

The impact of Covid-19 on the average salary of Vietnamese employees

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Abstract

COVID-19 has placed comprehensive impacts on all countries, including Vietnam. This study emphasized Vietnamese employees' average salary under COVID-19 and provided some solutions to enterprises and employees. The results showed that the second quarter of 2020 is the first time the average salary went down against the same period of last year in the recent five years. Significantly, the giant decrease in employees' average monthly salary of some industries such as entertainment; hospitality and cuisine; transportation and warehousing; wholesaling and retailing, repairing of an automobile, motorbike and other engine vehicles. Regarding the economic sectors, the biggest drop in employees' average monthly salary is seen in the FDI sector, next, the employees' average salary of the non-state sector. In contrast, those of the state-owned sector is kept the most stable. The results also indicated that the better the qualification is, the less the salary went down.

Keywords: COVID-19, employee, average salary, Vietnam

Introduction

COVID-19, acute respiratory infection is caused by a new type of virus corona first detected in Vu Han City, Ho Bac Province, China, on 12/2019. After that, the epidemic has spread to many other provinces of China. To date, more than 200 countries/territories of the world have been influenced by COVID-19. COVID-19 has placed comprehensive impacts on all countries and still develops unpredictably. Based on the basic scenario of City Research declared on 07/04/2020, the world economy will suffer from the recession, decreasing by 2.3% in 2020 against the increase by 2.6% in 2019 (over -1.7% in 2019), China's GDP growth was only 2.4% (against 6.1% in 2019), America, -2.6% (against 2.3% in 2019), Japan, -1.9% (against 0.7% in 2019), EURO region, -8.4% (against 1.2% in 2019).

Vietnam's economy, with comprehensive economic integration, has been strongly influenced by COVID-19. In the first quarter of 2020, Vietnam's GDP increased only by 3.82%, the lowest in 10 recent years (TSCT, 2020). In the second quarter of 2020, Vietnam's GDP grew by 0, 36% against the same period of last year, also the lowest of every second quarter of 2011–2020. There are some sectors burdened heavily by Covid-19. For example, the total retail volume of consumer commodities and services decreased by 4.6%; hospitality and cuisine, 26.1%; passenger transportation, 44.4%. Workforce decreased by 2 million employees against the previous quarter and the same period of last year. The cities' working-age unemployment ratio was recorded at the highest in 10 recent years (4.46%) (The General Department of Statistics, 2020). It is clear that COVID-19 has strongly damaged every economic - social sector, causing an interruption to the chain of commercial supply and delivery, production, trading, and services. Many enterprises have been pushed to bankruptcy, dissolution, pause, narrowing, directly influencing the employee's income. For this reason, this study will consider the impacts of Covid-19 on Vietnamese employees' average income,

providing some recommendations and solutions to the enterprises and employees, making a contribution to economic growth and income recovery.

The Impact of Covid-19 on Vietnamese employees' average income

Covid-19 makes employees' average monthly salary go down in the second quarter of 2020. During this time, the employee's monthly average wage decreased by VND859,000 against the previous quarter and VND 439,000 against the fourth quarter of 2019 (table 1).

Considering the gender: Average monthly salary in the second quarter of 2020 of both male and female employees went down against the previous quarter. However, a male employee's average salary was 1, 13 times higher than the female employee (VND 6,68 million and VND 5,58 million, respectively).

Considering the economic regions: In addition to Hanoi and Ho Chi Minh City, the South East and Red River Delta are always attractive to employees. The average monthly salary in these regions is usually higher. However, in the second quarter of 2020, a relatively-sharp decrease in these regions' average monthly salary was higher than in other areas. For example, in the South East, it decreased by 16% against the first quarter of 2020, while in Tay Nguyen, about 5%.

Considering the economic sectors: Employee's average monthly salary in State-owned sectors tends to be higher than the FDI and non-State sectors. Nevertheless, due to COVID-19, by the second quarter of 2020, the salary in all sectors went down against the first quarter of 2020, the biggest down was seen in the FDI sector, about 15%, next, the non-State sector (about 12%) and lastly, the State-owned sector (only 5%).

Considering the economic industries: Service reflected the highest average monthly salary (in Q2/2020, this was 1.6 times higher than the Agriculture, Forestry, and Fishery, and 1.1 times higher than Industry - Construction). Also, during

this period, the biggest down of industry - construction salary was reported (about 13%), next, the service and Agriculture - Forestry - Fishery (about 10% and 7% respectively).

Table 1: Average monthly salary of employees from 15 years old, based on gender, economic industry, sector and region

Social economic region	Third quarter of 2019			Fourth quarter of 2019			First Quarter of 2020			Second Quarter of 2020		
	General	Male	Female	General	Male	Female	General	Male	Female	General	Male	Female
Nationwide	6,640	7,029	6,119	6,779	7,176	6,251	7,199	7,542	6,749	6,340	6,682	5,880
Based on the economic regions												
Midland and Northern mountainous area	6,128	6,208	6,019	6,161	6,255	6,030	6,364	6,410	6,302	5,830	5,853	5,799
Red River Delta	6,374	6,763	5,898	6,567	6,971	6,078	6,868	7,281	6,382	6,012	6,375	5,581
Northern Central and Central Coastal	5,784	6,230	5,091	5,887	6,332	5,187	6,249	6,619	5,668	5,551	5,913	4,978
Tay Nguyen	5,691	6,069	5,158	5,762	6,124	5,252	5,670	6,122	5,081	5,381	5,786	4,792
Southern East	7,166	7,601	6,630	7,294	7,710	6,782	8,206	8,639	7,690	6,883	7,297	6,382
Mekong Delta	5,554	5,954	4,950	5,754	6,179	5,114	6,074	6,520	5,386	5,523	5,960	4,819
Hanoi	7,968	8,473	7,370	8,205	8,859	7,477	8,530	8,965	8,040	7,452	7,889	6,961
Ho Chi Minh City	8,531	9,204	7,713	8,757	9,464	7,920	9,393	9,926	8,772	8,224	8,821	7,510
Based on the economic sectors												
State-owned	7,211	7,663	6,769	7,445	7,943	6,964	7,886	8,452	7,367	7,475	8,093	6,892
Non-State	6,410	6,826	5,707	6,510	6,931	5,799	6,847	7,228	6,203	5,953	6,304	5,339
FDI	7,157	7,791	6,765	7,379	8,095	6,945	8,124	8,784	7,728	6,858	7,583	6,411
Based on the economic industries												
Agriculture, forestry and fishery	4,496	4,961	3,585	4,567	5,056	3,671	4,670	5,178	3,717	4,342	4,836	3,369
Industry - construction	6,516	6,844	6,045	6,626	6,943	6,167	7,126	7,373	6,774	6,154	6,455	5,714
Service	7,186	7,765	6,529	7,373	7,979	6,689	7,753	8,327	7,119	6,947	7,442	6,392

Source: The General Department of Statistics (2020)

It is indicated from Table 2 that the average monthly salary of employees from 15 years old with university level is the highest, VND 9.072 million in the second quarter of 2020. Next is the employees with a vocational qualification from

03 months, college, middle-ranking level, and the last is of the employees without professional qualification (VND 5.350 million in the second quarter of 2020), about 1.7 times lower than the employees with university level.

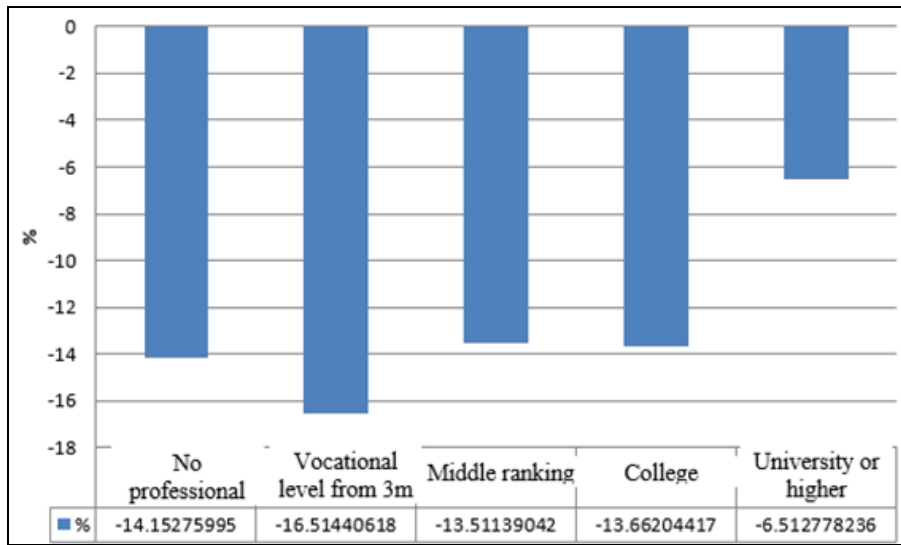
Table 2: Average monthly salary of employees from 15 years old, based on the professional qualification

		Third quarter of 2019	Fourth quarter of 2019	First Quarter of 2020	Second Quarter of 2020
Nationwide		6,640	6,779	7,199	6,340
1	Without professional qualification	5,751	5,848	6,232	5,350
2	Vocational training from 03 months	7,437	7,841	8,538	7,128
3	Middle-ranking	6,958	6,980	7,638	6,606
4	College	6,984	7,258	7,788	6,724
5	University level or higher	9,090	9,276	9,704	9,072
Urban areas		7,629	7,834	8,268	7,184
1	Without professional qualification	6,204	6,332	6,874	5,671
2	Vocational training from 03 months	7,789	8,323	9,080	7,297
3	Middle-ranking	7,501	7,457	8,054	6,861
4	College	7,436	7,825	8,329	7,156
5	University level or higher	9,840	10,021	10,345	9,665
Countryside		5,938	6,045	6,424	5,712
1	Without professional qualification	5,543	5,631	5,921	5,187
2	Vocational training from 03 months	7,095	7,411	8,071	6,978
3	Middle-ranking	6,442	6,569	7,253	6,374
4	College	6,543	6,708	7,266	6,296
5	University level or higher	7,569	7,731	8,371	7,912

Source: The General Department of Statistics (2020)

It can be seen from Figure 1 that Covid-19 causes a decrease in the average monthly salary of employees with all professional qualifications. However, the better the qualification is, the less the income down is. In comparison between Q2/2020 and Q1/2020, the average monthly salary

of employees with university-level only decreases by 6.5% while it is 16.5% regarding the employees with vocational training level from 03 months and 14.1% regarding the employees without professional qualification.



Source: General Department of Statistics (2020)

Fig 1: Increase/decrease ratio of average monthly salary of employees from 15 years old based on the professional qualification between Q2/2020 and Q1/2020

Conclusion and Recommendation

The impact of Covid-19 throws more significant obstacles to the employees in their joining the workforce and supporting the chain of commodity and service production for the society. It results in the fact that employee's income is pushed down significantly in comparison with the pre-Covid time. During same period of last year, while growth of employee's income in Q2/2019 against Q2/2018 was 16.6%, that of Q2/2020 against Q2/2019 decreased by over 5%.

To date, Vietnam has attained noticeable achievements in fighting against Covid-19 as well as in reaching the double goals of both fightings against the epidemic and recovering, developing the economy. Although the GDP growth in Q2/2020 showed the record-lowest in many recent years, it is still positive growth, which is impossible in other countries. However, developments of Covid-19 in the world is still unpredictable with a risk of second booming, continuously causing a great deal of bad impacts on the workforce, employment, and income of the employees in Vietnam. Some solutions to enterprises and employees for production recovery, making a contribution to economic growth and income increase are as below:

1. Synchronizing and carrying out effectively the mechanisms, policies, especially on the financial, monetary, and social security issues in order to support the residents, enterprises, and employees, especially the small and medium-size enterprises over the difficulties caused by COVID-19, so that the socio-economic situation will be soon recovered and keep developing. Tax exemption and reduction should be applied for some sectors and objects strongly influenced by COVID-19 in 2020.
2. Studying to develop special support packages for the disadvantaged employee groups, including female employees and unprofessional employees who are hit by Covid-19 to help them overcome current difficulties and stabilize the lives.
3. Speeding up the preferential policies for enterprises and production organizations so that the economic recovery may be reached soon for every sector, especially those strongly burdened by Covid-19, such as processing and

4. Protecting social security, creating jobs, training the workforce in tandem with the current tendency, implementing effectively preferential policies on social security, employment, and creating favorable conditions for the employees to soon return to the markets, preparing sufficient workforce to boost post-epidemic production and trading activities, supporting the employers in training, re-training the employees to meet new requirements; boosting up the connection between domestic workforce demand and supply in linking to the international markets.
5. Enterprises and employees should understand the workforce demand when changing the production method to meet the new requirements in the presence of Covid-19 to train and improve the workforce's qualification.

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