the family, current production activities, labour force, training activities, training needs, and links with the community.

2.2. *Chronology of the Survey (1996)*

March 7-8: Preliminary contacts with provincial and district authorities (MOLISA, MoET, People's committee). Collection of general information and a test of the two types of interviews in Thai Binh and Kien Xuong.

March 9-16: Finishing of interview guidelines; training of survey team – 4 researchers from CPS and 2 from ORSTOM.

March 18-25: Survey in Kien Xuong District, Thai Binh Province – 9 centres and training facilities; 29 small and medium enterprises (see Annex).

March 26-April 17: Intermediate report written on Kien Xuong district.

May 5-12: Survey in Phung Hiep district, Can Tho province – 11 centres; 25 small and medium enterprises (see Annex).

May 12-19: Survey in Bao Loc district, Lam Dong province – 7 centres; 25 small and medium enterprises (see Annex).

May 22 - June 3: Data analysis.

2.3. *Survey Development*

The particular characteristics of the three districts with regard to professional training – a small number of institutional and non-institutional training centres activities (bearing in mind it is difficult to make a distinction between the two) located only in enterprises – have entailed an adjustment in the survey plan. Therefore, we used Training Institutional Survey (TIS) interview guidelines for the in-depth analysis of 7 institutions (each interview lasting 3.5 hours on average), all 5 district training centres and two provincial centres. Two extended interviews were conducted with executives in charge of professional training – one at each the district and the provincial level. In addition, the Small Enterprises Survey (SES) enquiry has been carried out on 29 enterprises to cover a maximum of non-institutional professional training and non-agricultural production activities. These enterprises cover a broad range of activities including small industry, handicrafts and district services, accounting for 3 State companies, 5 formally private companies and 21 family sector enterprises. Similar steps were taken in the other two districts regarding assessment of institutions and enterprises (with a number of enterprises surveyed in each district limited to 25). In Bao Loc, the 7 existing institutions were assessed: the survey covered 5 training centres, two of which are private, plus two provincial institutions located in the provincial capital. In Phung Hiep the number of existing professional training institutions was also limited to 5. However, training activities in Can Tho city are very important, since they have an impact in all the rural districts of the province we analysed. All in all, the data collected through this qualitative survey gathers information from 25 professional training centres and 75 enterprises.

3. The Economic, Social and Institutional Context of the Three Districts

The natural conditions, population settlement patterns before and during the colonial period as well as the changes that have taken place in the second half of the twentieth century have had great influence on the current situation in each district. Each district reflects the situation in their respective provinces and when compared with one another, they present many contrasting characteristics. Differences in economic activities, demographics, land use, state of infrastructure and household equipment, degree of economic diversification and state of health and education services reflect the variations found among the three districts.

3.1. *Economic Activities*

Thai Binh province's great homogeneity – reflected in the ubiquitous landscape of rice paddies – allows the Kien Xuong district to be representative of the whole province. In the province of Thai Binh, 92.8% of a total population of 1.787 million remain in the rural areas (*cf. Annex*). The economic activities of the rural population are structured as follows: 95.58% households depend on agriculture (mainly rice), 0.25% on fishing, 1.19% on industry and handicrafts, 0.03% on construction, 0.55% on trade, 0.23% on services and 2.18% on other various activities. Therefore, it is obvious that rice production and related activities predominate in the province, with little economic diversification, in particular in the Kien Xuong district.

In Lam Dong province, there were mainly undulating forest-covered hills; but they have been cleared by coffee, tea and mulberry planters, and because there are almost no paddy fields, one realises that the countryside is generally the same throughout the province. The importance of Dalat city, an old fame that is still busy as a tourist centre, in a province not densely populated (769,100 in 1994), explains why the rural population accounts for only 66.4%. Of this rural population, 77.23% depend on agriculture (mainly cash crops which, unlike rice for example, are not consumed directly but sold on the national and international market), 0.34% on forestry, 0.09% on fishing, 1.04% on industry and handicrafts, 0.21% on construction, 4.45% on commerce, 1.71% on services and 14.93% on various other activities (especially "non-productive" activities such as research, education, arts and culture, public health and public administration). Agricultural activities still dominate, but it is not a monoculture area, and trade and services are well represented. The economic structure of the Bao Loc district is similar to that of the rest of the province in that it is concentrated around its urban centre, Bao Loc. Again, agricultural activities dominate, but crop production is diversified and production is mainly for cash rather than for self-consumption. The district also has a substantial trade and services sector.

Like Thai Binh, Can Tho, is in the heart of a delta, the Mekong river delta this time. Here again the landscape of the province is quite homogeneous, dominated by waterways and paddy fields. These fields cover a wide area but are much less visible than in Thai Binh, because of the great number and variety of trees, particularly fruit

trees. 80.6% of the population is rural. The size of Can Tho City is not as large as it might be, given the heavily populated countryside (1.817 million in 1994 for the entire province). Of this rural population, 74.68% of the households depend on agriculture, 0.04% on forestry, 0.07% on fishing, 0.95% on industry and handicrafts, 0.14% on construction, 4.34% on trade, 1.13% on services and 18.65% on various other activities. Rice is the dominant crop. A significant amount is produced for export. Sugar cane production is also prevalent. Here again, the selected district, Phung Hiep, is representative of the rest of the province. It shows the beginning of an economic diversification, away from the primary sector and into trade and services. Industrial activities are concentrated in the provincial capital.

3.2. *Demography and Land Use*

The Kien Xuong district is characterised by rice monoculture and a regular increase in population density. The entire population activity lives to the rhythm of the rice-growing economy, with the two annual crops. P. Gourou noted in 1931 (in *Les paysans du delta du fleuve Rouge*) that the population density of Kien Xuong district had increased from 600 to 800 people per square kilometre; in 1995 this figure reached 1,105 (for a total population of 235,000), which is very close to the province's population density of 1,013 people per square kilometre in 1990.

This increase in population density has several consequences. The first is agricultural intensification. Considering the amount of land suitable for agricultural production and the amount actually cultivated, there is a gap widened by different development projects. Total arable land in the province has declined from 106.8 thousand hectares in 1986 to 101.8 thousand hectares in 1994, while total cultivated area has dropped from 97.6 to 93.5 thousand hectares. The total land use coefficient, i.e. crops per year per hectare, has increased from 2.13 to 2.38. This coefficient has gone from 1.82 to 2.10 for food crops (1.60 to 1.80 for rice), from 0.30 to 0.27 for other crops. Simultaneously, and despite variations caused by irregular weather conditions, rice cropping reaches yields ranging from 28.1 to 51.8 (54.15 in Kien Xuong) quintals/hectare, and the global production has increased from 442,000 tons to 875,000 (with a peak at 967,000 in 1993). It must be underlined that this progression was most intense between 1986 and 1989. The agricultural intensification was made easier after the 1986 institutional reforms, particularly those regarding the regulation of ownership and the circulation of goods.

The second consequence of demographic growth and population density is important movements of the population, co-ordinated by the provincial authorities. Such organised migrations toward the "pioneer fronts" of the Central Highlands have driven 17,000 people away from the province between 1984 and 1989 (*1989 National Census*)

In Lam Dong province, the density of population is relatively low (76 people per square kilometre), and has increased slowly albeit regularly (51.7 in 1986 to 63.0 in 1989). Land clearing will continue with this population growth, mainly fuelled by organised and spontaneous migrations. Lam Dong is one of the only two provinces in Vietnam (the other being Quang Ninh), where there are more men than women. From 1984 to 1989 the net migration rate in Lam Dong was 16.93, compared with -2.03 in

Thai Binh and -0.39 in Can Tho. The settlement of these newcomers has led native populations (ethnic minorities) to move to even more remote areas. The New Economic Zone (NEZ) concept that emerged in 1978 was applied to Bao Loc in 1985 with the creation of a NEZ and the creation of the State Sericulture Company. This company was in charge of instituting the NEZ, clearing land, and recruiting worker/peasants for tea, coffee and mulberry plantations. As other NEZs were established throughout the province, the land area that was available for agricultural production have risen from 60,700 hectares in 1986 to 85,100 hectares in 1992. Cultivated areas increased from 60,000 hectares to 84,200 hectares during the same period. This increase in cultivated area has benefited industrial crops. Between 1986 and 1992, the area dedicated to food crops rose from 52,300 to 54,600 hectares (from 28,200 hectares to 35,000 hectares for rice); sugar cane cultivation surface increased from 1,100 hectares to 2,200 hectares; tea plantations from 8,600 hectares to 11,800 hectares; coffee plantations from 10,400 hectares to 15,900 hectares; and mulberry cultivation from 2,000 hectares to 11,300 hectares. As a consequence, outputs have increased too: there has been a 20% increase in rice production, the production of tea and sugar cane doubled, and mulberry production increased ten-fold. Only coffee maintained former production levels. There is no lack of space, however, and population densities remain level. The land will remain open to the further migrants who are likely to pour in, especially in Bao Loc. Forest land represents 65.1% of the province total land area (65.3% in Bao Loc), and the land that has been cleared for agriculture represents 8.25% of the total land area (12.8% in Bao Loc). Moreover, and this is an important element, within the area of land that has been cleared for agriculture, the proportions used for annual and perennial crops are respectively 49% (of which rice accounts for 58%) and 51% for the province as a whole, and 10.7% (of which rice accounts for 15.9%) and 89.3% in Bao Loc district.

The population density of Can Tho province compares with those throughout the other Mekong delta other provinces (613 persons per square km in 1994). This is almost half the population density in Thai Binh province. Like in the Bao Loc district, the density of population in this area has increased regularly (from 513 inhabitants per square km), which means that the pressure on land, and therefore agricultural intensification, have increased. However, the situation is less critical than in the Red River delta. Regarding the evolution of agricultural and cultivated surface since 1986 (respectively 245,600 hectares and 219,100 hectares), the total use coefficient has increased from 1.46 to 1.80 between 1986 and 1992. The use coefficient has increased from 1.24 to 1.56 for food crops (from 1.23 to 1.56 for rice) but has decreased for other types of crops, except for sugar cane (for which the area under cultivation has increased 2.35 times). Simultaneously, rice yields rose from 30.1 to 40.2 quintals/hectares during the same period, and total production from 796,300 tonnes to 1,364,900 tonnes. Sugar cane production went from 303,100 tonnes to 726,700 tonnes with yields remaining level. In the Phung Hiep district, annual crops take up to 90.9% of the total cultivated land and perennial crops (fruit trees) 9.1% (86.3% and 13.7% respectively for the province as a whole). Besides rice, sugar cane and fruit trees, fish farming (shrimps and fish) is another important activity in Phung Hiep district, where 2560 hectares are exploited and total production value is equivalent to 32% of rice production.

3.3. *Living Conditions and the Level of Modernisation*

Compared to other provinces, living conditions in Thai Binh are considered to be quite good. Besides the remarkable progress in agricultural production, which has improved the standards of living of most households, the province has benefited from the quality of the infrastructure projects that have been undertaken as a result of a modernisation policy. The 39 communes in Kien Xuong district can all be reached by road, are electrified (total electrification was accomplished in 1990), and have at least one transformer, one clinic, one kindergarten, one primary school, and one high school; 38 have a nursery school; 36 have a pumping station; 29 have a radio station; and 27 have a local market. It should be noted that 57% of houses are permanent structures, and only 12.6% are considered temporary (provincial figures are 41.1% and 17.7% respectively). In Kien Xuong, 96% households have electricity, 67% a well (none have running water), 43% a radio, 19% a television, and 4% a motorcycle. These district figures are higher than the provincial average. There are also 60 sixteen horse-power and 108 eleven hp tractors: one for every 360 household in the district – the provincial figure being one for every 341; 18 fishing boats; 76 transport boats; 101 pumps; 311 rice-threshing machines, and 27 cars (*Agricultural Census 1994*).

Specific efforts have been made to improve infrastructure in Bao Loc province, resulting in the district being better off than the province average. The district's 15 communes are accessible by road (96.6% for the province), each have a clinic (91.6% for the province) and a primary school (100% for the province): 11 communes are electrified (73.3% against 48% for the province); 11 have a nursery school (82.7% for the province); 9 a secondary school (60% against 48% for the province); 8 a radio station (53.3% against 14.3% for the province); 7 an open-air market (46.7% against 33.7% for the province); 7 an electrical transformer (20.4% for the province); and 6 a day-care centre (40% against 22.4% for the province). The housing situation in the district is similar to that of the rest of the province, with only 4.02% of houses considered permanent (5.4% for the province) and 41.1% as temporary (43.89% for the province). 45.4% district households have electricity (30.2% for the province), 94.3% are equipped with a well (89.7% for the province), none of them having running water (0.5% for the province), 34.05% have a radio (38.4% for the province), 22.04% a television (20.76% for the province) and 30.27% a motorcycle (20.02% for the province). As for productive machinery, there are 115 16 hp tractors and 102 11 hp tractors (that is one tractor for every 124 household in the district – 1 for every 47 in the province), 6 transport boats, 266 water pumps and 129 vehicles (73 are trucks).

As far as infrastructure is concerned, the situation in Phung Hiep district is quite good in terms of educational and health, as compared with the province as a whole. Each commune has a clinic (100% for the province), a primary school (100% for the province), a secondary school (93.2% for the province) and a nursery school (86.3% for the province). On the contrary, there is definitely not enough general infrastructure: 36.4% of the communes are accessible by road (60.3% for the province), although there are canals which most people rely on; 45.5% have electricity (67.1% for the province), 54.4% have a radio station (91.3% for the province), and 63.6% have a market (75.3% for the province). Furthermore, houses considered temporary are the majority in the district (84.3%), as in the rest of the province (79.06%). Equipment in household facilities is no better: 19.6% have electricity (26.9% for the

province), 0.4% have a well (3.5% for the province) and none have running water (0.1% for the province) 28.02% have a radio (31.72% for the province), 24.47% have television (27.52% for the province) and 2.58 have a motorcycle (5.3% for the province). As for agricultural equipment, there are 303 16 hp tractors and 565 8 hp tractors (one tractor for every 47 household in the district – one for every 60 in the province), 19 fishing boats, 328 transport boats, 5550 water pumps, 549 rice-threshing machines and 67 motorised vehicles (52 trucks).

3.4. *Education and Health*

Close attention must be paid to the remarkable performances in health and education of the province of Thai Binh province, since they are the two basic dimensions of Human Resources. The child mortality rate is one of the lowest in the country (less than 32 per 1000 whereas the national average is 45 per 1000), and both literacy and school attendance rates are amongst the highest in the country. At the provincial level, the literacy rate reached 90.4% in 1989, and the present education enrolment rates (net rates) are 30% for nursery schools, 65% for kindergartens, 96% for primary school and 88% for secondary schools. Data concerning the evolution of basic education since 1979-1980 is presented in the annexe. In Kien Xuong district, basic primary school attendance rates reached 99.6% and basic secondary schools attendance reached 97.4% in 1995.

In contrast to Thai Binh and despite efforts, the province of Lam Dong does not have control over its public health and education problems yet. Like other provinces in the central highlands, it is affected by its geographical location. The area is known for its remoteness, and thus its inaccessibility, and for the importance of the ethnic minorities that account for 20% of the population. Up to 35-40% are migrants (from both organised and spontaneous migrations), living in precarious conditions and for whom educational and health facilities still lag behind. In the field of health, the average rate of infant mortality is well within the national average (between 40.1 and 45.0 per thousand in 1989), but there are major disparities. Regarding literacy and education, special programs have been launched, but progress is regularly stifled by new waves of migrants. In 1978, Bao Loc district was hailed for having eliminated illiteracy within its population. In 1990 illiteracy returned, and a new campaign was initiated (with a team of educators called "Light for the Culture") and 30 kg of rice were given to each person who learned to read and write. At the provincial level, 84.3% children over 10 were literate in 1989, and the rate of primary education varied from 80 to 96% depending on ethnic groups. Although this was recorded for people between 15 and 35 (a new approach by MoET), in Bao Loc the literacy rate, was 88.3% in 1993. For primary education the rate was 96% in 1995 and 91% for secondary education.

The difficulties met in Can Tho are similar to those found in Lam Dong. First, regarding basic health indicators, the infant mortality rate is among the highest in the country: between 53.1 and 59.0 per thousand in 1989. Second, education problems in Can Tho are similar to those found in Lam Dong province, in areas where groups live in very difficult conditions. The literacy rate was 84.3% in 1989. Close to half of the 73 communes in the province have active literacy programs (90,000 illiterates were enumerated in 1995). Moreover, close to 15% of children between 6 and 14 are

considered by MoET as not having been able to go to school. Phung Hiep district is representative of the province as a whole. The People's Committee has set up assistance programmes for impoverished families. Its aim is to reduce illiteracy (17,289 illiterate adults have been counted) by providing access to school to all children. A 1995 MoET survey shows that 76.7% people between 15 and 35 are literate and the net rate for primary education should be 77.4% (unconfirmed).

3.5. *Some Conclusions about the Three Districts' Context*

At the economic level we notice that Thai Binh province has witnessed a strong agricultural intensification and a general modernisation of infrastructure, which led to an improved the quality of daily life and the living conditions of the population. It should be noted that almost no agricultural diversification has taken place yet. On the one hand, rice cultivation still prevails and exportable rice varieties have been introduced; on the other hand, secondary and tertiary sectors development has generally been limited to satisfy the farmers' basic needs, as it has been for several generations. Industry still depends on manual labour and is still rather decentralised as it is centred on the village. High population densities and underemployment between the two annual crops cause growing concern to the authorities. Nevertheless, the conditions for diversification are being established, closely following institutional changes, improvement in living standards and modernisation; all this in a context that remains very egalitarian.

In the province of Lam Dong, and in contrast to Thai Binh, agriculture is extensive and there is no tradition of subsistence farming. This type of agriculture is essentially based on cash crops that are sold so that farmers can earn a living, especially in Bao Loc. This leads to a particular form of economic diversification for the local industries that develop activities linked to the processing of tea and coffee and the production of silk, and various transports and commercial activities. The whole production is exchanged rather than consumed, and money circulates in much larger quantities without necessarily creating greater wealth. The infrastructure situation is directly linked to these types of production, which should normally be further developed. The authorities promotes further diversification and the improvement of difficult conditions, including education and professional training, so as to solve the current problem of unemployment and under-employment and to avoid a rural exodus, since Dalat is an obvious attraction.

In Can Tho, the situation is paradoxical. On the one hand, there is a strong agricultural tradition, in extremely favourable natural conditions and with an important capacity for extension and intensification (in Thai Binh the average household plot is 2,193 square metres and 2,266 square meters in Kien Xuong; in Can Tho it is 7,667 square metres and 8,152 square meters in Phung Hiep). On the other hand, Can Tho suffers from a relatively weak tradition of education (data is rather clear on this point). Finally, the way individuals relate to their environment shows a great sense of opportunity and an attachment to the ephemeral (79.06% houses in Can Tho and 84.3% in Phung Hiep are considered to be temporary). Agricultural diversification seems to rely on a very rich natural environment. The other economic sectors are dependent on the dynamism of Can Tho City.

4. Professional Training (TVET)

In the three provinces as in the entire country, education depends a unique mediator, the State, through one ministry, the Ministry of Education and Training (MoET), which controls all activities in this field even if some of them are implemented by other Ministries, and if private education exists (such as Thai Binh's secondary school in Thai Binh, which opened in 1993; in Lam Dong 15% of schools are mixed or entirely private: there are 3 primary schools, of which one is catholic, 2 private and 12 mixed secondary schools). However, professional training depends on different actors, both public and private, institutional and non-institutional. It should be noted that, for instance, agriculture, which employs 95% of households in Thai Binh, 66% in Lam Dong and 74% in Can Tho, depends on skills handed down from generation to generation and learned in the fields. It is only very recently that general training (within secondary education in Can Tho) and specific training (especially in technology) began to be implemented. In economic sectors other than agriculture, which play a rather small part, professional training is equally divided between public and private agents. As far as the private sector is concerned, the agents are small- and medium-sized enterprises rather than institutions, the latter having appeared only recently. Such enterprises play a significant role, not so much in terms of volume but rather because of their specificity in training modes and issues (both traditional and modern works). Their activities will be further examined below. As for the public sector, which dominates the institutional training, many actors are involved in professional training. Several ministries are involved; among them, the most important are MoET and the Ministry of Labour (MoLISA). The public sector will be examined first. Their activities will be evaluated on the base of the capacity of the various actors in dealing with both the universal and permanent needs of the rural population, with the new problems that emerge as a result of agricultural intensification and modernisation. After a close study of their institutional and budgetary functioning, we will assess their capacity for anticipation and innovation.

4.1. *Public System of Education and Professional Training in the Three Provinces*

At the level of each province, a wide range of educational and professional training activities is represented. These activities are encouraged by a number of important public institutional actors and in some rare cases private institutions under the authority of MoET, with each ministerial department or provincial organisation ensuring specialised training within its area of expertise. Unity or a variety of areas of expertise seems to be differentiating factor between MoET and MoLISA on the one hand, and other more specialised actors on the other. The agents of professional training under the responsibility of MoET are as follows:

a) Specialised Actors:

Thai Binh Province

-Ministry of Health: one medical school, university level, 6-years doctor training course.

-Provincial department of agriculture and rural development: one agriculture, forestry and fish farming secondary school (after grade 9 but mostly after grade 12) training plant protection and crop technicians (2 years), veterinarians and livestock farmers (2 years), farm enterprise accountants (2 years). The school guarantees "recycling training" (15 days to 1 month) for a 1000-people commune agricultural staff.

-Provincial department for culture, information and sport: one culture and arts school with 3-year courses in music and fine arts; "recycling training" for 304 commune staff responsible of culture and information and for 70 district or commune library technicians.

-Provincial military staff: one military school, producing annually 100 non-commissioned officers and guaranteeing the "recycling" of provincial and communal military staff (1 month between crop seasons).

-Provincial People's Committee: one economics and technical school for provincial high-grade employees (evening classes for secondary and university level).

-Executive Committee of the provincial Communist Party: one law and public administration school (justice, land rights and administration, etc.), secondary and university level. The school also trains staff from communal People's Committees.

-Provincial Youth Union: one school for staff, ensuring the annual "recycling" of 400 young professional working in the communes or schools (1 month between crop seasons).

Lam Dong Province

-Provincial department of the Ministry of Health: a health secondary school training for pharmacists at the primary level (1 year) and at the secondary level (2.5 years), nurses at the secondary level (gynaecology and paediatrics), midwives, general nurses, operating room nurses, public health nurses, and village and hamlet-based nurses.

-Provincial department of the Ministry of Transport: a driving school that trains car drivers and heavy truck drivers (9 months), as well as medium-sized truck drivers and tourist vehicle drivers (6 months). It guarantees retraining for these two latter types of drivers, and organises motorcycle licence exams (20 000 such drivers' licences have been handed out since September 1995, which marked the beginning of the highway safety campaign).

Can Tho Province

-Provincial department of the Ministry of Health: a secondary health school that trains nurses, midwives and pharmaceutical technicians.

-Provincial department of culture, information and sport: a secondary school for culture and the arts, which is in its first year and offers training in music and fine arts; a sports and gymnastics school that trains physical education instructors.

-Provincial department of the Ministry of Transport: a technical and professional school of transport.

-Provincial department of the Ministry of Agriculture and Rural Development: an agricultural teaching centre that has specific and short-term training courses (agriculture, forestry, fishing and fish farming).

-Provincial department of the Ministry for Research and the Environment (MoSTE): a centre for professional training, consultation and technology transfer (short-term training in industry, science, technology, commerce and services).

b) General Actors:

-MoET

On the one hand, it provides training for its own staff, i.e. teachers and school administrators. Thai Binh province has a superior normal college (further training and retraining of secondary school teachers), a normal college (training of primary school teachers), a secondary normal college (for teachers at nursery schools and kindergartens and one training school for school administrators (training and improvement). Lam Dong province, apart from its university, has one superior normal school (training of secondary, primary and nursery school teachers; training of day-care staff; training of teachers working with ethnic minorities and in distant and remote primary schools). Can Tho province also has a university, but beyond this it has a normal superior school that trains third level teachers.

On the second hand, MoET provides first professional training, also known as vocational guidance, since 1976-77 (before, it was a prerogative of MoLISA), and controls general primary and secondary education. It also supports all the professional training provided by all the other ministerial departments. Because of MoET's mandate Thai Binh has 9 General Technical Centres for Vocational Guidance and Professional Training, and 2 skilled workers training schools. This pre-employment training is integrated into the school system, but MoET also provides complementary short-term professional training for adults in 10 Centres for Permanent Education. Likewise, in Lam Dong, the MoET manages 6 General Technical Centres for professional training (in five districts and in Dalat city) and a school for skilled workers. In Can Tho there are 10 General Technical Centres, a province managed school for skilled workers and two others that are managed by the central authorities.

-MoLISA

MoLISA's network relies on Professional Training and Employment Services Centres, which provide both professional post-secondary training to people who seek employment and on-the-job training, depending upon the need of the community. Schools and numerous non-ministerial actors use these Employment Services Centres to create their own specific professional training centres (e.g. People's Committees and youth unions). Some private institutions that meet the standards set by the MoET

and the MoLISA in terms of investment in equipment and general competence can use the Centres too.

For all three provinces, the survey first studies the district-level establishments that provide professional training (generally under the authority of the MoET and in a limited number). Next, the survey focuses on the establishments of the provincial capital, especially those which have an impact at the district level (particularly the MoLISA centres). In Kien Xuong, the survey was conducted in all the professional training establishments that depend on the MoET section of the district's People's Committee (General Technical Centre for Vocational Guidance and Professional Training (GTC)), in three specialised GTC workshops and in the Centre for Permanent Education (CPE) and in two establishments that depend on the province but also offer services to the district (the Skilled Industrial Workers Training School, under the authority of the MoET, and the Centre for Professional Training and Employment Promotion (CEP), which is subject to the provincial department of the MoLISA). In Bao Loc the survey covers all the establishments either managed by the MoET or recognised by the MoET (the General Technical Centre, an agriculture secondary school and two private institutions), as well as a MoLISA centre. In addition to this, there is MoLISA's CEP and a school for skilled workers in the provincial capital. In Phung Hiep, the General Technical Centre was still under construction at the time of the survey, but we did survey the four existing professional secondary schools (of which one is a mixed public-private institution) and a centre which is managed by the Youth Association. In the provincial capital, we also studied a skilled worker's school, also used as a general technical centre, an agriculture superior school and four vocational training centres of two of which are under the MoLISA's authority.

4.2. *Types of Professional Training*

Across the three provinces we examined, we found three kinds of professional training: vocational guidance, training in specialised schools and post-school training. The people involved can be differentiated not only by their age but also by their number.

a) Vocational Guidance

According to the MoET, these services provide basic secondary school students (from grade 6 to 9) with general knowledge: theory, technical and practical skills depending the materials available in the institution, for professions considered to be "for the entire society" (see table below)-such as agriculture, industry, handicrafts and services. These courses are taught by specialised teachers, employed in the various schools of the relevant districts. The vocational guidance is normally a matter for MoET's General Technical Centres, which is their primary function. Generally, there is a GTC in each district in the country (320 GTCs were registered in September 1995). In Kien Xuong, the GTC (Annex - TIS1) has 10 permanent trainers who are located in 39 schools and provide general professional knowledge to 3.007 students. In Bao Loc there is not only a GTC (TIS 10) but also a skilled workers' school (TIS13) with similar responsibilities. In Phung Hiep there is no GTC: professional

advisory services for the district are under the shared responsibility of two institutions in Can Tho, a school for skilled workers (TIS 20) and an economic and technical college (TIS23). Other services are provided by basic secondary schools (TIS19). It must be specified that such "professional advisory services" only consist of an introduction to a variety of professions. The students are not really qualified until further studies at specialised GTC workshops; in specialised superior secondary schools or in schools for skilled agricultural, industrial, and construction workers (generally long-term training at school); in post-secondary professional training centres (most often in short courses), or in an enterprise under an apprenticeship program.

b) Specialised School Training (long term training)

This type of training takes place in specialised schools that are directly managed by the MoET at the provincial or at the central level, or, if other ministries are in charge of managing them, the MoET establishes and controls the programs. The training is available throughout the year and often last more than one year. They can lead to studies at superior educational institutions. They are mostly professional superior secondary schools (grades 10 to 12) and skilled worker schools (usually up to grade 10 but people often try to finish through grade 12). Superior secondary schools still provide rather general training: students will need further training at a superior institution or at a skilled workers' school, if they wish to profession that requires developed technical competence.

c) Post-School Training (short term training)

Although many training courses are offered in a fixed framework, with pre-established timetables and programs and for given categories of students, others are extremely flexible. They play an important role in training school drop-outs, improve people's general knowledge and provide professional training in basic professions. These are generally short-term training courses (from 1 week to five or six months) provided by the MoET and, in the case of Kien Xuong, by the permanent training centre (TIS2) and from specialised workshops at the General Technical Centre (TIS3, 4 and 5). They're also often taken at the MoLISA's CEPs (TIS7, 12, 14 and 25) which, besides providing job consultations and helping job-searches, also offer pre-employment professional training and on-the-job training, in various areas but ones as long as they correspond to local needs, and for periods of time rarely exceeding 6 months. Finally, courses can be taken in a number of different professional training centres managed by institutions, unions or individuals and which appear to be popping up all over the provinces.

d) The Distribution of Types of Training

Number of teachers and students by type of training and date of creation of the institution

Institutions	Date of creation	permanent teachers	part-time teachers	pupils/ Vocational Guidance	pupils/ school long term training >6 months	students/ post school short term training <6 months
THAI BINH/ KIEN XUONG						
1. General Technical Centre	1986/1993	9	70	3007	360	
2. Centre for Permanent Educ.	1993	17	256			2672
3. Soldering Workshop	1995	5	5			6
4. Electron. Repair. Workshop	1995	3	3			25
5. Tailoring Workshop	1994	3	3			19
6. Skilled Workers School	1966	35	8		600	
7. Centre for VT & Em. Prom.	1992		86			513
LAMDONG/ BAO LOC						
8. Prof. & Tech. Sec. School	1976	55			413	
9. Prof. Train. Inst. Dong Tien	1993	8	8			315
10. General Technical Centre	1985	13	10	2580		80
11. VG & VT institut. Loc Tien	1994	3	2		5	15
12. Centre for VT & Em. Prom.	1992	12	16			385
13. Skilled Workers School	1991	51	37	7000	150	
14. Centre for VT & Employment Prom.	1989/1991	5	17		310	568
CANTHO/ PHUNG HIEP						
15. Up. Sec. Pro. Sc. Phung HI	1965/1987	25			571	
16. Mix. Upp. Sec. School	1992	30			484	
17. Youth VT Institution	1992	2				13
18. Upp. Sec. School Hoa An	1981	49	1		775	
19. Low. Sec. Sch. Long Thanh 2	1950/1994	26			131	
20. Sk. Wo. Sc. & Gen. T. Centre	1958/1976	62		1777	257	
21. VT & Tec. Centre CT Town	1984		242		960	326
22. Youth VT Centre	1990		40			909
23. CT High Sc. Econ. Tech.	1938/1976	50		5695	462	1570
24. CT Centre for Em. Prom.	1993	12				495
25. Centre for VT & Em. Serv.	1991	2	34		164	1641

This table is only aims to give an idea of the number of teachers and students employed in the various types of professional training, by institution and by district/province. It also provides the date when each institution began operating. The distribution of the student population varies according to the intensity and length of the training that characterise each of the three main forms of training. Thus, vocational guidance, which is, as we said previously, merely introductory, is directed towards students from superior secondary schools and sometimes basic secondary schools, a population that makes up the bulk of the student body. Next are the short post-school training programs (less than 6 months), the organisation of which are relatively simple and the structures flexible. The number of participants in the long-term scholastic training courses is the smallest of the three. These courses are a specialisation in the curriculum of the students and thus are provided by a small number of institutions, other than those that offer more general education.

It is undoubtedly of crucial importance to the development of professional training in rural areas, to see during which period the training structures we've identified were created. By doing so, we can mark out four historical steps. First, the oldest institutions (those created well before 1980) are those which offer long-term training: professional superior secondary schools, superior agriculture schools, skilled agricultural and industrial workers' schools. Second, the basic elements of the MoET professional training network, the General Technical Centres, were set up circa 1985: the first 20 GTCs were established in 1980 with support from UNICEF and involved in vocational guidance. At the beginning of September 1995, the mission of the 320 GTCs was enlarged to as "to provide professional training for the youth" in common professions. Third, institutions within the MoLISA network were created at the beginning of the 1990s with the task of providing short courses. Fourth, the MoET's GTCs expanded to include specialised workshops, while MoLISA's professional training centres began providing long-term training outside the school system. The numerous institutions that appeared in the 1990s give an idea of the deficiencies of the past in terms of professional training and the needs that have emerged as the global environment changed.

4.3. *Subjects Covered by Professional Training*

The subjects covered by the different forms of professional training, for all primary, secondary and tertiary industries, give a more accurate view of the development of qualifications in the countryside and their relation to local the needs brought by economic diversification and modernisation.

Fields of training by sectors	Vocational Guidance			school long term training > 6 months			post-secondary short-term training < 6 months			
	provinces	TB	LD	CT	TB	LD	CT	TB	LD	CT
engines										
pumping station										
soldering/boiler making										
lathe operating										
electronics										
electromechanical										
industrial electricity										
construction										
3) tertiary sector										
car driving										
photography										
barbering/hairdressing										
cooking										
baking (cakes)										
housekeeping										
bouquet making										
typing										
computing										
accountancy										
economics										
administrative management										
economic law										
land management										
working security										
foreign lang. (Engl.)										
foreign lang. (Korean)										

First, it must be noted that the range of subjects encompassed by professional training is wide. There are 56 areas of training available in all three districts: 10 for agriculture and fishing, 29 for handicrafts, industry and construction, and 17 for services. These 56 "professions" are meant to be meet the local demands for economic diversification and modernisation. Distribution of these training courses according to the type of training and according to the province shows illustrative characteristics of particular efforts that have been made in different areas and of the needs that need satisfying.

Agriculture and Fishing

Ten training courses are offered here. They not only provide the basic knowledge requirements for rice production and fish farming, but the skills necessary for agricultural diversification and development. An interesting fact is that the most diversified training programs are offered in the province that has the least diversified agriculture, Thái Bình. Eight out of the 10 identified training courses are available in this province, although they are all short training courses, mainly meant for adults. The number of different courses offered in the other delta province, Can Tho, is significant too, albeit to a lesser extent. They are mostly long training courses for secondary education and at schools for technicians. As for the province of Lam Dong, the only training courses available are for agriculture managers.

Handicrafts, Industry and Construction

The 29 training courses that have been listed correspond to half the handicraft professions. They fit into two big categories. The first is that of traditional rural crafts, the development of which is encouraged so as to reduce under-employment by diversifying economic activities (embroidery, basket making, pottery, silver carving, wood carving, etc.) The majority of such courses is offered in Thai Binh, except for embroidery that is available everywhere. The second category is that of professions closely linked to the modernisation of infrastructure and daily life equipment (particularly standard electricity use, electronic repairs and motorbike repairs). Such training are available in all the provinces and under various programs. Sewing like agriculture relies upon traditional craftsmanship. Training for it too is available everywhere and under various programs.

The industrial professions are small enough presently in Thai Binh for the long training courses, save the basic professions that deal with electricity, mechanics and motors. They are widely available in the other two provinces, especially in Can Tho which has a large specialised institution and a denser industrial tissue.

There are 17 service professions that can be divided into 4 categories: personal services (car driving, photography, barbering/hairdressing), household services (cooking, cake making, housekeeping and bouquet making), commercial services (typing, computing, accountancy and working security) and general administrative services (economics, administrative management, economic law and land management). Foreign languages too are taught. Of course, the development of service activities is an important indicator of economic diversification and modernisation, which explains why availability of the various training courses differs from place to place. Two training courses in particular can be used as indicators of whether there is or will be in the future diversification: computing and foreign languages. It is important to note that both of these are absent in Thai Binh, except for a transitory training course in Korean. Computing is offered in Lam Dong and Can Tho in almost all types of courses, and training in English are available as short courses.

4.4. *Some Examples of Training Courses that have been Implemented in the Three Districts*

a) Vocational Guidance

The GTC in Kien Xuong wants to make an important contribution to agricultural diversification through the development of new products and the revitalisation of traditional handicraft activities that have existed in the district for a long time. Students are encouraged to participate in the rural modernisation movement by bringing together the knowledge and know-how of modern professions. To this end, introductory courses are offered in agriculture (plants and special animal breeding such as eels, snakes, turtles and silkworms); industry and handicrafts (mechanics, electricity, electronics, tailoring, embroidery, basket making and silver carving); services (mechanics (motorcycle), electrical and electronics repair). The GTC in Bao Loc (TS10) does not promote agriculture diversification since it is already quite strong, nor does it want to reinvigorate traditional skills that do not exist in migrant communities but are always very strong in the ethnic minorities. Rather, it wishes to make the most of the labour market's own dynamics in order to diffuse knowledge in skills that can be used around the house, in handicrafts and in private enterprises. These skills include cooking, tailoring/dressmaking, knitting, embroidery, management of standard electricity, manual and mechanical carpentry, typing and computing.

b) Specialised School Training

Three special training workshops are available in Kien Xuong district. They include: soldering, boiler manufacturing, mechanical repair (TIS3); electronics and standard electricity repairs (TIS4); tailoring (TIS5). Such programs are directly related to the development of the district. At the provincial level, the two skilled workers' schools respectively train building workers (bricklayers and carpenters) and industrial workers (mechanics, electricity and motors). In fact, the second (TIS6) offers a wide variety of training, appropriate for a fully electrified province, where people travel easily by road and by water (canals and rivers), and where agriculture has started to be mechanised (particularly irrigation). It also trains bus drivers, boat captains, irrigation pumping-station technicians, tractor mechanics and electricians working in the communes.

In Bao Loc four institutions offer long training courses, three in the district capital (TIS8, 11 and 12) and one in Dalat (TIS14). The Bao Loc Professional and Technical School (TIS8) is a very old institution which has always been offering training courses in agriculture matters (it was established on the site of an old colonial agriculture research station). The school is administered by the Agriculture Ministry and the State Sericulture Company, but the MoET runs all the courses. In fact, for the needs of Lam Dong province and 20 others, it does not train farmers but rather skilled workers and agricultural cadres. It offers a wide range of courses: crop and plant protection, animal husbandry, mechanical agriculture, electricity, economics, land management, accounting for commune officials and computing. It retrains its teachers in China, in a twin school. All the training courses seem satisfactory in

meeting the needs of a province dominated by industrial crops and increasingly mechanised. In partnership with the Ho Chi Minh City Centre for Training in Law and Economics, long training courses in economics have been established by Bao Loc's CPE (TIS12). These courses are meant for the district's managers from public and private enterprises. Last, a private centre (TIS11) was established to offer two-year training courses in electromechanical and refrigeration electricity.

In Phung Hiep the long professional training courses are offered in the basic secondary school (TIS19) and three superior secondary schools (TIS15, 16 and 18) which are run by MoET. The range of training courses is limited. It focuses on rice cultivation. The schools sometimes haven't got any land and must use plots graciously lent by neighbours. They also teach computing and manual embroidery, in a strange mix of tradition and modernity. As previously mentioned, there isn't any GTC in Phung Hiep: the students must go to the skilled workers' school for industry (TIS20) and agriculture (TIS23) in Can Tho in order to have access to a wider range of training courses (cf. table 2).

c) Post-School Short-Term Training

In Kien Xuong, the centre for permanent education mainly runs literacy programs for people over 15 and basic secondary education for people under 35. These two functions are complementary. On the one hand, it presents different occupations to its students (it is essentially "vocational guidance" for drop-outs and adults). On the other hand, it organises short training courses to meet the district's socio-economic development and living standard improvement targets. These courses, sometimes mere transfers of technology, focus on the cultivation of new crops and varieties such as groundnut, Japanese rice and pig-rearing for export. They also deal with such matters as structural changes in rice production, family electricity, meteorology, sanitation, family planning, civic education, public order and security. The Centre for Employment Promotion and Professional Training in Thai Binh (TIS7), apart from consultation and job-search support, grants professional training and/or employment in various areas and for periods of not more than one year. In 1995, training courses in tailoring, motorcycle repairs, internal combustion engines, pottery, silver carving and wood crafts were available. Former migrant workers in Czechoslovakia and East Germany can attend specialised training courses, and those who want to migrate to South Korea can learn Korean.

In Bao Loc, apart from the GTC (TS10), three centres of which two are private (TS9 and 11) and the MoLISA's CEP (TIS12) offer a wide range of training courses which respond to the ever increasing needs of the urban economy and of a district in which the movement of goods is very important. The CEP, which has been very active since its creation in 1992, has not been able to meet demand and two private professional training centres had to be created since. The first one opened in 1993 (TS9). It signed an agreement with the MoET and is already supported by Bao Loc's GTC. The training courses offered in the district cover 16 specialities. Ten of these are for handicrafts and industry (standard electricity usage, household tailoring, knitting embroidery, material-flower making, motorbike repairs, electronic repairs, watch repairs, mechanical repairs and carpentry) and 6 are for services (photography, cake making, housekeeping, typing, computing and the English language). The

MoLISA's CEP in Dalat offers similar training courses, as well as a unique training course in safety in the workplace (the use of steam).

In Phung Hiep only one short training course is offered. It is a course in dress making at the Youth Union training centre. Students who need training in other specialities must go to Can Tho City. There are numerous professional training centres there, which are similar to the MoLISA's CEP.

4.5. *Professional Training Functioning*

All the institutions that have been analysed were created in within the framework or with reference to governmental policy on professional training. We have seen that this policy and its effects have gradually evolved through different stages (cf. § 42). These different stages correspond to a specific context in terms of policy and economics to which the different institutions had to conform since their creation or since they became vocational institutions. At the beginning of the 1980s, the MoET's efforts to establish local structures (GTCs) which have tended to bring professional training to the core of secondary school education, constitute a major turning point. The evolution accelerated between 1986 and 1989 in conjunction with the economic renovation policy (*Doi Moi*), the opening up of the market and the ending of totally free education. On the one hand a legal school system was designed and a private education system began to be tolerated. On the other hand, in order to strengthen governmental action, the MoLISA started in 1989 to offer professional training outside the normal school system through its CEPs. The activities of the MoLISA and of various other new actors, both institutional and non-institutional, in the field of professional training, blossomed in the 1986-1989 period. The institutions we analysed show big differences in their functioning. These differences are linked to factors such as past history, the context in which the institution was created and the mission they were assigned. The most decisive discriminating factor which causes these differences is the division of tasks within the field of professional training, between educational and non-educational training. As far as the institutions' missions are concerned, the differences match other elements such as the habit, or lack of it, of functioning in a centrally planned system, the degree of autonomy both in terms of action and resources, the level of proximity to and anchoring in the concrete socio-economic context. These are the different aspects through which we will now examine the functioning of vocational training.

a) *Institutional Functioning*

Most professional training institutes that were analysed depend on a ministry with either an education/training mission or an employment-promotion mission. This certainly has an influence on the objectives and the functioning of the said institutions. A major influence comes from the different levels of authority (national, provincial and district) on which they depend (they may intervene to complement each other). It is the way in which these levels relate and work together that determines the institutions' ability to make decisions and to adapt to the socio-economic environment and to the changes it goes through. The main differences between the different institutions result from their different ability to evaluate and adjust to the local environment.

Thus, the skilled industrial workers' school in Thai Binh (TIS6) is under the authority of the provincial branch of the MoET. This department must approve the objectives of each course offered by the school and defined and dictated by the central authority with low local adaptations. Changes in programmes are minimal because the training certificate obtained by each student has national recognition and must follow criteria established by the central authority. The school cannot change its programmes without making them lose their national value. Besides, this school works in close cooperation with five other national schools (in Bac Thai, Ha Tay, Hai Hung and Nam Dinh provinces) which are subcontractors for MoET's training demands. It also relies on a network of State industries (Hai Phong, Thai Binh and Ha Tay) with which it is twinned for the practical training of its own students and the training or retraining of their skilled industrial workers.

As for the General Technical Centre in Kien Xuong, it is under the authority of the MoET's district department. It offers vocational guidance courses that are defined by MoET at the central level, with the help of the district People's Committee and the local section of MoET. It was able to set up three professional training courses – not beginners' courses – in soldering/boiler manufacturing, electronics and tailoring. The training programs were established by the teachers themselves (two of who are certified by the Hanoi Polytechnic), under the control of the MoET. This initiative carried out in a relatively decentralised framework has limits, as the local MoET representative explains:

“Professional training is compulsory in the general education system. Regarding the local context, each district adapts itself within a pre-defined framework. In large urban centres, programs that are oriented toward professional training have been well managed. Here, in a rural context, we meet some difficulties. Since rice production dominates, children do not become involved in professional training for modern activities. We must now look forward and move toward the future. As far as education is concerned, professional training has been carried out on a small scale: repairs to the local school, cultivation of plants and trees. With the continuation of central MoET programs, we only have the means to teach the theory of modern professions, such as mechanics, electricity, electronics and dress making. This is left to basic secondary schools and superior secondary schools. It is only after the creation of the GTC we have had the equipment that is necessary for practical training.”

The absence of a schooling tradition, the decentralisation of decision-making, (which varies from place to place but is level in terms of budgetary autonomy (see b)), a grounding in the market realities and work all characterise the post-school training courses offered by the MoLISA CEP and by different semi-public and private institutions. By definition, they have much greater room to adapt their objectives and work with the local network of institutions and private enterprises in order to recruit and find employment for their students. They are also in a position to establish partnerships with superior educational institutions in order to organise long term training.

Revenue and Expenditure of Training Institutions in 1995 (Mil.VND) - (non official figures)

Institutions	current subsidy	capital subsidy	fees	training contracts	production	Total revenue	salaries	functioning	capital	Total
										Expenditure
1. General Technical Centre	29		8		9	46	29	22		51*
2. Centre for Permanent Educ.	62.4	39.2	38		1	139.6	62.4	4.2	73	139.6
3. Soldering Workshop	18	65	1.2		86	170.2	43.4	61.8	65	170.2
4. Electron Repair Workshop	10.8	30	18.6		2.4	61.8	22	9.8	30	61.8
5. Tailoring Workshop	10.8		18		15	43.8	36	5.4	2.4	43.8
6. Skilled Workers School	300		1,245.9	21.9		1,545.9	240	...	...	...
7. Centre for VT & Em. Prom.	37	287	291.6	5		630.6	37	...	310	...
8. Prof. & Tech. Sec. School	1,105	220	239.72		160	1,724.72	395	...	..	...
9. Prof. Train. Inst. Dong Tien	20		393.62			413.62	...	...	209.1	...
10. General Technical Centre	150		41		20	211	95	55	61	211
11. VG & VT Institut. Loc Tien	5	55				60	10.8	5.6	113.6	130**
12. Centre for VT & Em. Prom.			44.4	93.6		138	6	131		137
13. Skilled Workers School	780	120				900	432	348	120	900
14. Centre for VT & Employment Prom.	100	500	54.5		8.05	662.55	19	53	547	619
15. Up. Sec. Pro. Sc. Phung HI	318	18	100		5.28	441.28	188	72	...	...
16. Mix. Upp. Sec. School			328.165			328.165	...	...	...	...
17. Youth VT Institution			32.6			32.6	...	...	..	...
18. Upp. Sec. School Hoa An	320		236.71			556.71	389.7	167	.	556.71
19. Low. Sec. Sch. Long Thanh 2	84		67.5			151.5	84	21.5	46	151.5
20. Sk. Wo. Sc. & Gen. T. Centre	465	700	100		50	1315	272	193	700	1315
21. VT & Tec. Centre CT Town		4000	450	400	70	4920	360	240	4250	4850
22. Youth VT Centre			444			444	...	...	88.8	...
23. CT High Sc. Econ. Tech.	1247.4		500	600	400	2747	288	1004	...	...
24. CT Centre for Em. Prom.			150	67		217	105	85	27	217
25. Centre for VT & Em. Serv.	120***	33	67	36	18	274	31	314	33	264

Caption : /non State source / * overrun to be compensated by District. / ** taking out loans. / *** for granting loans

b) Budget Functioning

Policy changes in the 1986-1989 period, with the opening of the market and efforts to reduce the State's budgetary constraints, induced other constraints at the time and a variation of financial resources for professional training.

The budget framework for public institutions was modified with the introduction of tuition fees. Teachers' wages and investment remained the responsibility of the state, but official wages increased a little while investment remained costly. To guarantee the continuation of public service while searching for alternative financing sources is difficult. The creation of a new institution, a GTC for example, requires important public investments that are sometimes slow in coming and which must be paid back. The GTC in Phung Hiep provides a good example: the necessary amount is only partly paid back. 370 Mil. VND have already been found for the construction of 7 class rooms, but there still is a 87 Mil. VND gap for the construction of walls and the fence and a 216 Mil. VND gap to dig out the earth. These hurdles were there from the very beginning. Indeed, in the process of renovating the professional training framework, an action plan was designed in 1987. It comprised three programs. The one program focused on the creation of more training institutions, while diversifying the kinds of training, the financial sources and the forms of the institutions (public/ private/ semi-private). Another program aimed to improve the material and technical conditions of training in developing the "school-enterprise" model and "school-production workshop" model. In 1991, an assessment of these programmes showed improved diversification in the types of schools, both public and private, especially for professional training. It also showed that, *"apart from the state budget and tuition fees, many schools managed to find their own financial and material resources to partly overcome serious bottle-necks as far as funding is concerned."* This is the model that has been followed by workshops at the GTC in Kien Xuong (cf. § 45).

As far as budgetary functions are concerned, we can distinguish five categories among the institutions that were analysed (cf. Annex). The first category is that of public institutions. All public institutions under the MoET and some under the MoLISA receive an annual State subsidy in order to pay the teachers' wages and ensure the basic functioning of the institution; these subsidies are paid by the province or the district, depending on the level to which the institution is attached. The amount is not sufficient to guarantee proper conditions, which explains why all training courses of both the MoET and the MoLISA, ask students and short-term participants for tuition fees. In a 2 to 1 proportion, the skilled workers' school (TS6) receives 200 million VND for the wages of their 35 teachers and 100 million VND for other expenses. On top of this, the school collects 2 million VND from 100 truck driver apprentices for an 8 month course, and 40 000 VND a month for 18 months from 100 students in pumping stations operations. It also receives funds from other subcontracting schools. The centre for professional training and employment promotion (TIS7) receives 37 million VND annually from MoLISA for its 85 temporary teachers. Tailor apprentices pay 700,000 VND for three months of training. The centre for permanent education (TS2) receives 60 million VND annually to pay 17 permanent teachers and 2.4 million VND for operating expenses.

It earns 15,000 VND per month from each one of its 417 students in general education programmes. Short-term training is entirely paid for by "client" communes.

The second category is that of mixed public institutions, a form of institution created by the MoET. We found only one in our study, the Mixed Upper Secondary School in Phung Hiep (TIS16). It was originally financed by investments from the provincial MoET department, via the district. It has total budgetary autonomy and lives on the fees paid by the students, generally higher than ordinary fees: 305,000 VND as opposed to 160,000 to 180,000 VND for the school year for superior secondary school.

The third category is that of financially autonomous public institutions (TS12 and 25). This category is similar to the second, but in this case it refers to MoLISA institutions: The budgetary system is the same, with public investment at the beginning and daily operating expenses (including salaries) are covered by student fees.

The fourth category is that of semi-public institutions. Such institutions are initiated not by a ministry but by municipalities or mass organisations and are supported by them, at least for investments. There are such institutions in Phung Hiep (TIS17) and in Can Tho city (TS21, TS22 and TS24).

The fifth category is that of private institutions. These establishments rely on the initiative of private groups and individuals, and totally depend on the market for their initial financial needs and their operating expenses. There are two institutions in this category, both in Bao Loc (TS9 and TS11).

c) Needs Analysis

The institutional positioning of the establishments as described above, puts them in a more or less favourable position to listen, analyse and meet the needs that arise from rural and agricultural development. Post-secondary training institutions should be able to react quickly to local needs as they are expressed through different channels. They are in constant touch with these needs; they have the capacity to analyse and reply to them quickly through flexible training sessions, whether old issues or issues entirely initiated by contemporary demands. Demands may be identified by the responsible institutions using their knowledge of the socio-economic environment. They may also be expressed by petitions issued through various channels such as the People's Committees (at the provincial level, at the district level and at the commune level), various associations (for example the Blind People Association in Kien Xuong which asked for a training course for braided rope manufacture), as well as enterprises. Meanwhile it should be noted that the training courses presented so far, although new, do not always correspond to elementary or medium-level skills because of their short length. The high skill levels of skilled workers and technicians are the result of long-term courses (several years) and subcontracted by school-type institutions. In the case of high-level skills, the analysis of need is far more delicate, decisions being mostly dictated by the institutions' hierarchy, and implementation is both more difficult and slower.

Relevant analysis of the needs is completed by the institutions' capacity and the willingness to follow students once they enter the job market. The attitude of the people who are in charge of institutions is not altogether positive, but situations vary according to habits and constraints. A "yes/ no" answer is generally possible, and the "no" outnumber the "yes", and most often, for reasons explained above, in the school institutions. Sometimes, the responses are more varied: *"We do not pay attention because it's not our responsibility"* – a skilled workers' school); *"yes, through our placement services. However, we can't of course follow everyone, some leave the province after their training, while others follow their parents. One must bear in mind the fact that our province is a province of migrants."*

Finally, the identification and analysis of the needs can be linked to job creation strategies. Here is the analysis of someone in charge of a CEP: *"Our province is dominated by agriculture, and there are only 50 small enterprises (State-Owned Enterprises, SOEs). There are more or less 300 communes with 1500 households. Agricultural activities only require 4 months of work, thus there are 8 months of under-employment. How then are we to organise economic activities that will provide enough employment for the population? We have only two professional training schools, one for construction and one for mechanics, electricity and cars. There is a need for short-term professional training courses for our youth: On the one hand, we can't offer a second level of secondary education nor superior education. On the other hand, there are poor families who can't send their children to basic secondary schools. Our centre plays a very important role. What is more, our province is very densely populated and we want to both use our labour force in the province and send people to New Economic Zones. Our province cannot absorb labour from the outside. Our strategy is based on using our labour in the province, a well-trained labour force, and to export labour in order to decrease the demographic pressure."*

d) Planned Expansions and New Programmes

It can first be noted that many institutions (15 out of 25) have planned to expand their premises in the coming year in response to increasing needs. Some of these institutions have been created only recently. For new training courses, it appears that the diversification of course offerings will increase, especially short courses since they are easier to implement from year to year. Long courses will also be diversified, but to a lesser degree. Those best managed are those offered in skilled workers' schools. The courses offered in superior secondary schools are closer to vocational guidance training. For such training, there are no plans for new courses.

Anticipated expansions and new programs by institution

Institutions	extension planned	new VG courses	new long term courses	new short term courses
THAI BINH / KIEN XUONG				
1. General Technical Centre				
2. Centre for Permanent Educ.				
3. Soldering Workshop				
4. Electronics Repair Workshop				
5. Tailoring Workshop				
6. Skilled Workers School				
7. Centre for VT & Em. Prom.				
LAM DONG / BAO LOC				
8. Prof.& Tech.Sec. School				
9. Prof. Train. Inst. Dong Tien				
10. General Technical Centre				
11. VG & VT institut. Loc Tien				
12. Centre for VT & Em. Prom.				
13. Skilled Workers School				
14. Centre for VT & Em.Prom.				
CAN THO / PHUNG HIEP				
15. Up.Sec.Pro.Sc. Phung H I				
16. Mix.Upp.Sec.School				
17. Youth VT Institution				
18. Upp.Sec.School Hoa An				
19. Low.Sec.Sch. Long Thanh ²				
20. Sk. Wo.Sc.& Gen.T.Centre				
21. VT & Tec.Centr. CT Town				
22. Youth VT Centre				
23. CT High Sc.- Econ. and Tech.				
24. CT Centre for Em.Prom.				
25. Centre for VT & Em.Serv.				

4.6. *Innovation, its Implementation Actors and Constraints*

Innovation, that is the continuous change that ensures adaptation of professional training to permanent and new needs for skills, depends on the nature of the training

institutions, on their more or less bureaucratic structure, on the framework within which they evolve, on their degree of connection to the production environment and on their ability to manage the links between the public and the private sectors. Generally speaking, innovation in the field of professional training also depends on the possibilities offered by the global institutional framework, on the rules of the economic game, on the available resources and on the Government policy. Eventually, they depend on mentalities, on the positive or negative strength of tradition and customs and on personal commitment. The present actions and the perspectives as defined by the managers of the surveyed establishments are enlightening for that matter. We will give some illustrations of it.

Innovation may take various shapes. It may take the form of the implementation of new programs, new partnerships and new institutions. The implementation of a new program is most frequent. It occurs mainly within the institutions offering post-school and most often short-term training. From this point of view, it may be considered that the Centres for Employment Promotion managed by the MoLISA constantly innovate. However, that innovation stems from the obligation of permanently facing the realities of the economy and of the labour market. A real vocational training market seems to be emerging, particularly in Lam Dong province and in the city of Can Tho (although this city simultaneously and de facto prevents the diversification of vocational training in rural districts, through a dynamism fed by urban activity). Facing a growing demand, the various institutions involved in vocational training may compete only through the quality and diversity of the training they supply. Innovation in this case also leads to a search for complementarity in the proposed programs. Innovation is more difficult to achieve in terms of longer-term training as managed by the MoET, i.e. for higher qualification levels. For example, one skilled workers' school (TIS6) director wants to create new training-courses in his own institution (training of radio and computer specialists to manage remote controlled automatic systems) in cooperation with a State enterprise. He is aware of both hierarchical and financial difficulties, and he has not yet found a solution.

This leads us to the second case, that of the constitution of new partnerships for the designing of new programs. Although the examples are not too numerous, they still seem significant. They show unusual associations within the institutional landscape. We have mentioned above a State secondary school getting associated with a State enterprise in Thai Binh. There is also a MoLISA public establishment (TS12) in Bao Loc associated with a MoET higher education institution of Ho Chi Minh City in order to set up a four-years training program in economics. In Bao Loc again, a private establishment (TIS9) uses a private sector enterprise workshop for specialised training. In Can Tho, a semi-public establishment has an agreement with the Can Tho university for the organisation of five-years evening training programs for engineers. In Can Tho again, a public establishment (TIS20) is associated with a number of public and private sector enterprises for training programs.

The third case is that of the creation of new institutions. Here is the example of the creation of a vocational training establishment offering short term training in various fields (TIS9): *"Before the creation of the school, I have analysed the needs of the locality. I have taken the initiative and sent a report and a request to the provincial department of the MoET. I have designed the training programs on the basis of the*

MoET programs and of the experience of other institutions and universities. Whenever there is a change in the program, I keep the MoET informed."

The fourth case is that of the diversification of institutions. In order to illustrate this type of innovation, we present here the example of a public institution (TIS1 that has created three branches of applied training (TIS3, 4 et 5), according to the above-mentioned model of the second program of the 1987 Action Plan of Renovation of Vocational Training: "school-production workshop". A group of teachers reflected upon the district's general evolution, the improvement of the population's living standards and the modernisation of the infrastructures. They seemed aware of what is needed to foster development in this context of modernisation. With permission from the hierarchy, they decided to make a joint investment in equipment in order to set up of three training workshops used simultaneously as production centres functioning as market enterprises. In these workshops, they manufacture and sell steam-rollers for road maintenance, do electronics repairing and tailoring. *"In this mostly rural context, mechanics within agriculture is of great importance for the province, and we are needed both for the agricultural activities and to meet the requirements stemming from the construction of the road infrastructure. Moreover, the youth in rural areas considers mechanics as a new and even modern activity. This is how we got the idea of to set-up this workshop. We plan to diversify the products according to the contracts. We already produce steam-rollers and are about to produce concrete-mixers, folding doors, metal frames, irrigation pipes..."* (TIS3). They rapidly created an original economic diversification model through real market enterprises developed within a public professional training structure. They went beyond MoET's ordinary functioning principle which grants general professional training and lies on enterprises for specialised training-courses.

5. Small Enterprises Survey

5.1. *The Enterprises of the Sample*

A wide range of enterprises has been surveyed, with an emphasis on private and family enterprises on the one hand, on enterprises in the secondary industrial production sector on the other hand. In the rural districts surveyed, these enterprises constitute the bulk of non farm enterprises, since there are not many modern companies.

a) Methodology

The survey focuses on the education and training of small private or family entrepreneurs of three rural districts and on the role of the private and family sector in training, beside training institutions surveyed in the same districts. An interview guide (see annexe) details the educational and training career of the entrepreneurs as well as all relevant experiences during their working life. This questionnaire also covers the main aspects of enterprise management: labour, production, taxes, etc. It finally lets entrepreneurs express their views and needs in the field of training.

Enterprises were selected in order to cover a wide range of situations according to status, activities, training experiences, etc. Activities in the secondary sector are over-represented because it was among these activities that training in the enterprise was expected to be found. The selection of the enterprises also fits with the considerations that led to the selection of the three districts; relation with agriculture (although farming activities as such were not surveyed, an emphasis was given to local agricultural products processing), diversification of production, re-orientation toward the households' demands.

b) Description of the Enterprises of the Sample

Seventy-nine enterprises have been surveyed: 29 in Kien Xuong district (Thai Binh province), 25 in Phung Hiep (Can Tho) and 25 in Bao Loc (Lam Dong). There are seven state enterprises in the sample plus two cooperatives and two unions (share associations of people having the same activities). The rest of the sample is equally divided between private enterprises, i.e. enterprises registered with a minimum capital on one hand, and family enterprises on the other hand. The average (median) number of workers is 69 for the enterprises of the State and cooperative sector, 20 for the private sector and 4 for the family sector¹.

The activities surveyed are diversified and reflect the main economic features of each district (see annexe). In Thai Binh province, activities related to rice production, such as rice mills, making rice noodles or pancakes as well as traditional handicraft are well represented. In Can Tho province, sugar refineries come in addition to

¹ - Figures given here and in the rest of this chapter are only a description of the sample and do not have any statistical significance.

traditional food processing activities while in Lam Dong province, there are enterprises processing tea and coffee as well as silk weaving.

In all three districts, the sample is mainly constituted of activities typical of the informal sector: tailors, carpenters, tiles makers, repairers of motorcycles, watches and electric devices, etc. Petty trade as such is not represented in the sample.

Distribution of the enterprises of the sample by size and juridical form

	1 to 5 w.	6 to 20 w.	21 to 100 w.	Above 100 w.	Total
State Enterprise	1	1	4	1	7
Cooperative	0	0	1	2	3
Union	0	0	1	1	2
Private Enterprise	5	14	11	3	33
Family Enterprise	23	10	1	0	34
<i>Total</i>	29	25	18	7	79

5.2. Social, Educational and Training Background of the Entrepreneurs

a) Family Background of the Entrepreneurs

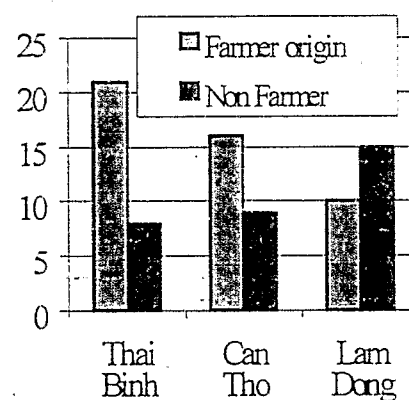
Occupations of Parents and Relation to Agriculture

Since the survey was conducted in predominantly rural areas, it was expected to find many entrepreneurs born in farming families. Most of them are actually born in farming families, but in several cases, at least one of their parents (usually the father) had another non-farm activity (handicraft for instance), which took over from agriculture. The main feature thus seems to be the one of families already engaged in a process of diversification of their sources of incomes.

In Thai Binh where more than 90% of the population is engaged in agriculture and where all entre-

M. K., head of a private enterprise that makes bricks and has 20 workers, is the son of a farmer who later became a bargee in the Mekong Delta. His wife stayed at the farm during that time. M. K. has 7 brothers and sisters, three of them being farmers. Mr. K. also owns a plot of land. Among his five children, two are also farmers. So, if Mr. K.'s story illustrates the diversification of activities occurring in a family, it also shows the attachment to land. Setting up a non agricultural enterprise does not necessarily signify a definitive abandonment of farming activities.

Entrepreneurs by Parents Occupation and by Provinces



preneurs are native of the province, most entrepreneurs come from a farmer family, while in Lam Dong the situation is opposite and in Can Tho in-between.

Second Activity in Agriculture

Some entrepreneurs still have a farming activity (15 in the sample). They come from farmer families (but not all sons of farmers still have a farming activity).

In the province of Thai Binh, we noticed that those who still have a farm activity beside their main occupation are those who process food or grind rice (4 cases). One tile maker and one seamstress in a village also continued to work in their farm. Traditional artisans usually keep a strong link with agriculture, either as a second occupation or through members of their family. Their parents were farmers beside making handicraft. We then made the hypothesis that linkages with agriculture were an indication of backwardness on the way to modernisation.

However, we cannot confirm this hypothesis with the observation in the Mekong Delta where there is no apparent link between the present activity and the second occupation in agriculture. The fact of still being a farmer is due to other considerations and does not show any backwardness in a process of modernisation.

In the Central Highlands (Bao Loc), no entrepreneur of the sample has another activity in agriculture, although they often have members of their family who are farmers. This might be a consequence of the history of land occupation in this region of immigration. However, it is interesting to notice that some entrepreneurs said they had plans to buy land as an investment of their profits.

The relation with agriculture (members of the family being farmers or second activity of the entrepreneurs in agriculture) is not clearly related with the present activity, nor with the technological level of the enterprise (among small rural enterprises). In addition, in some activities of agricultural products processing, the entrepreneurs are not at all engaged in agriculture. The link with land is constitutive of the Vietnamese mentality and it is likely to continue even in the context of industrialisation. What is more, small entrepreneurs are not people who were forced to leave their land.

Place of Birth and Mobility

There is a strong discrepancy on the place of origin between Thai Binh in the North, Can Tho in the South and Lam Dong in the Centre. In Thai Binh, all entrepreneurs are born in the province. Moreover, three out of four are born in the same district and both their parents

In the South and in the Centre, members of families tend to stay in the same area, while in the North, many migrate to other provinces to find jobs, as illustrated by these three families:

Mr. NVQ in Phung Hiep (Can Tho) was born in a farmer family (his parents had only a level of two years of schooling). He has two sisters who are farmers, two other sisters are nurses and one brother is a Government officer, all in the same district.

In Bao Loc (Lam Dong), Mr. NTT (restaurant) has ten brothers and sisters. One is a student in Ho Chi Minh City, another one studies in Dalat. All the others stay in Bao Loc in different jobs such as mechanic, accountant, etc.

In Kien Xuong (Thai Binh), Mrs. VND has two sisters in Thai Binh city (in handicraft activities); one brother is forestry worker in Yen Bai province, another one lawyer in Ho Chi Minh city. One of her children is in the Army in Hanoi, the two others stay with her.

too. In Bao Loc, only one entrepreneur is in the same situation. The Bao Loc district is a land of migration and the entrepreneurs we have met are the second generation of migrants (their parents migrated to Bao Loc). In Can Tho province, the settlements are less recent but have been continuous throughout the century. Six entrepreneurs out of 25 were not born in the same province.

In the South - where families are bigger - people tend not to move far away from their place of origin. In Thai Binh province, most of entrepreneurs have members of their family working in other provinces.

Social Origin and Differentiation

When considering the family of the entrepreneurs, one can see a great variety of occupations including activities related to agriculture (questions were asked not only about the parents' occupation, but also about the brothers and the sisters' occupation, as well as, of course, the children's occupation). It is frequent to find farmers, government officers, blue collars as well as white collars, etc., in the same family. The rural non-farm entrepreneurs represent nearly all strata of the society.

Being from a farmers' family does not have necessarily a negative impact on the general education of the entrepreneurs² as in other countries. Vietnamese rural society was up to now not much socially differentiated. The question is to know to what extent the emerging category of entrepreneurs is a factor of future differentiation.

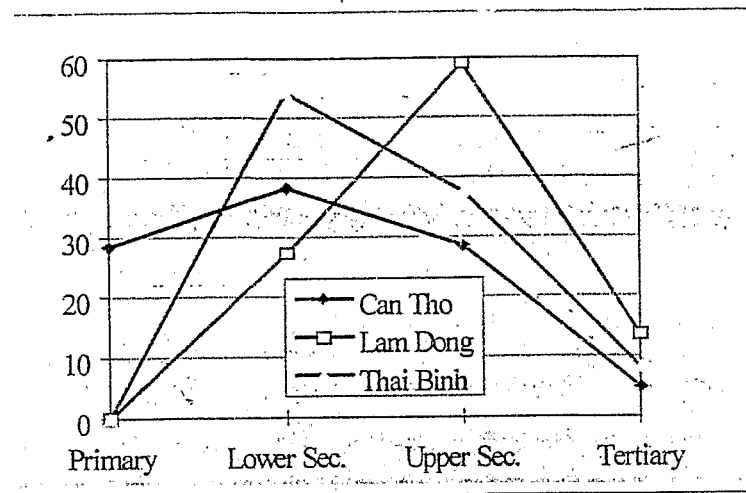
b) Educational Level of the Entrepreneurs

The educational level of the entrepreneurs is quite high (the median of the sample is grade 10) as compared for instance with small entrepreneurs of Thailand. However, it is very different from one province to the other. It is higher in Lam Dong province where most of the entrepreneurs are migrants or children of migrants, while it is lower in Can Tho province in the South. This reflects the discrepancy of educational level between the North and the South of Vietnam.

There is a general progress in education as compared with the previous generation and this progress can also be seen with the educational level of the children. Those whose parents were farmers have been able to complete their general education as well as others. When considering the educational level of their brothers and sisters, a wide range of educational level appears among members of the same family, and this is an indication that there is not much discrimination in access to school based on social origin.

² - The entrepreneurs born in farmers families are older than other entrepreneurs: the median age is 46 (38 for other entrepreneurs). They are usually originated from the place where they now live and work. They had the same access to education as other entrepreneurs. Significantly, 5 out of the 6 entrepreneurs of the sample who went to university come from farmers families, and also more of them had access to vocational institutions.

Distribution of the entrepreneurs by school level and provinces (%)



Entrepreneurs with not more than primary education are found only in the province of Can Tho. The six entrepreneurs who have not completed primary school are old (from 48 to 66 years old). They all have been trained as apprentices in small enterprises (four are in food processing industries, one is manager of a sawmill, one is motorcycle repairer). Interestingly, their firms are bigger than the average of the sample. Their enterprises were founded before 1986 for five of them. This demonstrates how experience, position in the family (to rise capital) are determinant for the founding and running of a small enterprise.

Dramatic progress in education, especially in the North of Vietnam, is illustrated by this woman of Kien Xuong district in Thai Binh province, who owns a small enterprise of rice pancakes and has a lower secondary certificate. Her parents had only one year of schooling. She has four children, all of them having at least completed secondary school.

The entrepreneurs' school level generally bears no relation to the economic characteristics of their enterprise, such as size and status (however, the average educational level of managers of State enterprises is higher). This sample is not suitable for a statistical analysis, but it clearly appears that many factors interfere in the relation between human capital and income: the regional factor is fundamental. Characteristics which appear to be related with the education level are, beside age, mobility (those who have moved from their place of origin usually have a good educational level) and of course access to vocational institution and formal training.

c) Vocational and Professional Training

The first information on the acquisition of skills by entrepreneurs taught by this survey is that most of these small rural entrepreneurs had some serious training in the past.

Two systems of skill acquisition have coexisted and still coexist: apprenticeship and training in a vocational school (training in family is here assimilated to apprenticeship). These two systems are complementary and do not overlap much as far as skills acquired in the past by the entrepreneurs are concerned.

Distribution of the Sample by Educational Level and Type of Vocational Training

	Vocation. Inst. or State Ent.		Small Enterprise	
	No.	%	No.	%
Under Grade 10	6	20	27	66
Grade 10 and over	24	80	14	34
Total	30	100	41	100

Only five entrepreneurs in the sample had both types of training, while 27 had only vocational training in a formal institution (vocational school, in service or training organised in a State enterprise), 40 only were trained as apprentices in small enterprises, and 3 only had no training at all³. It is interesting to further characterise the entrepreneurs according to the kind of training they had.

Logically, those who have been trained in institutions have a good educational level (nearly all have completed lower secondary school), since many of these institutions require this level to enrol students. By contrast, apprenticeship in small enterprises seemed to be an alternative solution for those who wanted to apply to a vocational school but couldn't afford to attend such schools. In that respect, apprenticeship has filled the hole in the vocational system left for those who did not complete their lower secondary school. As we have seen above, the public training system took action only recently to provide training for this category of people.

Vocational training in institutions is more common for younger entrepreneurs. However, if most State enterprises managers went through vocational school (usually technical), only a minority of private entrepreneurs had a similar experience. Most of these training are technical.

Those who have been apprentices are found to be generally older (the median age is 46 as compared with 39.5 for others), and they most often live in the South. In fact, the apprenticeship system does not only need a specific demand for training (in the neighbourhood, for a level under class 9), which is not offered by the public system of vocational training. It is also necessary that a network of family or private enterprises play the role of training suppliers. This condition was obviously met in the South up to 1975 and in the following years. The Doi Moi policy, by reviving this sector, re-creates this condition.

The traditional skills of artisans such as blacksmiths, silver carvers, silk weavers, etc., are inherited from parents. In some cases, there was a break in the work history of the entrepreneurs. Some went through other work experience (in the State or cooperative sector) before returning to their traditional activity. In that case, the skills acquired during their childhood is still valid.

³ -- or less than three months in either system. Out of these three, one had a two months training in an enterprise. All those who have been trained had at least a three-month vocational or on-the-job training.

Entrepreneurs in small food processing industries and in restaurants have no specific training (and a low educational level). They acquired their skill through general experience and from family. This was noticed in Thai Binh and is fully confirmed in the province of Can Tho.

Other formal training (that is in-service training in specialised institutions) is not frequent. However, programs for entrepreneurs were recently set up in some provinces and we met a few entrepreneurs who benefited from these programs (in Thai Binh province only). They are very short programs that correspond to a growing demand for managerial skills sometimes expressed by the entrepreneurs.

State enterprises and cooperatives used to play an important role in training, many of them having training schemes, in cooperation with specialised schools. Several entrepreneurs had special training when they were employed by State enterprises in the past. Others acquire their skills on the job, without specific training.

For many entrepreneurs, the army was an opportunity to acquire new skills, including rather basic skills. In the army, the range of skills taught used to be quite large and was not exclusively related to military tasks. One entrepreneur stated that he was trained in the administration during the time he served as a military, and that this training helps him to manage his enterprise now.

d) Evaluation of training

Most entrepreneurs have been trained in the speciality where they presently work. In that sense, training (either in vocational institution or as apprentice) proved remarkably efficient. The reason for this is that people who have set up their own enterprise after Doi Moi have chosen their activity in accordance with their initial speciality (this is valid for the secondary sector, less so for the tertiary sector). However, the present occupation of some entrepreneurs who had a rather high level training, such as those provided by vocational institutions of university level (in the field of finance, medicine, etc.), is not related with their initial speciality.

<p>Mr. D. in Bao Loc was trained in the past as a car mechanic. After 1975, he could not practise his activity any more and went through different experiences in petty trade, not related with his initial specialisation. Since a few years, he has been able to establish a new garage, and has come back to car mechanic. Moreover, his specialisation is much needed since the number of car is increasing rapidly and there are not enough car mechanics.</p>

With the changes brought about by the Doi Moi policy, it became necessary to check if the adequacy between training and present occupations suffered from the liberalisation of the labour market. This study cannot give a full answer, but there is some evidence that the liberalisation of the labour market had a rather positive effect. By working in their own firms, people seem to use their skills more efficiently.

5.3. *The Labour Force*

a) Description

The median number of workers in the enterprises surveyed was 5 in Thai Binh, 15 in Can Tho and in Lam Dong where more private enterprises were surveyed.

Except in State enterprises, workers are often employed without written contract nor guarantees. In private enterprises, the situation is not clear-cut. Hired workers should normally be declared, and they are usually registered to the local authorities. However, this procedure doesn't seem to make any difference as far as the workers' status is concerned (in terms of legal protection).

In all kind of enterprises, there are workers from the family (in 75% of the enterprises of the sample), whatever their size. One of the main motivation of the entrepreneurs in creating their business is to provide jobs to members of their family. But this not systematic; not all spouses or children in age of work are in the enterprise. Of course, small family enterprises rely much more on family labour, although many of them also have workers from outside.

Several enterprises (7 in the sample) also rely on home-workers. There is a case of enterprise which employs only seven workers in its premises, but 1500 home-workers outside. This kind of unwritten contracts, which are frequent in other Southeast Asian countries, do not seem very frequent in Vietnam yet. The cases we have seen are in traditional handicraft activities⁴.

b) Qualification of the Workers

The education level is probably not comparable to that of the entrepreneurs, for the same age. In Thai Binh, young workers have often completed their secondary education, while older workers are at the end of low secondary level. In the South, we met young workers with very low education (uncompleted primary school). Small enterprises undoubtedly provide an outlet for school drop-outs.

As for the entrepreneurs, the educational level is higher in "modern" services (mechanics, electricians...). The level is also higher in registered enterprises.

The qualification of workers is generally acquired on the job, not in vocational schools. However, some have benefited from the training courses set up most recently by the Authorities or by the private sector. It is most likely that workers trained in vocational schools are not attracted by positions in small enterprises, especially in rural areas.

c) Recruitment of workers

As a consequence of the weak demand for skilled workers, recruitment is not focused on the educational level or skills of the candidates. Rather, entrepreneurs

⁴ - In Thai Binh province, one entrepreneur provided training courses to his homeworkers in order to upgrade the quality of production. Another was asked to go in villages for short training's sessions. It is interesting to note that traditional skills too have to be improved to meet the quality standards of demand.

emphasise the criteria of good physical health and moral aptitudes. Candidates must be hard at work and have a good morality.

In most cases, workers apply directly to the firms ('they come and see us'), and the entrepreneurs need not have any policy of recruitment. Test periods are frequent.

Generally, there is no specific training policy (after primary training to learn the job) and nor policy to keep the labour force stable. Most activities rely on the low price of labour, and upgrading the skills of workers and creating incentives is not a priority at the moment. In-service training is virtually non-existent.

These features characterise a labour market where the supply of labour is abundant, the remuneration very low, and the labour force somehow shows abilities to adapt and learn new skills. Another feature is the apparent stability of the labour force (entrepreneurs have not complain about it) even with difficult working conditions⁵, low wages and no perspective of career evolution.

5.4. *Training in the Enterprise*

The enterprises may have an important role in training, above all through on the job training. About half of non State enterprises in the sample provide training in the enterprise.

Three types of training can be identified. Training members of the family (especially children) is a natural process, and is not based on a particular scheme. Some entrepreneurs train the workers they recruit and gradually teach them the skills for their occupation. This system, known as apprenticeship, is described further. Some enterprises, actually the largest of the sample, have set up training courses with the assistance of external instructors and/or with training institutions.

a) Apprenticeship

Apprenticeship is a kind of vocational training that is given in enterprises only and consists of the acquisition of skills by observation, trial and error, under the supervision of a master, usually the head of the enterprise. Apprenticeship in small enterprises is more than a technical training course; apprentices also learn how an enterprise is run, how to select raw materials, how to negotiate with customers, etc. In addition, the relation between the master and the apprentice is usually one of solidarity that lasts beyond the period of training; the master either keeps the apprentice as a skilled worker or helps him to settle his own enterprise. Training workers in the enterprise is common, but not as systematic as in Africa. About half the enterprises of the sample have been found to train the workers. Such enterprises can be found in all kinds of activities; traditional handicraft, tailoring, making furniture, repairing, etc. In activities where apprenticeship is usually widespread (such as tailoring or making furniture), some enterprises do not train their workers. The reason is that skilled workers are easily found. Their qualification can be acquired in specialised institutions. On the contrary, in activities such as baking and traditional handicraft, apprenticeship is the only way to acquire the required skills.

⁵ - The average (median of the sample) working time is 56 hours per week.

However, apprenticeship can be common in fields where vocational training in institutions is also available. A typical case is the repairing of motorbikes. All the surveyed enterprises in this activity train their workers although there are specialised training in this field available in the three districts. Apparently, these training courses are not sufficient to provide good skills to workers, even if it can be useful to get them a job. They are short-term training courses that combine theory and practice.

In Thai Binh province, a private enterprise of 154 workers, created by the merger of two cooperatives, provides a three-month course, with instructors from a big state company of Hanoi for theory and their own staff for practice. In this case, it is a second activity of the enterprise (or of its workers since skilled workers have their own apprentices). It trains between 100 and 200 apprentices every year, but only a few stay in the enterprise when the training is over. Here, the candidates have to pay (20\$ per month).

A cooperative making iron bars also trains young workers, under a program sponsored by the Department of Industry of the Province. Here, the training is free. The training is mainly meant to allow recruitment of skilled workers afterwards, but they also train candidates under a labour cooperation program set by the Government with a foreign country (these people are meant work abroad when they finish their training).

The last case is different. It is a private enterprise specialised in export of handicraft products. The permanent staff of the enterprise consists of 14 persons, but about one thousand homeworkers participate to the production. Training is organised for these homeworkers, or rather to attract new homeworkers so they work under contract with the enterprise. Training courses last 2 or 3 months. They are organised and sponsored by local People's Committees of communes which sign contracts with the enterprise. Candidates are paid two kilos of rice per day by the commune. Local authorities have told us that they try to set up programs to revive traditional handicraft (silver carving, silk weaving and rattan products) for which the market is developing after an initial period of decline. This contract with a private company is one of such programs.

Similar relations between authorities in charge of vocational training and enterprises can be found in the two other surveyed districts, although private sector enterprises seem to show more autonomy vis-à-vis public training institutions.

But experience is much needed in order to detect all kinds of breakdowns.

Thus, apprenticeship certainly develops in fields where there is no availability of other training (in the neighbourhood) but it also completes existing training courses with on the job training.

Usually, entrepreneurs exclusively train their own workers. There is no evidence that the apprenticeship system should train entrepreneurs-to-be. On the contrary, some attitudes of the entrepreneurs suggest that they fear future competition, and therefore try to prevent it. One choose only candidates from very poor families (they will not be able to afford the money to start their own enterprise). Some others will not unveil the secret of some techniques to their apprentices until they are absolutely sure of their loyalty. In this case, some trainees can spent time learning a job without being taught its fundamentals. In general, the entrepreneurs do not favour the installation of their apprentices (a situation different from the African countries where the natural outlet of apprenticeship

is to establish as an independent worker).

This attitude of the entrepreneurs is not systematic. Some recognise their role as trainer of future entrepreneurs. Not all the apprentices stay in the enterprises as

workers at the end of the training period; some return to their village to establish their own enterprise.

Recruitment of the apprentices is always made by the entrepreneur himself, on criteria of good health, good morality rather than on educational level or skill criteria, as it is for any trained worker. Candidates come to the enterprise, so the entrepreneurs do not need to have any particular recruitment policy.

Fees are almost never charged for training within the firm. On the contrary, many apprentices get a salary as soon as they start their job. Some are not paid but their food is to be paid by the firm. Given the raising fees of public and private training institutions, we can suggest that some apprentices choose this kind of training out of financial considerations.

*A private training school and enterprise in
Kien Xuong (Thai Binh)*

Mrs. DTH is 35 years old and was born in Kien Xuong. Her father was a teacher and she graduated from secondary school. Then she went to a medical techniques school in Hanoi for three years. Soon after, she got a job in a garment factory in East Germany. There, she was trained on the job during a six-months period and worked two more years. She returned to Vietnam in 1991 and decided to create a private garment manufacture. She decided to set up a private training centre, with the authorisation of the Department of the MoET of the province. She has 25 students-workers, and she teaches theory as well as practice. Her training course is well organised, with different four-month sessions. Students have to pay for this training, they get a certificate from the MoET; they do not stay in the enterprise when the training period is over. Mrs. DTH also produces high-quality garments, which contributes to the reputation of her enterprise as a training centre.

The training are short (6 months on average). Learning to make garments requires from two to three months, learning to make wood furniture 4 months, while in African countries, apprentices of these specialities stay two or three years. However, repairing motorbikes require 21 months of training on the job and learning to make metal products takes two years.

Training on the job is not only learning by doing, that is mere practice, but also theoretical teachings (as declared by some entrepreneurs). Only a few entrepreneurs deliver certificates that have no official value, except in the few cases described in the boxes.

Some qualified entrepreneurs told us they have been asked by other enterprises to come and train their workers in short-term courses. Such cases are found in traditional handicrafts and the trainers are renown artisans. The emergence of new

markets has boosted the demand for traditional products and there is a strong need for training in these specialities.

Training workers on the job is not only found in small family enterprises. State enterprises and private enterprises also provide training on the job in some cases. In private enterprises, the system is similar to apprenticeship as described above.

b) Needs for Training

Generally, there is not an important demand for complementary training from the entrepreneurs. Among those who wish new training, two kinds of needs are expressed: a need for management skills, and a need for different disciplines that would facilitate the insertion on the market: foreign languages, knowledge of new

fashion (for tailors) or new products, etc. Technical training as such is not much cited.

Although the entrepreneurs are conscious of technical progress and regularly see new technologies appearing in their environment, they aren't usually aware -or they do not consider it as a priority- that they should upgrade their skills as well as those of their workers.

The demand for training workers is still lower. Although they seem to be conscious of lack of knowledge of their employees, they do not put forth training of their employees as a priority in their prospects for developing their enterprise. They tend to recruit employees who are already skilled or, if they can not find qualified workers, they complete their training on the job. A few entrepreneurs would rather train completely their workers. Skill of workers is generally a low technical qualification, or the ability to perform technical tasks. There are no highly qualified workers in small rural enterprises.

This attitude of entrepreneurs on training of workers must be related to the wage constraint: qualified workers should be paid more and many entrepreneurs are reluctant (or merely cannot afford) to pay higher wages.

5.5. *Economic Characteristics of the Enterprises*

a) Foundation of the Enterprise

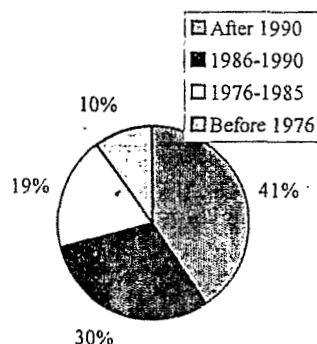
Most firms have been set up since the proclamation of Doi Moi policy and there is not much difference between firms of different juridical forms. Private and family enterprises were allowed before Doi Moi, although there were many restrictions on their activities. Recently, many State enterprises have been re-organised and this movement has led to the disappearance of old enterprises and the creation of new ones.

The entrepreneurs we have met are not in their present positions for negative reasons or due to lack of alternatives. Rather, their decision to set up an enterprise seems to be the result of their entrepreneurial spirit. Of course,

Mr. D., who was born in a family of farmers, spent several years working on a farm, and then was trained for tiles manufacturing. He now owns a private tile manufacture, but he feels he is not well armed to face competition in a market-oriented economy. He would like to upgrade his management competence in this new environment.

Mr. S. processes and sells coffee grown in the region (Bao Loc). He has noticed that his customers appreciate imported instant coffee more and more. He does not know the technology required for instant coffee production and has no idea which institution could provide him such information. Mr. S. thinks that his business is on the verge of collapsing (he has already reduced his employees' working time) but has little hope that the training he needs will ever be available in his town.

Distribution of the enterprises by year of foundation



the need for an income, and sometimes the need to provide a job for their children, are also major motivations.

Most private (registered) enterprises have been established in the last few years. In some cases of family or private enterprises established a long time ago, they went through a period of affiliation to a cooperative. However, instead of mentioning the re-establishment of their enterprise after they left the cooperative, entrepreneurs tend to mention the earlier date as the foundation of the enterprise.

The choice of their activity depends first of all on their skills. In some cases, however, we have met people who decided to train themselves in a new activity which they thought would bring them good profit.

Starting capital

Capital to start an enterprise is very low and depends on the juridical form of the enterprise. Family enterprises start with an average (median) capital of 5.5 Million Dong (\$500), while the average for private enterprises is 40 Million Dong or \$3700. Of course, the amount of capital necessary to start the activity depends on the speciality, but it seems that in the South new enterprises start with a higher amount of capital.

The Doi Moi policy has facilitated the workers mobility. Mr. L. in Kien Xuong district is a baker. He used to be a singer, then ran a restaurant with his parents. When he married, he felt that he needed a stable job and a good income so as to feed his family. He noticed that the demand for bread was raising and decided to train as an apprentice in a bakery of another district. He now owns the only bakery of the main city of the district and his income ranks him among the most well-off in his district.

This story also shows the consideration attached to the status of private entrepreneur (because of higher income). Besides, it is a case of efficiency of apprenticeship.

Personal savings are by far the main source of funding for starting a business. However, about one third of the entrepreneurs have turned to friends or relatives for loans. The frequency of borrowing is not linked to the size of the firm. This depends on individual situations (personal savings as well as opportunities to borrow money). The four cases in which the entire starting capital was financed by loans (from family) are all very small enterprises with the total capital under \$500.

Family enterprises never resort to banks for loans and even private enterprises have difficulty accessing bank loans. The situation is beginning to change now, but until recently access to banking services was virtually denied to non-farm entrepreneurs.

Number of entrepreneurs by juridical form and way of financing starting capital

	Private Enterprise	Family Enterprise	Total
Loans (and personal savings)	10	9	19
Personal Saving only	23	25	48
Total	33	34	67

The capacity of private or individual entrepreneurs to raise private savings for investment is certainly one of the major economic features of the Doi Moi period and

a factor of economic growth. Very few individuals have saving accounts in banks and the population does not place much trust in the national banking system. Vietnamese are known to have important informal savings in gold, US dollars, cattle and increasingly in land. One of the main objectives of the Government's financial policy is to attract these savings into the banking system. Major reforms have been recently implemented in this field, but it is too early to see their impact.

b) Placing Products on the Market

Demand

Individuals are the main customers of family enterprises, but about 60% of these enterprises also sell their products to traders and in a few cases to other enterprises. For private enterprises, the situation is quite different: only one out of four produces for individuals only.

While family enterprises generally sell their produce in the neighbourhood, private enterprises often have markets which reach beyond the district limits. In this study, we found four private enterprises that export their products outside Vietnam. It should be noted that an operating license is necessary to export and that access to the international market is one of the factors that pushes entrepreneurs to register their enterprises.

Supply

Before Doi Moi, finding raw materials was one of the main difficulties private entrepreneurs had to face. State enterprises and cooperatives were given priority access and subsidised prices, while the free trade of raw materials was virtually non-existent.

The 1992 Constitution proclaims equity between all economic sectors. This means that enterprises are to have equal access to raw materials and that prices should be the same for all sectors. This decision has caused many cooperatives and State enterprises to go bankrupt, but has contributed extensively to the development of private enterprises. Private trade of raw materials has also developed and expanded rapidly, due in part to the placement raw materials on the market by public enterprises and cooperatives in order to get cash.⁶

Raw materials supply is not a major problem for private and family enterprises anymore. Traders often come to the enterprises and make credit arrangements. Most of the entrepreneurs in this sample locate their raw materials in their immediate surroundings.

In the sample, one out of four non-State enterprises mentions some difficulties in raw material supply. But these problems are not due to the general scarcity that marked the previous era, although sometimes a specific item might still not be available immediately. The supply problems that entrepreneurs now face are problems of pricing and of bargaining with raw material traders or with producers.

Competition

For many (but not all) entrepreneurs, competition is a new concept which has been comprehended very rapidly, even in the State sector. Only four non-State enterprises

(out of 67) have no competitors in the neighbourhood. In the sample, 70% say that they have to compete with other similar enterprises. Competition with similar enterprises is well-accepted. Those who do not fear competition think that they have a better reputation than others or that the quality of their products is better.

Competition between those who sell imported products is usually not as well accepted and is often considered unfair (which is sometimes true since some imported products penetrate the domestic market illegally without a duty paid).

Those who fear competition are mostly in small and family enterprises. The average characteristics of the entrepreneurs in terms of attitude towards competition are not clear-cut but suggest a profile of entrepreneurs who are reasonably aware of market mechanisms; those who fear competition are either older or very young, and less educated, somehow less "professional" or less adapted to the rules of a market economy. The others have already shown their aptitude to adapt by creating a private enterprise, which means taking some risks. While this study cannot bring forth statistical evidence, it offers the hypothesis that a group of dynamic private entrepreneurs is emerging.

c) Organisation of Production and Management of Enterprises

Although the enterprises of the sample are small, they tend to organise their workers in teams assigned to specific tasks. The division of labour is surprisingly advanced compared with what could be expected in low-level technical jobs. This is probably a legacy of the organisation of labour under socialism, which was modelled on the concept of the scientific organisation of labour. Several entrepreneurs also have had experience in big units and tend to reproduce the model in which they have previously worked. This past experience of the first generation of entrepreneurs of the Doi Moi period enables them to deal with bigger units and to envisage a growth of their enterprise⁶. This characteristic is probably not valid for younger entrepreneurs who have no experience in State run companies.

In units in which the division of labour is part of the production process, each worker is assigned to a particular task (with specialisation by gender, age, skill, etc.). Members of a family usually have a leading role on each team. In some enterprises with no more than ten or twelve workers, a clear separation of production, marketing, and management tasks can be found. This *taylorisation* of labour in small enterprises is due to the low skill level of workers and to the low level of technologies. In the future, this kind of organisation will probably have to change and evolve with the introduction of new technologies. For the moment, although it might have some efficiency, this kind of organisation of labour probably hinders the upgrading of workers' skills.

6 - Some former members of co-operatives have started their own businesses by buying equipment and raw materials from their co-operatives at interesting prices.

7- In this respect, small Vietnamese enterprises differ from those in the informal sector in many other countries, where the transition between small family run enterprises and medium modern enterprises appears to be almost impossible.

d) Evolution of the Enterprises

In the present favourable environment, private and family enterprises have developed rapidly. In the sample, seven enterprises out of 10 declare that their situation has improved in the recent years (only two enterprises say they have experienced a decline in their business). Most of them plan new investments, even if some complain about the difficulty of getting loans. They forecast a positive growth in demand and some of them try to anticipate it.

The technologies which are used in small and medium firms are usually out-of-date. The entrepreneurs are conscious of it and some are well informed of newer technologies. However, they do not seem to be aware of the training constraints new technologies would bring for themselves and, above all, for their workers. This contrasts with the rapidity with which they have assimilated the principles of a market economy.

The entrepreneurs generally appear to be dynamic: they look for new markets, they assimilate new materials, and they are open to innovation. Their consciousness of the local effects of trading on the international market is acute. There is obviously a class of entrepreneurs emerging in Vietnam which is prepared to face the market economy and has well adapted to the market economy.

6. Conclusion

This qualitative survey of skill development in three rural areas of Vietnam provides useful information about local situations and ongoing changes. These local situations contrast with each other more than expected, for everything from training to institutions and enterprises and the links between them. The new economic policy launched by the Government of Vietnam in 1986 is obviously the most important factor underlying the present changes. However, the nature and intensity of the changes in the different areas surveyed depend on other factors or constraints linked with the state of affairs in 1986, in terms of economic potential, general level of education, and urban and industrial development. The ongoing economic diversification is backed up, accompanied and followed by diversification in the field of training. The training programs, as well as the models, systems and practices of the training institutions and enterprises, including the relationship they do or do not establish with each other, illustrate this. The different modalities and contents of vocational training programs reflect as much as cause the ongoing transformations.

6.1 *Diversification of Production and Changes in Human Resources*

In the district of Kien Xuong as well as in the Thai Binh province, the general evolution shows an economy dominated by rice production. However, a process of diversification is occurring. There are two simultaneous types of change in agriculture: intensification and modernisation. These two types of change, which are forms of diversification, are made possible by rising incomes earned from increased output. Consequently, new needs are emerging that bring about a differentiation in the demand. This occurs in a context where the network of all types of public institutions remains very dense. The skills produced by the general education and the vocational training system, as well as the skills acquired by the individuals through their experience in State companies or in the cooperatives (more than those gained as self-employed workers) have thoroughly accompanied this movement. Initiatives and innovations in post-school training have also contributed to and have had a significant impact on the emergence and satisfaction of new needs. These demands, which are rising because of land and trade reforms, higher incomes for producers, and overall modernisation, are the main forces of future change. People long confined to poverty are now more able to improve their living standards and also have access to new kinds of goods. Demand is increasing partly because needs were so contained in the past, and this will have consequences on production and training. In this particular field, positive steps have been taken in the last ten years.

In Bao Loc district and the province as a whole, there has been de facto agricultural diversification since the launching of the New Economic Zones policy. The migration of workers has been organised to sustain the development of cash crops like tea, coffee and mulberries. These cash crops have led to two types of economic diversification. The first is that planters must now market their products if they want to derive any profit from their work and purchase foodstuff and other types of goods. Marketing then introduces money into the exchanges and fosters many

other commercial activities. The second type of diversification is the transformation of production and the development of units specialised in the production of tea, coffee and silk. The basic skills necessary for cash cropping are not taught within the formal system, but specialised training courses exist for the people who supervise planters. Moreover, the enterprises organise apprenticeships in their respective fields and many short-term training programs support or accompany the diversification in the secondary and tertiary sectors to meet the emerging needs.

In Phung Hiep district, the diversification of agriculture also occurs de facto, but it is mostly dependent on local environmental conditions, especially in terms of land and water. In this densely populated area, agricultural production is mainly food-oriented (rice remaining the main crop) and intensification only permits the generation of marketable and exportable surplus. The natural conditions also allow some diversification in profitable crops such as sugar-cane and aquaculture. All of this induces a certain degree of diversification of economic activities, but modernisation, particularly in the field of rural infrastructure, does not occur. Vocational training also does not support modernisation. There are few training courses offered and their aim is not necessarily to train skilled workers. The training supplied by enterprises only partly makes up for that. The whole range of short-term and long term training programs seems to be monopolised by Can Tho City.

Thus, vocational training and economic conditions are not part of a homogeneous diversification process in the three rural areas surveyed. The local particularities of the institutional and economic environment remain important. The balance between the different levels of the vocational training system (local, provincial and national) is not the same in the different areas, because the incentives, assistance (including financial assistance) and constraints coming from higher levels have neither the same nature nor the same weight from one area to another. Similarly, traditions as well as the economic impulses differ greatly from place to place. The relationship between vocational training and the different economic activities, as well as between the public and the private sectors, is therefore not always easy to ensure.

At the district level, however, such articulation can easily be achieved because compromises can be reached through the arbitration of local authorities. The conjunction of initiatives and resources to bring these compromises about seems possible, as in the case of Kien Xuong district. Even if it does not happen everywhere, the institutional and legal framework allows such compromises to be reached and there are some incentives for this, such as the second program of the 1987 action plan and the recommendation of the "school - production workshop" model. That same program also encourages the diversification of types of institutions, which allows private actors to enter the field of vocational training and meet local requirements when conditions for the creation of a training market exist. One must bear in mind that fees are charged for training in the public as well as in the private sector. Two private institutions supplying mainly short-term training courses and functioning under the supervision of the MoET were identified in Bao Loc district.

Is such a compromise possible at the provincial level, when a higher qualifications and larger enterprises are at stake? There are examples of articulation between public establishments and State sector enterprises: on the one hand, in the Red River delta,

and on the other hand, between firms belonging to all sectors in the Mekong River delta. However, these articulations are hampered by the difficulties encountered in designing new training programs or modernising existing ones. The problems stem from the lack of autonomy of the establishments as well as from the difficulty of mobilising the required resources. The question is therefore whether this flexibility is possible as the MoET professional training system faces more and more difficulties. This sector has to reconcile a rationale at the national level with a not-necessarily identical rationale at the local level. How is it possible to develop linkages between different economic sectors in an economy which is no longer centrally planned? How can linkages be made between long-term training programs and workers outside the public sector? Finally, how is it possible to compensate for the lack of resources from the public sector (including State enterprises and the cooperative sector) for vocational training? These questions remain unanswered. It does seem, however, that while the "school - production work-shop" model is beginning to be successfully tested, the "school - enterprise" model has not yet encountered much success.

This study highlights the firm's important role in skills training in Vietnam. Although no statistics on the number of young people trained in enterprises are available, the firms probably are the first supplier of vocational training in the country. At this point, this system and the institutional system of vocational training are complementary rather than exclusive, but there are indications that they might overlap in the future. In these conditions, an active cooperation between enterprises and vocational public and private centres would be developed. We have seen some successful collaboration in some cases, but it is far from standard. As far as small enterprises are concerned, they represent more than half of non-farm employment and through apprenticeship contribute actively to the training of youth. However, the recognition of traditional forms of apprenticeship is not on the agenda.

6.2 Policy Implications

The aim of this qualitative survey was to study different aspects of professional training in specific rural and limited contexts. It has highlighted some issues about the functioning of training programs and the respective roles of the various participants, such as both private and public institutions and enterprises. These issues show that the processes at work are related to particular contexts of rural and industrial diversification and that systematic responses do not exist. This does not prevent this report from offering certain general remarks on the policy implications of this research. These remarks concern the institutions, the enterprises, and the interactions that could be encouraged.

a) Training Institutions

It must be emphasised that Vietnam's rapid economic progress since 1986 has been based on institutional changes, while no major restructuring in human resources has yet occurred. These very institutional changes, however, give rise to a restructuring of human resources and thus, to a rise in vocational training. Indeed, the new institutional setting has opened up possibilities for developing initiative and

autonomy, but it seems that these options are used very unequally by the different types of vocational training institutions. However, an economy that changes rapidly requires a rapid adaptation in vocational training. This would foster a strengthening of the capacity for institutional innovation and support their modernisation while encouraging receptiveness to a new environment.

The strengthening of the capacity of innovation, that is to say greater autonomy of decision making, is particularly important in the strategic sector of long-term professional training. It is in this sector that training at medium and high skill levels is necessary to build the new technological base, which would assure the Government that industrialisation is progressing according to plan. It is in this sector also, by definition, that one finds the oldest and strongest traditions of centrally-managed training programs which were developed to meet central planning needs. Supplying this kind of institutional management and hence creating a different relationship between the central and provincial levels should widen the capacity for innovation and adaptation in training as well as in the mobilisation of necessary resources.

This widening of the capacities of innovation and adaptation of long-term training programs must be accompanied by support for their modernisation. It is clear that this is important when it is seen how Centres for Employment Promotion use long-term training to lay the basis for short-term training. For example, it is clear that thanks to a staff of skilled professionals in the fields of electricity and mechanics (staff taught in MoET's long training system), that basic techniques of industrialisation have begun to be disseminated throughout the whole country by CEPs. A double modernisation process, however, seems to be necessary. On the one hand, directors of many institutions have underlined the need for new teaching equipment. On the other hand, progress needs to be made to prepare workers for the transition toward modern industrial techniques in electronics and computing, and this concerns the contents of training as well as the corresponding equipment.

Creating support for this kind of modernisation means introducing incentives for institutions to look beyond themselves to connect with the economic and social environment. A greater awareness of local labour market conditions, a greater concern for the evolution of State-owned enterprises and emerging private enterprises, and clearer understanding of production processes are factors which, when associated with greater autonomy of decision-making, should favour the rise of new partnerships. Individual interactions between institutions and also between employers and training centres, as exists already in the system of training contracts, should also to be encouraged.

b) Enterprises

The Labour Market Situation

Training in enterprises has to be put in relation to the situation of the labour market in Vietnam. The supply of labour is presently overabundant and skilled labour is not much needed by small enterprises in rural areas. With the industrialisation and the modernisation of the country, this situation should change in the future and the demand for qualified labour will increase. Entrepreneurs do not realise this yet;

consequently, making them aware of this trend should be part of any training program.

The demand for skilled labour in rural areas is limited to essential services and manufacturing activities, except in the case of local product-processing (such as tea and coffee in Bao Loc district). In the near future, it is unlikely that high technical qualifications will be in high demand in such areas. However, there is a demand for qualified labour in many kind of activities such as motor repairing, tailoring and other jobs in the service sector. The most important skills are already taught by the local training institutions, but without evaluating the local demand for various services and their relevance to the future. Moreover, except in some cases, this kind of training is provided without consulting the enterprises.

Special mention should be made of traditional handicrafts. Some of these traditional activities have gained new impetus with the opening of new markets. Traditionally, young people used to acquire these skills through apprenticeship in their families. During the period of economic decline, training became less frequent and now that demand is growing not enough people know how to make these products anymore. For example, in Thai Binh province it has been necessary to train new people in silk weaving.

On the supply side, trained workers are not necessarily attracted to small enterprises. One reason is because it is believed that workers of similar qualifications and experience receive lower wages in smaller enterprises than in larger ones, although there is no statistical evidence to support this. In addition, workers fear they will have to work with obsolete machinery and will have no opportunity to use their skills at their highest level. They also fear the lack of prospects for promotion within the enterprise. Other social considerations about labour status might also interfere, but this study cannot add any additional information in this respect.

The lack of skilled labour in this period of transition brings about high wage differences between qualified and non qualified labour. This in turn influences the attitude of both employers and employees. First of all, employers can be reluctant to hire qualified workers if wages they must pay them are too high. They can also fear the mobility of skilled workers who can easily find a position elsewhere (especially in towns). Thus, their immediate interest is not to train their workers to a high level of ability. For these reasons, small rural entrepreneurs are not necessarily interested in supporting training schemes for their workers (and this was clearly stated by some entrepreneurs surveyed).

Even at a local level, it is necessary that any training programmes takes into account the characteristics of the labour market.

Linkage between Enterprises and Training Institutions

Although the national training system is not linked very closely to the firms, and although firms are not consulted in order to evaluate their needs, we have found many linkages between Government training institutions and enterprises at the local level. Unfortunately this relation is not very systematic, and the training needs of enterprises are not adequately taken into account in the implementation of training courses at the provincial level. However, in rural areas the specific needs of modern

firms might be beyond the capacity of local training centres (except when it is related to an important activity in the province, such as silk production in Bao Loc). Clearly, there is no market for high levels of technical training in rural districts.

The situation is different for jobs directly related to the needs of the population; medium-level skills are necessary for the production of goods and services for everyday use. The existing training institutions have already implemented programmes in order to respond to these needs. The main suggestion that can be made after this study is that a vocational training policy should also take in account existing apprenticeship programmes in the enterprises.

Apprenticeship

Except in some traditional crafts, apprenticeship in Vietnam is not an autonomous system as it is in some African countries, with its own rules and methods of adjusting to social demands. In Vietnam, although personal ties are important, apprentices are hired in a free labour market and it is likely that competing alternatives are considered by both the apprentice and the employer.

Training in small enterprises offers opportunities for youth who have dropped out of the educational system to get vocational training and make their way into the labour market. It must be emphasised that these days most public training programmes charge fees which can be prohibitive for young people from poor families; therefore, apprenticeship offers an alternative that is socially useful.

The first step of State intervention in the apprenticeship system would be a recognition of this kind of training. Some countries (i.e., Tunisia and Ecuador) have produced a set of regulations which aim to validate apprenticeship as an official training scheme. Generally, apprentices are offered theoretical courses in addition to their training in the enterprises. When the candidate has completed theoretical courses and the period of training, the master (head of the enterprise) delivers a diploma to the apprentice which is recognised by the authorities.

In Vietnam, a similar policy could be easily implemented by the Centres for Employment Promotion, for instance. It could even boost the activity of these Centres, which usually lack means of training. Since the apprentices spend most of their time in the enterprise, the turnover of students in the Centres could be much higher.

Such a policy brings about many advantages. It is not very costly (although financial assistance to training enterprises might be necessary). It is related to the market *de facto* and responds to the need of the enterprises, since it is not imaginable that apprentices could be placed in specialities which are not in demand. It does not require important investments in training institutions or in training masters. Besides the improvement in qualifications that can be expected from this kind of policy, improvements in working conditions and remuneration are also likely to occur.

However, this kind of policy risks marginalising entrepreneurs not accredited to deliver diplomas, and consequently risks marginalising the apprentices they train. In some enterprises where non-qualified workers are employed at low cost, a raise in qualifications and commensurate rise in wages might be unbearable and eventually lead to the bankruptcy of the enterprises. That is why a training policy in these small

rural enterprises must be implemented carefully, while keeping a close eye on the state of the local labour market.

In-service training

- In-service training for workers: entrepreneurs are not ready to allow their workers to benefit in-service training under the present conditions. This means that efforts should be made to offer some kind of compensation to enterprises which offer in-service training programs.

- Training of entrepreneurs: in this survey, we have seen efforts made by State institutions to help young people get vocational training. But not much help is offered to the entrepreneurs. The only case we have found is a short term (three days) training course for entrepreneurs which teaches the rudiments of management techniques. Technical courses -although not much in demand- could be organised in conjunction with the distribution of new products or new materials.

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