



COVID-19 impact
on Vietnamese apparel and footwear workers
Workers' Perspective

KEY FINDINGS AND POLICY IMPLICATIONS FOR ENTERPRISES, TRADE UNIONS AND GOVERNMENT

December 2020



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BACKGROUND



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In Vietnam, the apparel and footwear sector (AFS) is one of the key export-oriented industries, creating jobs for millions of workers and making significant contributions to the economic development of the country. However, the COVID-19 pandemic has slowed global trade and disrupted global supply chains to the detriment of enterprises and workers in these sub-sectors. According to the Ministry of Industry and Trade, in the first seven months of 2020, exports of textiles and apparel declined by 12.1%, while footwear exports declined by 8.6%, year on year. By July, many apparel and footwear businesses had secured virtually no orders for the last two quarters of the year.¹ According to the Vietnam Textile and Apparel Association (VITAS), the year of 2020 was the most challenging time for the whole industry when customers in major export markets such as the U.S. and EU have canceled their orders with the rate of order cancellation averaging 30% - 70%. In order to cut costs and remain in business amidst the pandemic, 80% of the apparel industry had to resort to downsizing.² According to VITAS, Vietnam Leather, Footwear and Handbag Association (LEFASO) and Vietnam General Confederation of Labor, by August 2020, over one million out of 4.3 million workers in the apparel and footwear industry (75% are female workers) were unemployed or underemployed. The remainder worked at 50-60% of their capacity with reduced income, which seriously affects the living conditions of nearly three million households.³



*Deserted factory amidst COVID-19 aftermaths.
Photo: ©CARE in Vietnam*

In April 2020, the Public Private Partnerships Cooperation Group for sustainable apparel and footwear sector in Vietnam, consisting of over 40 members from the Ministries of Industry and Trade Natural Resources and Environment, Labor, Invalids and Social Affairs and VITAS, LEFASO, brands, development partners and domestic and international NGOs, conducted **a comprehensive assessment of the impact of COVID-19 on the apparel and footwear sector**. The aim of the assessment was to seek solutions from policy perspectives, social security, sustainable economic development, environmental protection and the role of stakeholders in the supply chain to mitigate impacts of the pandemic. One of the key components of the assessment is this **analysis of the impact of COVID-19 on AFS workers' lives** conducted by CARE and sponsored by TARGET and the National Federation of Christian Trade Unions in the Netherlands (CNV). This report also references findings from the qualitative research conducted by the Center for Development and Integration (CDI).

Purposes of the assessment of COVID-19 impacts on apparel and footwear sector workers:

1. **To analyze the impact** of COVID-19 on **workers' lives** in the apparel and footwear industry across three major areas: economic, health, and society with a focus on gendered impacts and employment relation.
2. **To identify the needs** of AFS workers, especially female workers, in response to the COVID-19 pandemic.
3. **To provide recommendations** to businesses, brands, associations, unions, governments and development organizations on supporting workers to recover from the impact of COVID-19.

The information and data included in this report represent the key findings of the COVID-19 impact assessment study with **specific policy implications for enterprises, trade unions and government**.

¹ Report of the National Center for Socio-Economic Information and Forecast (NCIF), Ministry of Planning and Investment. Website, accessed on October 30, 2020 <https://moit.gov.vn/web/guest/bao-cao-tong-hop1>

² <https://vtv.vn/kinh-te/det-may-thuc-su-ngam-don-covid-19-20200823191730476.htm>

³ Joint declaration of social partners in textile and apparel, leather, footwear, and handbags industries of Vietnam, signed on June 22, 2020.

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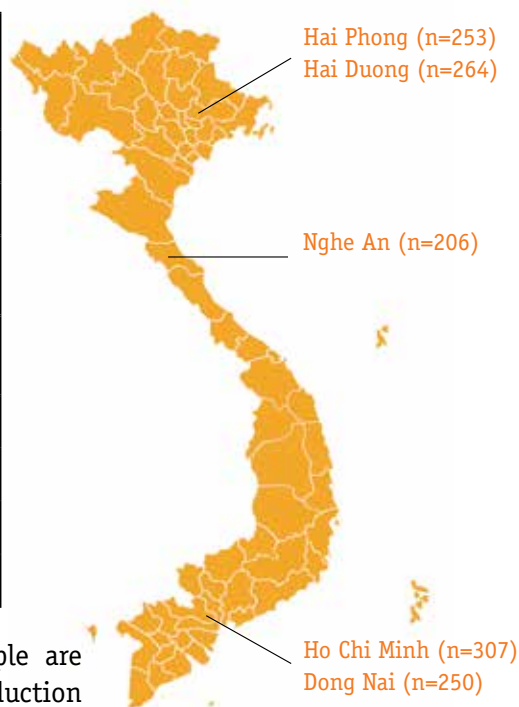
RESEARCH METHODOLOGY



Photo: ©Anh Tran/CARE

In August 2020, 1,280 workers were surveyed from 126 apparel and footwear manufacturing businesses in five provinces in Vietnam.

Attributes of survey samples		Number of people N = 1,280	Percentage (%)
Sector	Apparel	698	54.5
	Footwear	582	45.5
Employment status as at August 2020	Currently working in AFS sector	738	57.6
	Lost their job in AFS sector ⁴	542	42.4
Gender	Female	877	68.5
	Male	403	31.5
Types of workers	Migrant workers	724	56.6
	Local workers	556	43.4



- **Types of positions in AFS factories:** 79% of the sample are line workers, 16% are production line supervisors or production managers and the other 5% include support staff, cleaners, drivers, security guards and kitchen/cafeteria staff.
- **Job tenure in AFS factories:** 12.7% of workers have been working for less than one year, 37.8% from one to less than three years, 20.5% from three to five years and 29.1% for over five years.

Research analytical framework

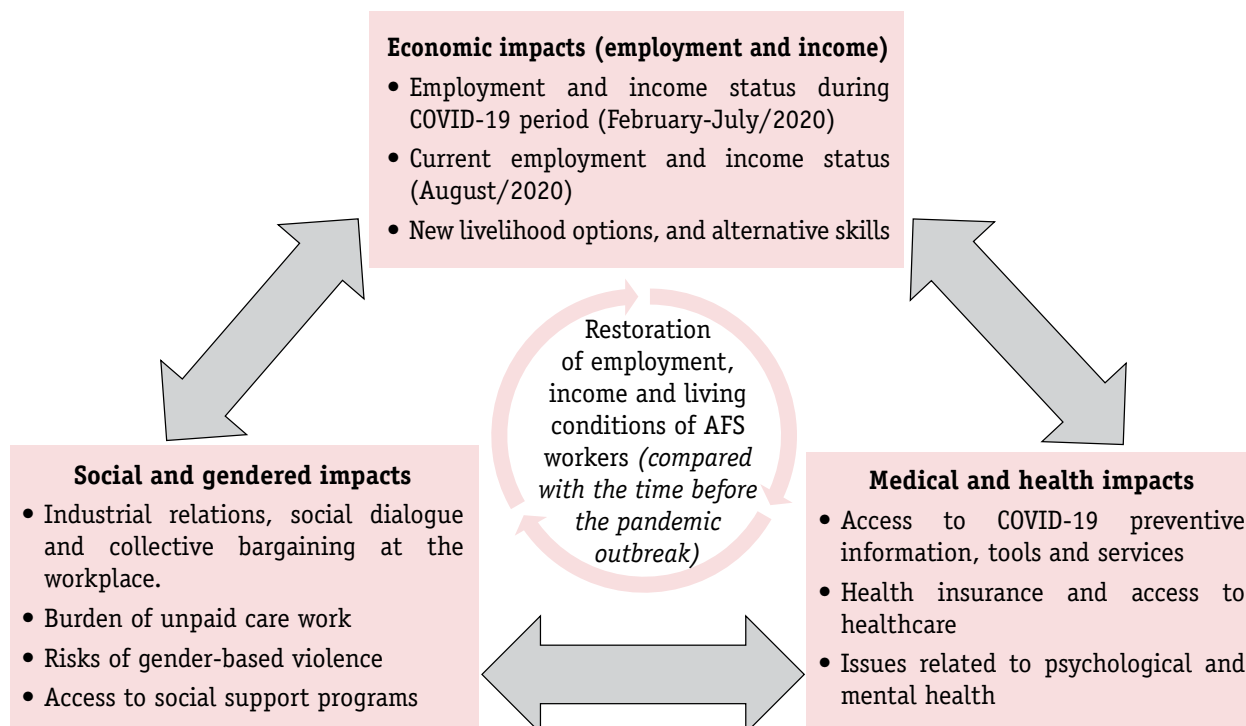


Figure 1: The multidimensional impacts of COVID-19 on AFS workers' lives

⁴ Workers used to work in the apparel and footwear sector before being laid off during the COVID-19 pandemic from February to August 2020.

3

KEY FINDINGS



Photo: ©Tang Hong Quan/CARE

3.1 COVID-19 exposed AFS workers to unstable employment, lost or reduced income, and risk of poverty.

Survey results reveal that **nine out of ten AFS workers were seriously affected in terms of employment and income in the first eight months of 2020** (Chart 1). Most workers had their working hours or workdays reduced to only 4-7 hours per day and/or 3-4 days per week. Average duration for reduced working hours or workdays was about 6 weeks. In some organizations, it was 10-30 consecutive weeks. Accordingly, workers were only paid an hourly or daily rate, with no overtime and other allowances were reduced or cut. In addition, some workers were asked to take unpaid leave with the average leave period being 30 to 45 days. 4% of workers took turns in taking unpaid leave over one to three months.

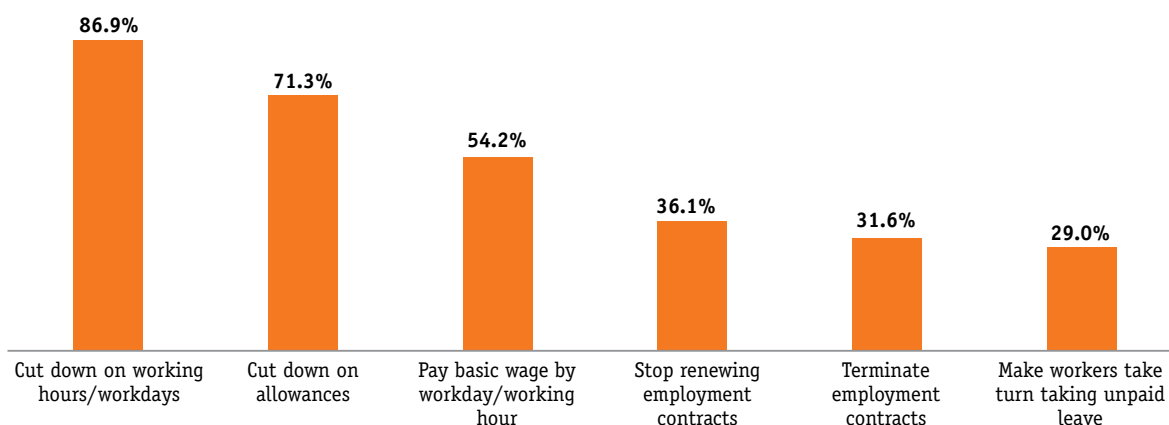


Chart 1: Employment and income status of AFS workers in the first 8 months of 2020 (N = 1,280)

Up to the time of the survey in August 20 only about 11% of AFS workers reported that their work had resumed to pre-pandemic levels. The remainder worked around three to four days per week or six days per week but did not work overtime (Chart 2). It should be noted that 17% of workers still took unpaid leave or switched to casual employment agreements (75.2% of these were female workers). Some 6.1% of AFS workers took on a second job to earn extra income (of these 72% were female).

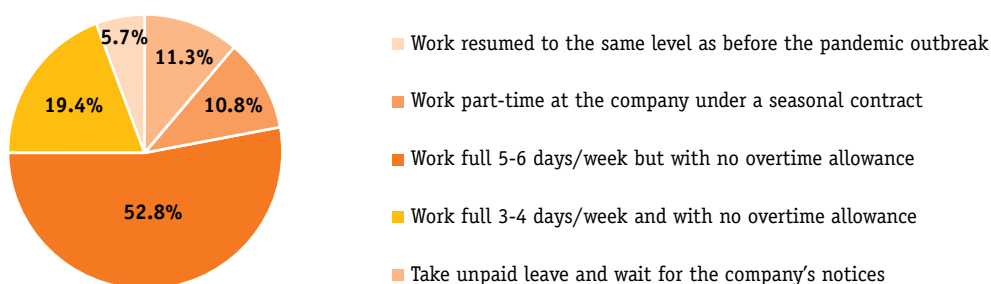


Chart 2: Employment of AFS workers (as of August 2020) (n=738)

The employment and income situation of **AFS workers who had lost their jobs and were looking for work at the time of survey** is even gloomier. They are faced with numerous difficulties in finding new jobs and sources of income, such as having insufficient skills to find new jobs. Chart 3 describes the employment status in August 2020 of these workers (Chart 3).

Although more female workers found a new job than male workers (36.7% of women compared to 31.5% of men), more women work in the informal sector than men (34.1% of women compared to 13.8% of men).

- The average monthly income in 2019 was VND 7.6 million (US\$330) while that of the first 6 months of 2020 was only VND 5.1 million (US\$221)/month.
- The average income in July 2020 was VND 4.2 million (US\$182). This number evidently decreased among the groups of workers who lost their jobs, migrant workers and leather-footwear workers.

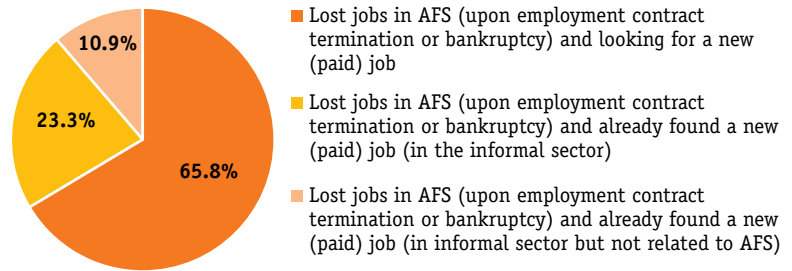


Chart 3: Access to employment of AFS workers who lost their jobs from February to August 2020 (as of August 2020) (n=542)

The survey results reveal that AFS workers' income decreased by an average of 22-29% in the first six months of 2020, compared to 2019, due to the loss of overtime allowances. For AFS workers who lost their jobs, incomes decreased by about 57-59%. A female AFS worker shared, "Now [August 2020] I don't have any other sources of income." Many workers and their families have been pushed into "transient poverty" and are in danger of falling deeper into poverty in the future.

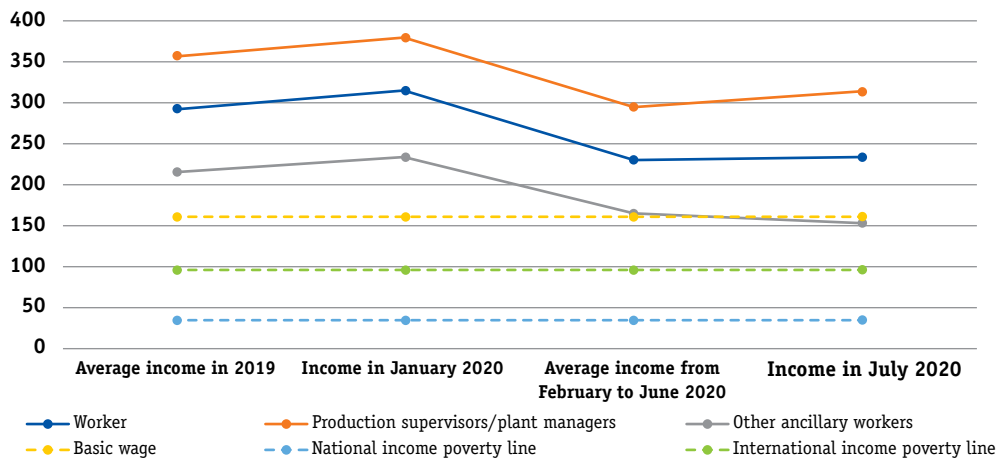


Chart 4: Average income of current AFS workers (n = 738)

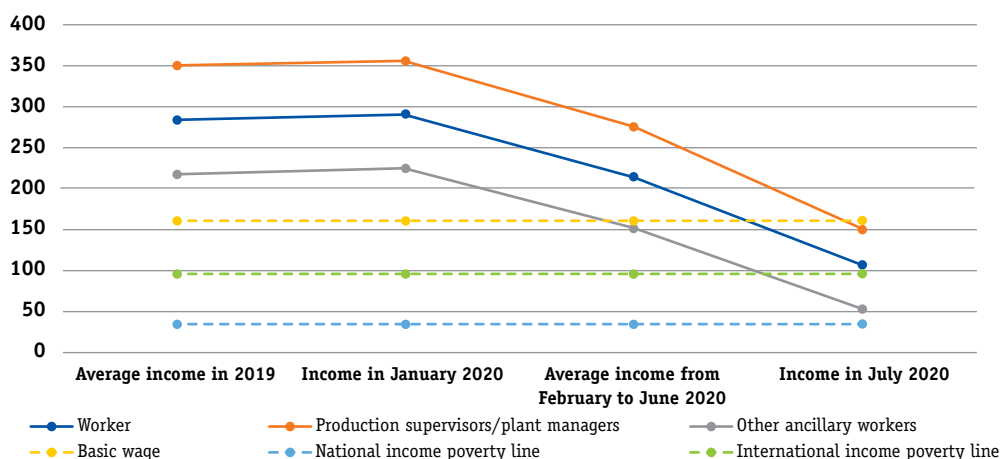


Chart 5: Average income of AFS workers who lost their jobs in the period from February to August 2020 (n = 542)

By comparing the income and income decreases between male and female workers, the research results show that while male workers have higher incomes than female workers, they suffer less from wage cuts, more specifically, the rate of income decline among female workers was 1.5 times higher than that of male workers (27% compared to 19% among AFS workers who were employed in August 2020; and 63% compared to 51% among workers who lost their jobs) (Chart 6). This level of wage cut creates additional issues for female workers including increased economic dependence on their husbands.

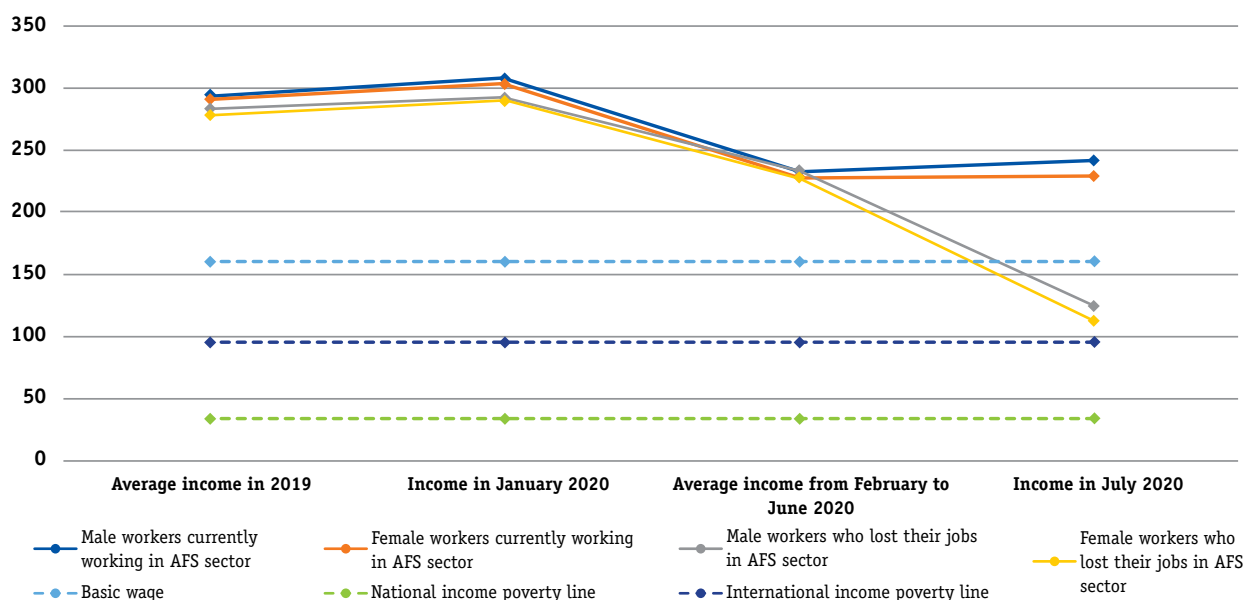


Chart 6: Income and income reduction among male and female AFS workers

Thus, at the time of the survey in August 2020, most of the workers (line workers and production supervisors/ managers) who had lost their jobs were living below the basic salary level. About 12% of ancillary workers who lost their jobs were living below the international poverty line (US\$3.2/day)⁵ and might hit the Vietnamese poverty line (US\$1.2/day)⁶ in the future if no other source of income becomes available. Meanwhile, the national and global economic outlook remained uncertain, especially when the post-pandemic economic recovery is expected to be slow and uneven.

3.2. Job loss and reduced income pose multiple challenges for AFS workers and they have been struggling to cope.

Income loss and reduction has taken a toll on workers' ability to support themselves and their families. Some **86.9% of workers surveyed said that their income could not meet their family's basic needs**, including food, groceries, housing and utilities. In response, 93% of workers interviewed said they had to cut costs, **90% of whom had to cut spending on food and other essential goods**. In addition, 70.4% are migrant workers who **have to reduce or cannot send money** home to their families.

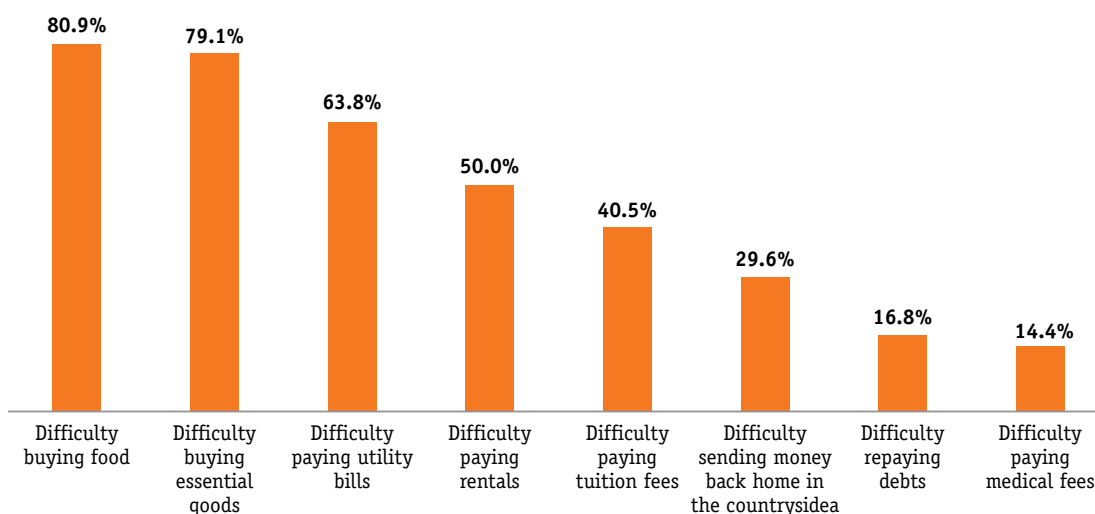


Chart 7: Main difficulties of workers when their income is reduced (N = 1,280)

⁵ International poverty line for low middle income countries (US\$3.2/day)

⁶ Vietnamese poverty line according to Decision No. 59/205/QĐ-TG on promulgating multidimensional poverty lines applicable for the period 2016-2020.

In terms of cost-cutting levels, while 63% of workers cut their household spending by 10-30% and tried to keep it to a minimum basic level, nearly 30% of workers had to cut their expenditures by over 30%, which seriously affected their household's education and health care needs.

In addition to cutting costs, the workers' families also applied different measures to cope with the reduction/loss of income (Chart 8). **It should be noted that 53.6% of workers had to use their savings, loans or mortgage (i.e. exchange identity card, vehicles with money) to meet their family's needs.** Prior to the COVID-19 outbreak, 29% of workers' households had loans worth an average of VND 46 million (US\$2,000). This equated to a monthly installment (both interest and principal) of VND 7.4 million (US\$321) which takes up a large portion of their monthly household income. During the COVID-19 period, 37% of workers had to incur additional debt to address their income shortfall, 87% of which came from informal sources such as relatives or friends, notably, about 13% of workers had to borrow money from 'loan sharks' (emergency loans). Among the borrowing worker households (n = 486), 44.2% could not pay the debt and had to negotiate for loan extensions or a reduction in the monthly principal repayment, and 50.6% said "they are worried more about family debt for fear of not being able to repay them", most of whom are female workers.

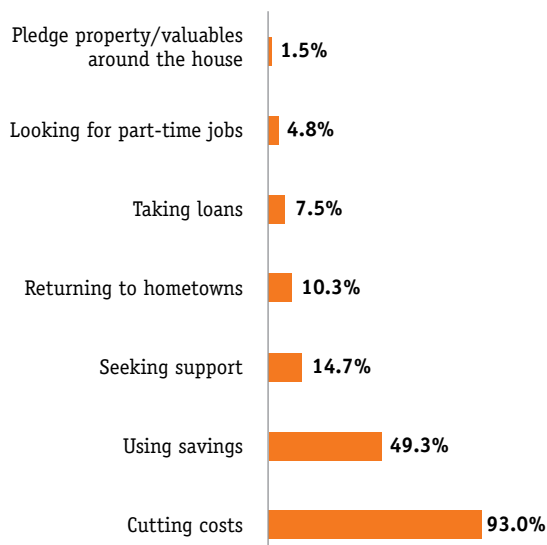


Chart 8: AFS worker responses to income reduction (N = 1,280)

3.3. Job loss and reduced income increase economic burden on women and challenge men's breadwinner status

In cases where cutting expenses is required, **women often have more concerns about basic household expenses than men.** According to research findings, **76% of female workers said that they are more concerned about their basic family expenses while only 63% of male workers shared the same thought.** This task becomes even heavier for women who suffer from job loss and reduced earnings and who have to find ways to provide the minimum amount of care for their families, as seen in the responses by some that they "borrowed rice from their neighbors or bought food on credit". Especially for female-headed single or migrant households, this is really a burden as they are the sole income earners, and their families cannot rely on any other source of support.

"...I normally cover petty expenses such as food, daily necessities with my salary, and my husband's income is put on saving or major expenses, but in recent months, I did not work and had no income while my husband has not sent money yet, I had to borrow rice and veggies from the neighbors, luckily they are kind and familiar enough to help."

A female garment worker, Nghe An

Economic dependence (whether on the husband or the wife) challenges men's economic roles, and at the same time places a heavy burden on women. The research findings show that female workers lost their jobs or income tend to be more dependent on their husband's income compared with male workers (13.9% vs 6.5%). However, according to traditional gender norms, men are inherently given the breadwinner role, and the wife's economic dependence on her husband, due to

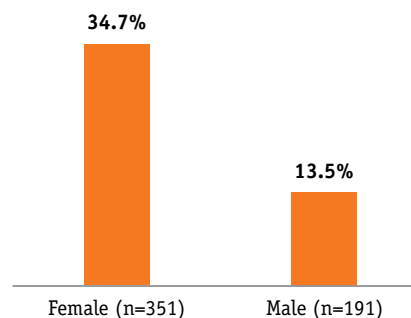


Chart 9: Proportion of male and female AFS workers who lost their job and are dependent on their spouse income

reduced income, is deemed “more acceptable”. On the contrary, in a family where both the husband and wife are workers and the husband has lost his job while the wife is still working and becomes the sole family breadwinner, this is “difficult to accept” and the wife would be under pressure to leave her job and “return to their hometown” or “find a new job” with her husband. In both cases, women are under pressure to find a job to earn some income, regardless of the job. Such a burden and pressure make them vulnerable, both in their family and at work. Women are more likely to accept informal jobs than men so tend to find work more quickly (as highlighted in the research findings in section 3.1).



3.4. Women face an increased burden of unpaid care work and are under more pressure due to family stress

Gender stereotypes in labor division mean that women are usually tasked with family care, including children’s education. On average, women spend five hours every day on unpaid care work, more than 2 hours more than men.⁷ During COVID-19 pandemic, the volume of unpaid care work has increased due to social distancing, school closures, disease prevention practices and the need for disease prevention supplies for family members. Although the study findings indicated that men are now more engaged in sharing the burden with their wives, with 46.7% of male respondents saying, “I do more housework than before the pandemic”, women are still more responsible for housework and childcare (73.3%) and are under more pressure to do this work than before the pandemic (chart 10).

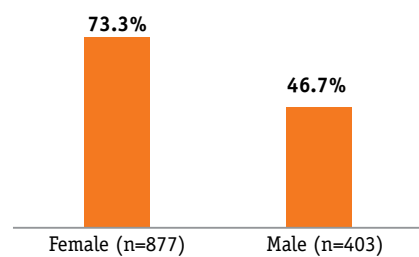


Chart 10: The proportion of male and female workers reported that they had to do more housework before the pandemic outbreak

Since the COVID-19 pandemic began, school closures and a switch to virtual learning required each household to have a plan to support their child’s learning, including arrangements to look after and support them and their virtual learning, especially for married couples or single-parent households without extra support. This added more responsibility on women. According to the study findings, only 21% of male respondents said they had to guide their children in learning more often than before the pandemic while 75.7% of female workers reported having to teach their children more often (chart 11). “My kids can’t go to school and my husband can only help supervise them while I am having a bath or cooking, and I naturally have to look after my children and teach them at home.”- A female garment worker, Ho Chi Minh city. More female workers than male workers had to quit their jobs to take care of their children (16.2% of female workers vs. 4.5% of male workers).

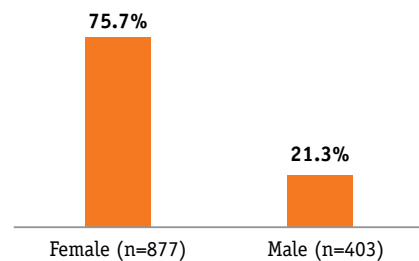


Chart 11: The proportion of male and female workers reported that they had to do more childcare/ schoolwork support for children before the outbreak

In addition, the obligation to provide their children with adequate access to future education is also one of the female workers’ concerns, especially for migrant workers with accompanying children. Due to policy gaps related to accessing basic social services (education, health care, etc.), most children of

⁷ https://vietnam.actionaid.org/sites/vietnam/files/ucw_policy_brief_-_en.pdf

migrant working families had to attend private schools at a higher cost, reducing family savings and making it difficult to secure future education for their children. The burden of childcare and education is especially heavy among female migrant workers who have children of their own and who are given no alternative but to “send their kids home for their parents’ support in childcare”.

“... I have 2 kids, 1 is in 7th grade and 1 in 3rd grade. After our divorce in the hometown, I brought my kids here to study and work, but the last months are so miserable, we did not have money, children have to study online so I could not go to work, I had no choice but having to send them back to my hometown to live with my parents, I don’t know when I can take them back”

A female garment worker, Dong Nai

Given work and income generation pressure and the burden of child and family care, many believe that the “COVID-19 outbreak meant that more people would stay home, and family connections would improve thanks to more frequent communication.” Meanwhile, 51.6% of surveyed workers shared that “Family members tend to feel more insecure and tense”, and “family tensions (quarreling, sulking) occur more often”. For households where there is economic dependence on either husbands or wives, family tensions seemed to increase. Men who fail to earn an income and are economically dependent on their wives, would normally feel “disgraced”, “useless” and something like “I am the family breadwinner but cannot take good care of my family”, and would find themselves under more pressure to find a new job and generate more income. Meanwhile, women who have no earnings and cannot afford the family’s expenses would come to their husband for cash, adding stress not found before the pandemic.

“In my family, I am the breadwinner and my wife’s income normally accounts for a small part; yet, her company is now performing well, and her income now covers the majority of expenses, which makes me a bit embarrassed in my breadwinner role”

A male footwear worker, Dong Nai

“[My husband is] not making money, is easily upset and was much pampered. I patiently try to adapt to his demand and the family atmosphere is always tense due to financial issues, etc.”

A female garment worker, Hai Duong

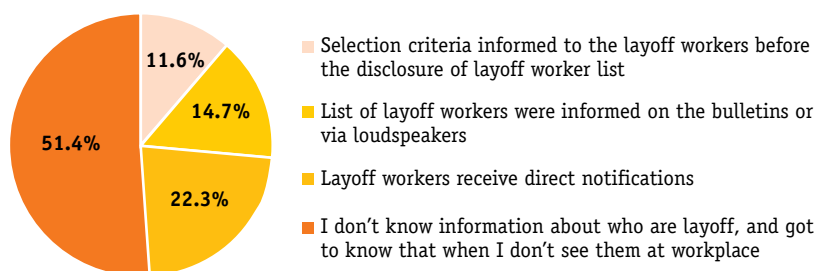


Chart 12: The criteria and information about the workforce adjustments for AFS workers (N=1,280)

3.5. COVID-19 challenges the employment relations and the role of trade union as employee representative in enterprises

All 126 AFS enterprises where workers were surveyed had to cut labor costs in response to the COVID-19 pandemic. Industrial relations in enterprises faced multiple challenges. Of the 1,280 surveyed workers, 76% said they were officially communicated to by their employers about the challenges; however, **only 20.2% of workers were aware of measures to reduce labor costs and adjust the staffing structure.**

Nine out of ten workers were reportedly not aware of the worker/personnel selection criteria for a workforce reduction (chart 12). According to workers’ observations about redundancy cases, workforce restructuring tends to be age and gender sensitive when laid off employees include “female workers who are pregnant or those with small children”, or “elderly workers (50-55 years old and older) because of low productivity and failure to deliver performance targets or “elderly workers with years of service”.

“Shocking that I was told by my team leader to meet HR on a normal morning at work, then informed of my contract termination from the next day”

Unemployed AFS worker

Although 75.5% of workers “understand and agree” with their employer’s workforce reduction plan, **most workers are not satisfied with their labor adjustment.** The average employee satisfaction score regarding workforce reduction is 59 percentage points (on a scale of 1-100 percentage points) and as much as 41.5% of workers indicated a low level of satisfaction (below 50 points), mainly because they were not informed of the criteria for selecting workers for lay-offs. Workforce changes were also made on short notice. Consultation between employers and employees was missing, leading to employment uncertainty: *“We can only be certain of every single day we work, without being able to predict the future as we can be made redundant tomorrow”*- A female garment worker, Hai Duong.

For those workers (24.5%) who disagreed with lay-offs, only 8% sent their disagreement directly to their employer, while the remaining shared their concerns during informal conversations and accept with the redundancy plan. Worker objections were quite spontaneous, and mainly occurred by direct discussions between individual employees and management, without any organized form of dialogue and engagement of their representatives.

- ❖ Nine out of ten workers wanted their employer to openly share about business difficulties and their measures to respond to such challenges.
- ❖ Eight out of ten workers expected trade unions to stand up for them and work with employers.

The higher level of satisfaction, the higher cooperation and productivity of the workers. Productivity (*) among those who are receptive to their company’s workforce reduction plan is 8 times higher than that among those who have zero or low receptiveness (less than 50%).

(*) Productivity is self-assessed and scored by workers on a scale of 1-100 and converted to % productivity of the workers.

3.6. Psychological and mental health problems reported by AFS workers increased during the COVID-19 pandemic

Anxiety, uncertainty and insecurity were the key and prolonged issues reported by AFS workers during the assessment (77.1%); 3.6% of workers reported suffering from frequent insomnia, adding that they have seen a doctor and been diagnosed with mental health issues (depression, generalized anxiety, emotional disorders) that require treatment.

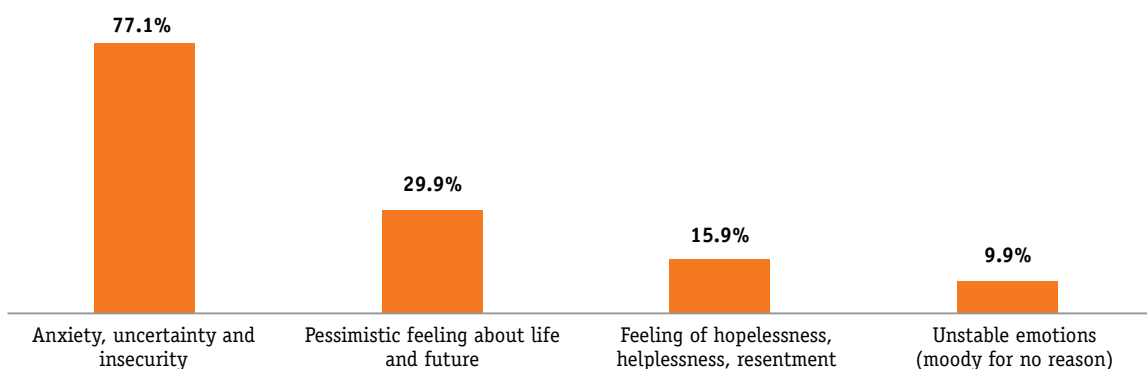


Chart 13: Psychological and mental health issues of AFS workers in the past 6 months (N = 1,280)

Three main causes of worker anxiety and insecurity are related to work and income, risk of infection and health insurance. First of all, most workers are uncertain about their current and future employment and income status because their jobs depend on the business performance of enterprises. Employers not communicating with employees about possible restructures is adding to the stress. Responses from surveyed workers include *“I cannot tell when I’ll be laid off”* or *“the company could go bankrupt.”* In addition,

although 96% of workers were fully aware of COVID-19 risks, adopted preventive measures and felt confident in their ability to guard themselves and their families from the virus, they remained scared as “it is invisible to us” or “infections are possible”. This might explain why 24% of workers did not seek medical care during the pandemic despite their health issues, including 8% of female workers who needed antenatal and reproductive health care. Finally, many workers were concerned about the impact on their health should they lose their jobs, as health insurance is generally tied to employment. Only 5% have voluntary health insurance while the rest being uncovered by insurance and having money anxiety should they get ill. Female workers were more concerned about such issues compared with male workers (71.6% vs 38%).

3.7. During the COVID-19 pandemic, gender-based violence increased at work and at home among AFS workers

Gender-based violence tends to increase as stress levels do, with women being at greater risk of violence than men. The study findings showed that 19.8% of female workers and 11.9% of male workers reported experiencing at least one form of violence in the past six months.

“...more tightened control over products, with a higher rate of defaults and reproduction, we are reviled by the supervisor quite frequently, she [the supervisor] once grabbed and threw bags of products on us”

A female garment worker, Hai Duong

“...they use quite strong negative language as if they were giving alms, not jobs, to us and often warn of terminating contracts”

A female footwear industry, Dong Nai

Prolonged anxiety and insecurity, coupled with gender-based violence, increase the workers’ risk of mental health problems by 3.7 times, which can be as high as 4.3 times among female workers. At the same time, these factors also reduce the productivity of workers by 31 - 54%. Average productivity during the COVID-19 outbreak as self-assessed by workers is 73 percentage points (*).

(* Productivity is self-assessed and scored by workers on a scale of 1-100 and converted to % productivity of the workers.

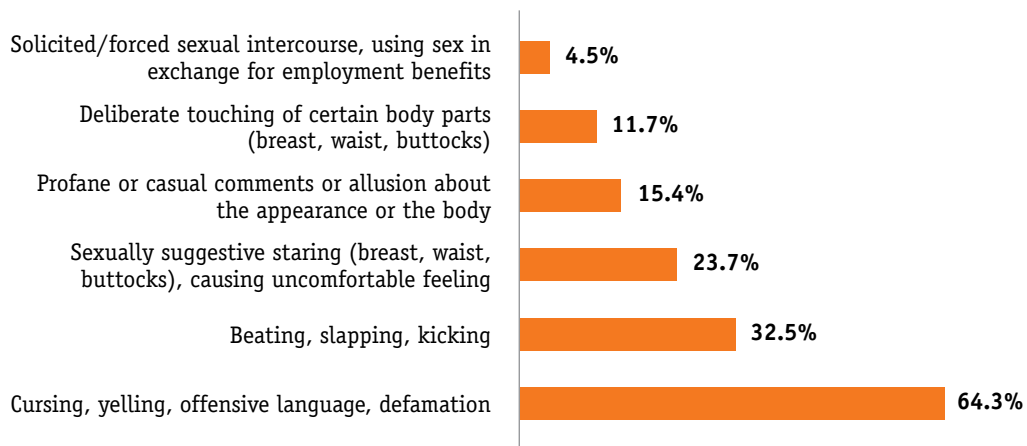


Chart 14: Gender based violence behaviors reported by of AFS workers in the past 6 months (n=205)

At home, the rate of violence against women during the COVID-19 pandemic almost doubled (53.2%) compared with the rate of domestic violence against women in the previous 12 months, as indicated in the 2019 national survey (31.6%).⁸

The COVID-19 pandemic has caused a shift in the power balance between workers and their employers. This coupled with a lack of information placed workers, especially female workers, in a more

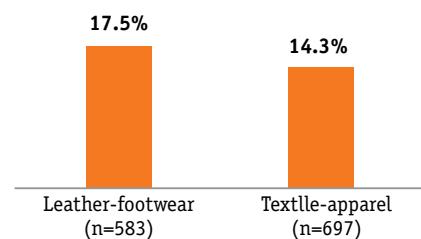


Chart 15: Rate of gender-based violence by industry

⁸ National Study on Violence Against Women in Viet Nam 2019. <https://vietnam.unfpa.org/vi/publications/%C4%91i%E1%B%81u-tra-qu%E1%BB%91c-gia-v%E1%BB%81-b%E1%BA%A1o-l%E1%BB%B1c-%C4%91%E1%BB%91i-v%E1%BB%9Bi-ph%E1%BB%A5-n%E1%BB%AF-%E1%BB%9F-vi%E1%BB%87t-nam-n%C4%83m-2019>

vulnerable position. Common forms of gender-based violence (GBV) in the workplace were yelling and cursing by managers (64.5%). The prevalence of GBV in the footwear sector was higher than that in garment sector (chart 15). Some 12% of workers indicated an increase in sexual harassment against female workers, including “dirty jokes about sensitive body parts” and “sexual teasing and solicitation of sexual favors, especially to newcomers”.

“... I’m scared, he liked me, often came over, showed me how to do things and then made unintentional body contact, which was also annoying, but I ignored it all and focused on my job. In April, after a 2-week lockdown, my company was operating with 1/3 of its workers; he called me to inform that my contract was about to expire, in the coming July, named workers whose contract would not be renewed, and asked if I wish to renew my contract, with a smirk, or even voluntarily quit. I was scared of losing my job but more scared of such a pervert. I was haunted and couldn’t sleep, he even sent a half-joking text message to ask for his visit to my place; I could not focus on my work and would be screened for mistakes the next day should I not return his text”

The case of a female garment worker in Dong Nai, 25 years old, a single mother from Tra Vinh who is raising a 4-year-old daughter. She signed a 3-year contract with the company and by the time of contract renewal, the factory manager called her for a discussion and promised to help renew her contract if she agreed to be in a secret love affair with him; being too scared, she decided to leave her job. At the time of the assessment, she was working in a packaging company in the same industrial park.

3.8. Types of available and accessible support for workers during the pandemic

The types support available to workers during the COVID-19 pandemic were diverse. The chart below presents (I) potential sources of support known to AFS workers, (II) sources of support that workers approached (III) support provided to workers during the COVID-19 pandemic (chart 16).

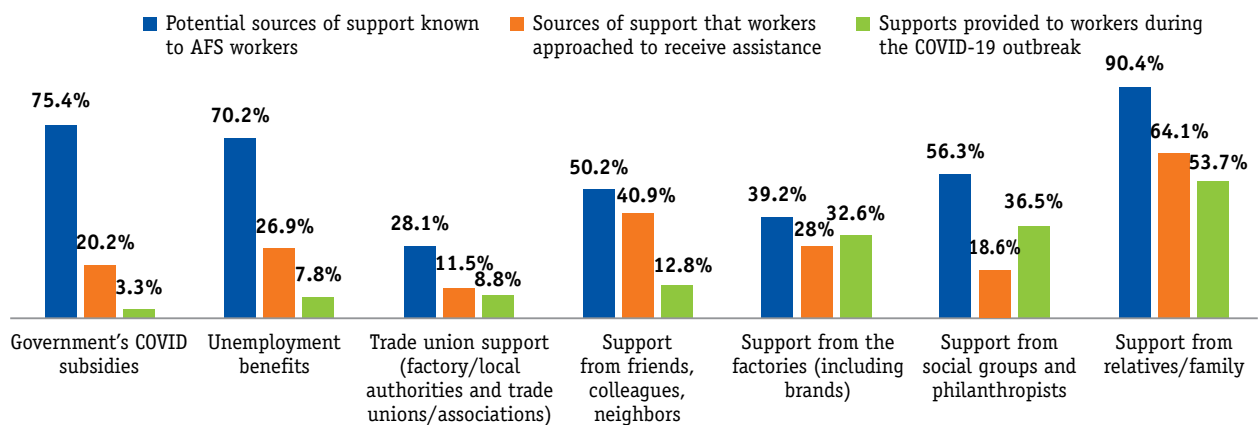


Chart 16: Sources of support that AFS workers know of, approach and receive during the COVID-19 period (N=1,280)

When asked to evaluate the usefulness of sources of support known to the workers on a scale of 1-100%, the findings showed that, **for the workers currently working in the AFS sector, direct support from the factory was considered the most useful (73.3 percentage points)** because they believe that, apart from this support, “we do not have a chance to receive support from other sources” and, for them, the support from the factory during the pandemic, big or small, would provide them some security at work and might increase their productivity. On the contrary, **for the workers who had their employment contract terminated during the COVID-19 pandemic, government support, especially unemployment benefits, were the most helpful (81.5 percentage points)** as they helped cover daily expenses while looking for work. In addition, local workers had easier access to different types and sources of assistance compared with migrant workers. The main challenge for migrant works related to paperwork, such as

getting a confirmation from the local authority for their residence or from the company about their unemployment status. Textile workers had better access to support than footwear workers.

COVID-19 essential supplies (including: masks, gloves, hand sanitizers, etc.) were the most common form of support with approximately 47.5% of AFS workers receiving them, followed by cash support (37.2% of workers) of VND 338,000 (US\$17) per worker on average and food and accommodation support (22.7% of workers). **Cash support was considered the most useful, especially for female workers:** *“Cash support can be used for different purposes, particularly useful for women as we have to take care of petty expenses”*- A female footwear worker, Dong Nai.

As mentioned earlier, unemployment benefits were considered the most useful source of support for laid off workers, but only 8% (out of the 542 laid off workers surveyed) were or are receiving unemployment benefits (VND 3.5 - 4.2 million -US\$150-180/month on average). The main obstacles to workers receiving unemployment benefits included: *“the company failed to verify my length of participation in the social insurance scheme; “the company failed to contribute social insurance premiums and has gone bankrupt”; “the company has not made a concrete decision on termination of my employment; thus, I have not been confirmed as being jobless”*.



Workers received hand sanitizers and masks at the entrance of an industrial park in HCMC.
Photo: ©CARE in Vietnam

Most workers were not provided with adequate information about the government’s COVID-19 support package (hereafter referred to as the VND 62 trillion package). Many workers believed that *“It is very difficult to receive financial support from the government; thus, they should not dream about it”*. Only 2.5% of interviewed workers (out of 1,280 workers) received support from the VND 62 trillion package. The main barriers to workers accessing this support included *“there should be a list of eligible workers prepared by the company”, “workers cannot provide household registration books or temporary resident cards” or “confirmation by the local government in my hometown is needed but has not come”*.

3.9. Economic and employment recovery outlook for AFS workers

In general, AFS workers are quite pessimistic about their economic prospects and the immediate future, as well as their ability to recover jobs and income compared to 2019 (pre-pandemic period). Up to 69.6% of workers said that their income and jobs could not be restored in the next six months. Of these, 90.7% reported that it would be difficult to find another job if they lost their current (out of a total of 738 AFS workers).

Workers have various options for generating income if they lose their jobs in the apparel and footwear sector. However, finding a job at another AFS business is still the main trend (50%), followed by returning to farm work in their hometown (about 30%). Some 25% of workers said they would try to find new, mainly casual, jobs in urban areas. The decline in job opportunities in the manufacturing and service sectors, due to the impacts of COVID-19, will make it difficult for AFS workers to secure new jobs in urban centers.



AFS workers are pessimistic about economic recovery and income growth in the next 6 months
Photo: ©CARE in Vietnam

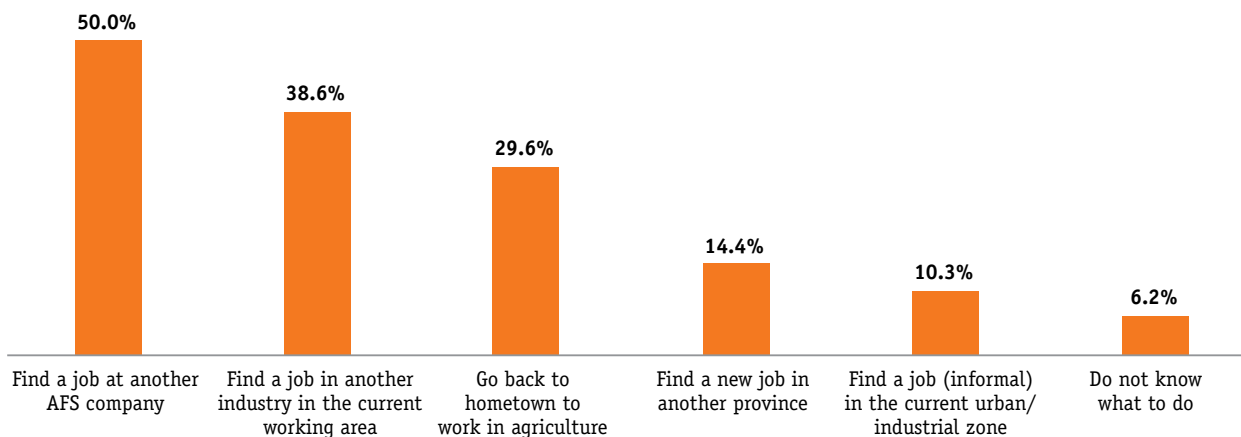


Chart 17: Earning plan of AFS workers if they lost their current AFS works (n=738)

Workers listed job placement services (85.9%); technical and vocational training (31%) and capital support to run businesses (6.9%) as the main forms of support they wish to receive in finding alternative sources of income in the coming period. However, in such a shrinking job market, it is difficult to anticipate the effectiveness of these interventions and it requires close coordination among relevant stakeholders.

Workers' expectations for COVID-19 responses and economic recovery

1. 87.8% of the workers want to be informed about their employers' difficulties and coping measures so that they can actively respond.
2. 86.3% of the workers want to be supported with vocational skill training, job retention and job placement.
3. 78.4% of the workers want to have full access to vaccines and supplies to prevent COVID-19.
4. For female workers in garment and footwear industry: 65.5% of female workers want cash support to maintain basic needs for their families.
5. For workers who lost their job in AFS sector: 88.5% of the workers wish to be covered by health insurance because their health insurance was cut off upon employment contract termination.

3.10. Labor trends in the post-COVID-19 AFS labor market

Based on the meta-analysis of the post-COVID-19 macro development hypotheses⁹ in forecasts,^{10 11 12 13} and information obtained from interviews with 1,280 workers about their future employment, patterns of AFS labor mobility in the next 6 to 18 months (August/2020 - December/2021) are shown in the figure below (Figure).

Two major trends in AFS workforce are (i) intra-sector and inter-sector labor mobility; and (ii) the informalization of the sector-wide workforce (Figure 2).

In the formal labor market, labor mobility will increase in the AFS (at enterprise, industrial, provincial and regional levels). The characteristics of a highly mobile workforce are youth (under 30 years old),

⁹ Forecast of labor mobility trends is based on some of the following hypotheses: (i) hypothesis on post-COVID-19 macroeconomic flows (UNDP); (ii) global evolution of the COVID-19 pandemic and WHO recommendations on preventive and response activities; (iii) Vietnam's GDP growth is forecast to reach 2.5-3.0% in 2020, with a stronger economic recovery in the last months of the year (WB); (iv) workers will continue to face increased uncertainty and competition for jobs, and jobs in the formal sector may decline; (v) the development trends of the apparel and footwear industries, with enhanced domestic linkage and supply chain values, can increase the need for high-quality labor, and employment opportunities for workers in the supply chain.

¹⁰ UNDP (August 2020): UN analysis on social impacts of COVID-19 and strategic policy recommendations for Viet Nam <https://www.vn.undp.org/content/dam/vietnam/docs/Publications/>

¹¹ WHO (November 2020): <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/>

¹² WB (October 2020): From Containment to Recovery: Economic Update for East Asia and the Pacific, October 2020. <https://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update>

¹³ ILO (October 2020): What next for Asian garment production after COVID 19? https://www.ilo.org/wcmsp5/groups/public/ocuments/publication/wcms_755630.pdf

high levels of education (vocational diploma, college/university), three to five years of experience in the AFS, a high level of adaptability, willingness to change, openness to career-enhancing opportunities in the AFS, quick absorption of new technologies and techniques, and predominantly male (readiness for labor mobility among men is 9.7% as compared to 7.3% among women). Understanding these characteristics presents an opportunity for businesses who want to change production practices and acquire high-quality human resources.

In addition, in the formal labor market, it is forecasted that about 15% of the workforce will move to other sectors, including people who are normally less experienced in AFS, having completed upper secondary education and being male. Some other occupations where workers can find jobs include basic manufacturing such as electronics, mechanics, machine manufacturing, food processing, timber processing and handicrafts.

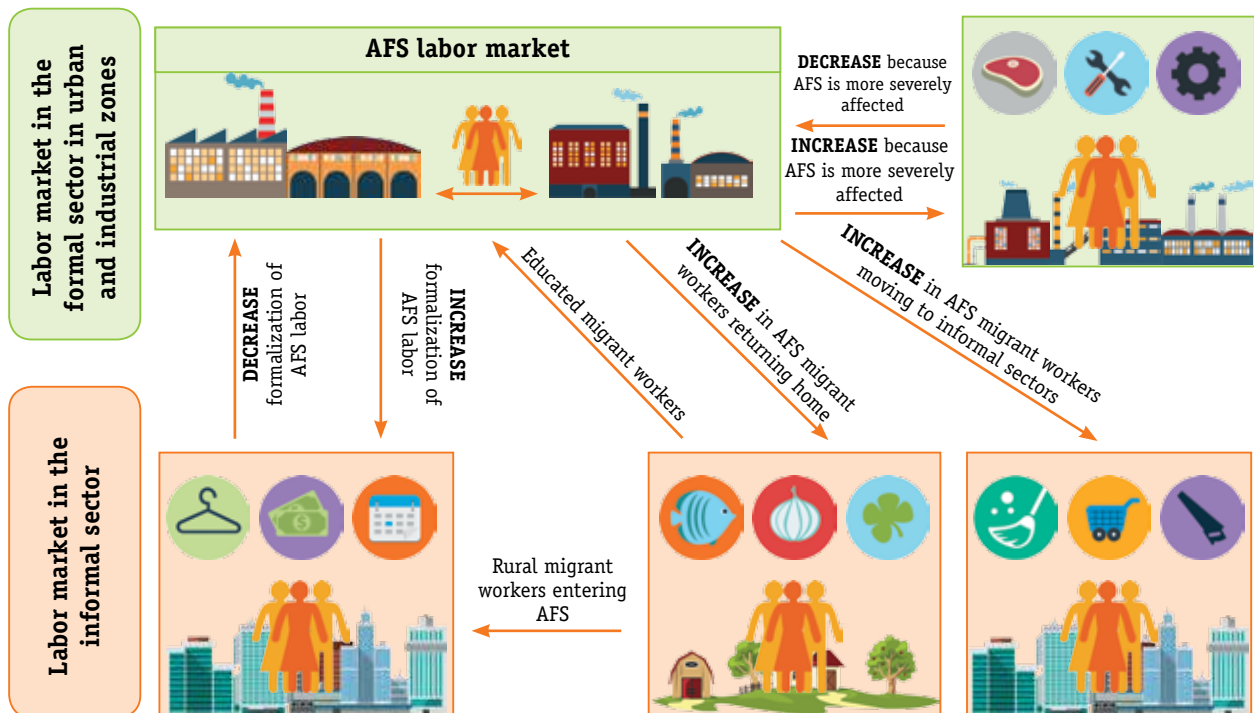


Figure 2: Labor mobility trends among AFS workers in the labor market after COVID-19

The further informalization of the AFS labor market will take place in the next 6 to 18 months (from August 2020), while the export market remains bleak and production restructuring trends will be significant among the industry. Informalization is forecast to be reflected in the two main forms, including (i) about 11% of the existing AFS workforce will remain in the sector but switch to casual or part-time jobs or short-term informal agreements; (ii) about 29% of the existing AFS workforce will enter the informal labor market, about 38% of whom, mainly migrant workers, will return to their hometowns and settle there. This group is characterized by the higher proportion of women (29.3%) compared to 15.8% of men, the 30 to 40 age group, mainly migrant workers, completion of lower or upper secondary education and serving as the main/sole breadwinner of the family. The groups returning to their hometowns are generally over 40 years of age with lower levels of education and more responsibilities for children and family. This trend will challenge current social security programs for workers and create substantial burdens on the rural economic sector when thousands of workers return. Many of them will return without employment plans; *"I am confused as I do not know what to do, I have been a garment worker in the past 15 years"*.

In addition, it should also be noted that about 13% of the AFS workforce are new workers with little experience in the AFS industry. The footwear industry is likely to recruit more new workers than the apparel industry (15.6% in the footwear industry vs 10.2% in the apparel industry) given more severe impacts, which also means higher mobility. This new workforce will require training. This group comprises of more men than women, young people (aged 18-25), high ratio of ethnic minorities (28.4% vs 11.5%), upper secondary education or higher, migrants with no children and not serving as the main breadwinner of the family.

4

RECOMMENDATIONS



Photo: ©Giang Vu/CARE

4.1. Trade unions at all levels

4.1.1. Continue short-term emergency support

- Grassroots Trade Unions:

- Organize self-help groups among workers to share information and support each other.
- Assist workers in accessing unemployment benefits, continue to provide counseling and information for workers and assist workers in the process of applying for unemployment benefits.

- Provincial Labor Federation and Vietnam General Confederation of Labor:

- Continue to mobilize sources of support and maintain support activities for workers, especially cash support for those who are on unpaid leave, ancillary workers, or single parent and migrant workers. Support activities need to be more sensitive to the needs of each target group through coordination with grassroots trade unions to collect information about workers, ensuring gender-disaggregated data, age, working positions, and types of workers (migrant or local) are available.
- Consult the government to expand support packages and narrow the list of eligibility criteria for beneficiaries, allow flexibility in verification procedures and accelerate payment of benefits for workers.
- Continue to maintain the current online counseling system for workers while working with social organizations to expand counseling services, which may include mental health counseling support for workers.
- Scale up the initiatives and good practices of trade unions in some localities such as the Industrial Park Trade Union in Dong Nai *“arrange accommodation, persuade landlords to reduce rentals, distribute bus tickets to remote workers, refer jobs, distribute food, provide childcare support to workers or organize online study sites for the children at the company”*.

4.1.2. Improve employment relations through dialogue and worker representation

- Grassroots Trade Unions:

- Strengthen workers' representation in the enterprise and take advantage of the current context to improve workers' skills and awareness on collective bargaining. Research findings show that in workers' negotiations with employers, 37% succeed with the participation and representation of the trade union. Many trade unions act as a point of contact between the two parties (workers and the employer) to advise businesses and negotiate the support/compensation package upon employment contract termination. The trade unions themselves found that *“We have performed our representation role better during COVID-19”*.
- Effectively perform the role of representing workers in discussions with the employer on the employment plan and employment contract termination as specified in Article 42 and obligations of the employer in case of changes in structure, technology or changes due to economic reasons which is stated in the Article 44 in the 2019 Labor Code. Proactively coordinate with business leaders to organize information sessions and dialogue on enterprises' difficulties and response plans, labor utilization plans for workers' information, thereby eliminating misunderstandings when communicating information through intermediate or unofficial sources. At the same time, workers also have a chance to share their thoughts and needs.

- Provincial Labor Federation and Vietnam General Confederation of Labor:

- Strengthen information exchange with the grassroots trade union, utilizing a team of key workers to grasp the situation and actively supervise the process of labor adjustment of the enterprise to ensure compliance with the provisions of law. It is necessary to build and maintain a hotline so employees can promptly report illegal layoffs, thus allowing unions to coordinate, prevent and intervene in a timely manner.

- Support to strengthen dialogue capacity for grassroots trade unions so they can better discuss measures and policies related to employees in enterprises with employers.

4.1.3. Promote gender equality and prevent gender-based violence

- **Grassroots Trade Unions:**

- Create forums within the business for male and female workers to participate in activities that challenge gender stereotypes and biases in the workplace and at home.
- Regularly reiterate rules and policies related to violence, discrimination and sexual harassment through group meetings, loudspeaker communication, bulletins or morning routines.
- Advise businesses on developing reporting and grievance systems for violence and sexual harassment at work.
- Promote participation of female union members in grassroots trade union executive committees to more effectively reflect and handle issues related to gender-based violence.

- **Provincial Labor Federation and Vietnam General Confederation of Labor:**

- Launch large-scale communication campaigns to promote social action related to eliminating gender stereotypes and bias among workers.
- Provide training and improve capacity to handle reports on workplace violence and sexual harassment for grassroots trade union officers. The protocol should then be transferred by CARE to the Vietnam General Confederation of Labor.
- Industrial park and regional trade unions need to establish a specialized department to provide on-site support to workers or refer them to professional support services for survivors.
- Provide training and increase awareness of violence, discrimination and sexual harassment for experts and resource trainers on collective bargaining at all levels so that collective bargaining agreements include terms relating to the prevention and handling of these issues.

4.2. Government and relevant organizations

4.2.1. Short-term emergency support

- **Programs and beneficiaries of the emergency assistance package:** The government should continue to implement emergency assistance packages for workers in wide consultation with stakeholders, representative organizations and workers, for a period of at least 12 months. Identify the right beneficiaries, paying special attention to single mother workers, migrants, ancillary workers, workers on unpaid leave and pregnant or nursing female workers. Match trade union engagement and support with the Department/Division of Labor, Invalids and Social Affairs, remove barriers to properly identifying affected workers, and simplify administrative paperwork/procedures in applying for benefits, in order to make timely payments to workers. In addition, communication formats should be innovative to ensure that information reaches workers on a wide scale and in an effective manner.
- **Support forms and programs:** Provide cash support to households that have to cut costs deeply (below 30%) and worker households who are in debt. Consider expanding the bailout program with low-interest loan policies for workers, facilitating workers' access to such loans to cover basic costs during the recovery period.
- **For workers who have lost their jobs:** These workers and their relatives face the risk of poverty if there is no alternative income source in the future, so it is necessary to support this group through social assistance policies and access to alternative livelihood opportunities.
 - + **State Bank of Vietnam:** Introduce debt rescheduling policies and preferential credit policies (low interest rates, or zero-interest rates for a certain period) for workers who have lost their jobs and currently in debt, or those planning to start their own business and need seed capital.

- + **Vietnam Social Security:** At present, it takes an average of 59 days for laid off workers to receive unemployment benefits. Accelerated processing of applications and payment of benefits (as stipulated in Decree 28/2015/ND-CP, the turn-around time for application is 20 days from the date of submission) can significantly improve workers' lives.

4.2.2. Long-term solutions and recovery support

- **Ministry of Labor, Invalids, and Social Affairs** need to adjust social security programs:
 - Review and expand the scope of beneficiaries and digitize the data system to ensure timely emergency assistance in the event of a similar pandemic in the future.
 - Provide information regarding social health insurance policies so they understand that they are still covered while receiving unemployment benefits.
 - Design of the overall social security program should ensure basic standards of living for informal workers. A universal basic income model could be applied as is in Cambodia and Malaysia. This social insurance would cover basic costs for workers in the event of a disaster or pandemic.
- **Labor inspectors** need to carry out a thorough inspection of the contents specified in Article 214 of the 2019 Labor Code, especially in light of COVID-19, where the focus should be placed on points related to the termination of employment contracts (Articles 36, 46 and 47), disclosure and sharing of information on employment plans (Articles 42 and 44) and rules and measures to prevent workplace sexual harassment (Articles 6 and 118).
- **MOLISA and provincial Departments of Labor, Invalids and Social Affairs** need to carry out research and analysis of labor market trends and new skill and employment demands in the market to respond to industry changes and match businesses and local human resource development centers (training for new skills and job placement including informal jobs). Provide sufficient information on vocational training and employment to communities with many migrant workers, ensuring open and transparent information for workers. In addition, the Department of Labor can orient and advice workers, organize job placement/referral counseling and prevent illegal brokers.
- **Local People's Committees at all levels** need to take into account migrant workers returning during the pandemic, especially older female workers, identifying their needs, supporting startups through agricultural credit programs and loans for production. In addition, local vocational training programs need to take into account the specific needs of returning workers. Matching and referring jobs for these workers should be included in the local socio-economic development plan.
- **Vietnam Chamber of Commerce and Industry (VCCI) and other occupational associations** (e.g: VITAS, LEFASO) need to create forums to connect businesses inside and outside the industry to facilitate labor mobility needs, creating a source of high-quality labor for businesses.

4.3. AFS enterprises and brands

4.3.1. Continue communications and pandemic prevention activities to ensure safety in the factories

All workers emphasized that the COVID-19 communication channels and the transmission prevention and control measures in the factories helped them be more confident in their COVID-19 prevention capacity, increase their work efficiency and reduce their worries about possible infection.

- **Enterprises:** need to diversify information channels and regularly communicate on COVID-19 in the factories and maintain strict and rigorous compliance with transmission prevention measures (**request workers to wash hands and wear face masks in the factories and make relevant medical declarations**) to increase safety for workers.

4.3.2. Apply social dialogue as an effective tool to strengthen employment relations in the factories

The untransparent workforce adjustment process (workers were not consulted, did not know about selection criteria and received short notice on contract termination) made workers feel unsatisfied with the methods of workforce cut down, hence their worries and feelings of insecurity increases and their work efficiency decrease.

- **Enterprises should strictly comply with the provisions of Articles 42 and 44 of the 2019 Labor Code:** inform employees within 15 days about the labor utilization plan (including the names and number of workers to be maintained in employment on part-time basis and those to be dismissed) once approved. At the same time, strengthen dialogue and information sharing on the production and business situation; the measures to overcome negative impacts of the pandemic; and government policies applicable to the enterprises and workers after the pandemic, so workers can clearly understand and cooperate during the implementation process.
- **Enterprises should strictly comply with Article 36 of the 2019 Labor Code** when they unilaterally terminate employment contracts because of the pandemic: inform laborers at least 45 days in advance in case of indefinite term contracts, and 30 days in advance for 12-36 month employment contracts. The enterprises must fulfill relevant responsibilities and duties on severance allowance and job-loss allowance for workers as per Articles 46 and 47 of the 2019 Labor Code. They must fulfil all relevant social insurance procedures in accordance with regulations, so that the workers can receive unemployment insurance benefits.
- **Brands should introduce regulations on dialogues and transparent communication** to workers in the contracts signed with the suppliers and the compliance audit process, to promote the enterprises' practice of dialogue and corporate responsibility.

4.3.3. Support workers with early wages access

Enterprise can work with companies providing payroll solutions. This solution helps workers access the income they have earned when they need it, gives them money to cover their costs in emergencies or to pay off other emergency and short-term loans.

4.3.4. Strengthen the prevention mechanisms and handling procedures of GBV and harassment in factories

- **Enterprises should strictly comply with the regulations of Article 6 of the 2019 Labor Code on preparing and applying the measures to prevent and control sexual harassment (SH) in the workplace and Article 118** requiring the enterprises' internal regulations to include SH prevention and control mechanism in the workplace and procedures for handling SH. At the same time, the enterprises should develop their human resources staffs and trade union members' capacity to properly receive and handle reports on violence and harassment cases.
- **Enterprises should organize communication events to raise awareness of violence and harassment for all of their workers:** frequently repeat the internal regulations and policies on violence, discrimination and harassment via management meetings; loudspeakers, bulletins or meetings before each shift in production units.
- **Brands need to ensure that provisions on prevention of violence and harassment are included** in contracts with suppliers and apply/monitor complaint policies and procedures in the enterprises.



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CARE International in Vietnam conducted this assessment with support from CI-a market research company for data collection. For more information, please contact Dr. Ngo Thi Thanh Huong - Policy Researcher at email NgoThiThanh.Huong@care.org.vn.

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