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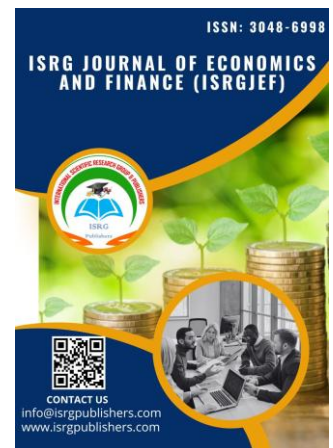
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SUCCESSES AND CHALLENGES OF THE VIETNAMESE UNEMPLOYMENT INSURANCE MARKET – A PERSPECTIVE FROM EMPLOYEES, EMPLOYERS AND RELATED FACTORS

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Abstract

Unemployment Insurance (UI) has been implemented in Vietnam since 2009. Over 16 years, UI has attracted more than 16 million participants. During the COVID-19 pandemic, over 1.087 million people received unemployment insurance benefits, helping to alleviate part of the social burden, ensure stability, and help workers overcome difficulties. Unemployment insurance plays an increasingly important role in the lives of the Vietnamese people. Unemployment insurance policies contribute to preventing and overcoming unemployment and create many job opportunities for them in the future. However, the state management of UI is still not very effective, which requires research to propose solutions to improve and enhance the quality of management and policy implementation. Through qualitative analysis, this article will focus on assessing the current situation in unemployment insurance management in Vietnam to recommend solutions.

Keywords: *Unemployment insurance, state management, employee, employer, policy, solution*

1. Introduction

In Vietnam, workers who participate in and receive UI benefits are recognized and guaranteed by the state according to the provisions of the 2013 Employment Law (now 2025). UI currently consists of four benefits: unemployment allowance; job counseling and placement support; vocational training support; and support for training, retraining, and upskilling to maintain employment for

workers. UI is regulated by Decree No. 127/2008/ND-CP dated December 12, 2008, of the Government, which details and guides the implementation of several articles of the Social Insurance Law on UI.

After nearly 16 years of implementation, UI has brought many positive results, but it has also revealed some problems such as

fraudulent and dishonest behavior in declaring employment status by workers. There are also violations from employers who fail to report, report dishonestly, or report information late compared to regulations. Additionally, workers are mainly interested in the unemployment allowance rather than other UI benefits. The state has introduced many measures and sanctions to limit fraudulent, dishonest, or speculative activities, including criminal penalties with high fines and up to 10 years in prison. These shortcomings show that there are still problems, and appropriate solutions are needed to improve the situation.

2. Theoretical Basis

Unemployment: According to economics, unemployment is a situation where workers of working age are able to work and are looking for a job but cannot find one. If an economy has a high unemployment rate, it reflects a struggling economic situation, low productivity, and inefficiency. Unemployment generally has three common types:

- **Frictional Unemployment:** Workers are temporarily unemployed while they are in the process of changing jobs.
- **Structural Unemployment:** This occurs when the economy undergoes structural changes, with some economic sectors declining while new ones emerge.
- **Cyclical Unemployment:** This is linked to the economic development cycle, when the economy faces a crisis, production declines, leading to an increase in unemployment.

Unemployment Insurance: UI is a regime that compensates for a portion of a worker's income when they lose their job, and supports workers with vocational training, maintaining, and finding employment based on contributions to the Unemployment Insurance Fund (according to Clause 4, Article 3 of the 2013 Employment Law).

Unemployment Insurance Management

According to data from Vietnam Social Security, by the end of 2024, there were about 16.09 million UI participants nationwide, accounting for more than 34% of the working-age labor force (Hong Chieu, 2025). Since UI was implemented in 2009, over 5.2 million people have received unemployment allowances. The most of these people received free job counseling and placement, and tens of thousands received vocational training support (Government, 2023). The UI Fund remains secure; at one point in 2018, it even had a surplus of over 79 trillion VND (Journal of Economics - Finance, 2019).

Although UI management in Vietnam has achieved many important results, there are still certain limitations. The UI coverage rate is still low compared to the total labor force. Informal workers, short-term contract workers, and domestic helpers are not yet eligible for UI benefits. The average allowance is only 60% of the salary contributed, which makes it difficult to meet living expenses in large cities (Employment Law 2025). In addition, administrative procedures are still complicated, and data management is not synchronized, leading to cases of people both having a job and receiving benefits, which poses a risk of profiting from the UI fund.

In the coming time, with the enforcement of the amended Employment Law effective from 2025 and Decree 233/2025/ND-

CP on UI financial mechanisms, the policy will be oriented towards expanding the scope of participants and adjusting the allowance to a more reasonable level. It will also strengthen the application of information technology for transparent and effective management and improve the quality of job placement and supply units. This will confirm that UI is an important support for workers when they lose their jobs and contributes to sustainable social security.

3. Research Methods

To analyze and clarify the achievements and challenges in UI management in Vietnam, the author uses an analysis and synthesis method through secondary data sources from reports, articles, magazines, and data from the annual reports on the implementation of Social Insurance (SI), Health Insurance (HI), and UI from the Ministry of Labor - Invalids and Social Affairs (formerly) related to UI management and implementation activities.

4. Research Content and Results

In Vietnam, economic structural shifts are one of the important factors affecting the labor sector structure. Another cause is the application of achievements from the 4.0 Revolution and Artificial Intelligence (AI) in production, which leads to an increasing unemployment rate. According to an ILO report in Vietnam (2020), about 70% of jobs in the textile, footwear, and electronic assembly industries could be replaced by robots or smart software in the next 10 to 15 years (Do Lam Hoang Trang, 2025). A second reason is that many workers, including those who were well-trained, now face the risk of unemployment because they do not meet the new skill requirements. According to a report by the Ministry of Labor - Invalids and Social Affairs (formerly), the risk of job loss for young workers is three times higher than for older workers. Nationwide, more than 1.5 million young people aged 15-24 are not employed or in education/training, accounting for 12.1% of the total youth population (Duong Le, 2024).

Third, population growth also puts pressure on the labor market when the supply exceeds demand. This is especially evident when the economy faces a crisis, economic recession, or major epidemics, such as COVID-19, which disrupts and affects production, leading to an increase in the unemployment rate. This shows that Vietnam has all three types of unemployment mentioned above, with frictional and structural unemployment being quite common, while cyclical unemployment occurs when the economy faces a crisis or epidemic.

Social Insurance Law No. 71/2006/QH11 was adopted by the National Assembly on June 29, 2006. UI policy was implemented from January 1, 2009, with four benefits: unemployment allowance, job counseling and placement, vocational training support, and health insurance. According to Clause 4, Article 2 of the 2025 Employment Law, UI is a type of compulsory insurance organized by the State in which employees and employers participate to support job maintenance, training, counseling, job placement, and to compensate for a portion of the income for workers when they lose their jobs based on contributions to the Unemployment Insurance Fund. Thus, UI is regarded as a type of compulsory state insurance for employees and employers, aiming to support workers in maintaining employment and to provide them with a portion of their income while they seek new jobs, based on the Unemployment Insurance Fund to which they have contributed. Therefore, the beneficiaries of this support will be those who contributed to the Unemployment Insurance Fund

before becoming unemployed. This means that freelance workers or workers who do not contribute to the UI Fund are not eligible for support.

4.1. Achievements in UI Management in Vietnam

After a period of implementation, the UI sector has achieved remarkable successes. According to statistics from the Ministry of Labor, Invalids and Social Affairs, some achievements in UI management in Vietnam are as follows:

The number of beneficiaries of UI policies is increasing, and support services for unemployed workers are becoming more diverse and flexible. According to data from the General Statistics Office, in 2010, there were only about 7.2 million UI participants, but by the end of 2024, the number is estimated to have reached 16.093 million, accounting for about 34.18% of the working-age labor force (Ha Dung, 2025). The UI policy has become part of daily life and has been positively embraced by society, businesses, and workers, contributing to social stability.

Workers are now more trusting and proactive in participating in UI activities. For example, in 2010, 125,562 people received job counseling and placement (Journal of Economics - Finance, 2020). In the third quarter of 2024 alone, an estimated 256,175 people received job counseling and nearly 48,400 people were placed in jobs (Ministry of Labor – Invalids and Social Affairs, 2024). Vocational training support has also seen positive changes, with the number of people receiving support trending upward. In 2010, only 270 people received vocational training support (Journal of Economics - Finance, 2020), but in the third quarter of 2024, that number was 6,800 people (Ministry of Labor – Invalids and Social Affairs, 2024). This shows that workers are increasingly using UI services, demonstrating their trust in the transparency and security of the insurance service.

The number of people approved of for unemployment benefits is also trending upward. In 2010, only 156,765 people were approved for unemployment benefits (Journal of Economics - Finance, 2020), but in the third quarter of 2024 alone, the number was 256,200 (Ministry of Labor – Invalids and Social Affairs, 2024). According to Vietnam Social Security, since the Employment Law took effect with the change in the method of calculating UI benefit duration, the rate of people approved for unemployment benefits was quite stable from 2015 to 2019. During the COVID-19 pandemic, in 2021, 764,643 people were approved for unemployment benefits, a decrease of 29.68% compared to 2020, which had 1,087,411 people. In the post-COVID-19 period, the number increased to 975,333 people in 2022 and 1,068,477 people in 2023, an increase of 9.5% compared to the same period in 2022 (Ngan Anh, 2024).

The number of people participating in UI services has increased significantly, especially as UI played a crucial role during the COVID-19 pandemic when many businesses and households were forced to temporarily cease operations or downsize production. This led to many workers losing their jobs, affecting their income and livelihoods. However, despite these achievements, the implementation of UI in Vietnam is also facing many challenges.

4.2. Challenges in UI Management in Vietnam

4.2.1. Difficulties with employees

Workers often tend to change jobs when they feel not to be longer a good fit. This can cause disruption in the labor market. In many cases, workers are still not honest about their employment status. According to regulations, within 15 days of applying for

unemployment benefits, workers must notify the Job Service Center whether they have found a new job. If they have not found a job, they are eligible for unemployment benefits.

Dishonesty in declaring unemployment status is a problem. Many workers who have found new jobs do not report it because they still want to receive unemployment benefits. This leads to a loss of funds and makes it difficult to recover the benefits, as they change their place of residence and provide false information. An inspection by Vietnam Social Security from 2024 to the end of April 2025 revealed many violations in the process of paying and receiving social insurance and UI. The Social Security agency recovered over 130 billion VND from about 17,500 workers who were required to participate in SI and UI but had not paid. It also demanded a recovery of over 127 billion VND from nearly 39,000 workers who were underpaid. In 2024, the agency requested the recovery of over 980 million VND for the UI fund due to workers receiving unemployment benefits improperly (Nguyet Ha, 2025).

4.2.2. Difficulties from employers

In many places, employers do not fully fulfill their responsibility to pay insurance for their workers. The situation of late payment, non-payment, or even evading payment of workers' insurance funds still occurs, causing difficulties for management agencies and affecting workers' rights. According to the Ministry of Home Affairs, the situation of late or non-payment of SI, HI, and UI still exists in many businesses and localities, averaging over 10 trillion VND per year (Mai Chi, 2025).

One of the reasons for this is that employers have not specifically recognized the importance of UI policies, and their attitude towards employees has not been serious. Many places still have a mindset of using seasonal labor, hiring workers without contracts, and not registering temporary residence with local authorities, which causes many difficulties in labor management and UI fund management.

4.2.3. Unemployment allowance is more attractive than other benefits; vocational training has not attracted unemployed workers

The unemployment allowance is a temporary solution for workers during unemployment, in addition to activities such as job counseling and placement support, vocational training support, and support for training, retraining, and upskilling to maintain employment for workers. However, currently, workers are mainly interested in the unemployment allowance.

According to a study by author Truong Thi Thu Hien from the University of Economics - University of Danang, out of 217 UI participants interviewed, only 9 people (4.1%) were interested in vocational training support, while 185 people (85.3%) were interested in the unemployment allowance. Furthermore, a report from Ho Chi Minh City Social Security shows that only 1% of unemployed people choose to receive vocational training each year.

In 2020, due to the impact of the COVID-19 pandemic, 188,130 people received unemployment benefits, which decreased to 113,709 people in 2021. After that, it increased to 145,190 people in 2022 and 162,582 people in 2023. By June 2024, the number of people receiving unemployment benefits was 65,775.

The following table:

Year	Number of people	Amount (VN dong)
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2020	188,130	3,951,112,962,854
2021	113,709	3,434,421,976,433
2022	145,190	3,696,148,244,822
2023	162,582	4,971,262,199,544
First 6 months of 2024	65,775	2,439,427,854,452

(Source: Ho Chi Minh City Social Security)

However, very few unemployed workers register for vocational training support. According to a report from Ho Chi Minh City Social Security, in 2020, only 5,951 people were approved for vocational training support. In 2021, 293 people were retrained. In 2022, this number was 1,094, and in 2023, it was 1,099 (Pham Thu Ngan, 2024). This shows that workers are not very interested in vocational training policy.

The following table:

Year	Number of people	Amount (VN dong)
2020	5,951	21,352,400,000
2021	293	1,180,000,000
2022	1,094	5,413,499,844
2023	1,099	6,125,999,949
First 6 months of 2024	739	4,138,599,930

(Source: Ho Chi Minh City Social Security)

According to the Ministry of Labor - Invalids and Social Affairs, in 2023, more than 1.1 million people nationwide submitted applications for unemployment benefits at job service centers. Of these, over 1.06 million people were approved for benefits. However, from 2015 to the present, on average, only over 28,000 unemployed people nationwide participate in vocational training each year, accounting for 4% of workers receiving unemployment benefits.

One of the reasons workers are not enthusiastic about vocational training is that the list of available training fields does not match their needs. Many people also spend a lot of time completing the procedures for vocational training. Additionally, the current vocational training support level is only 1.5 million VND per month (An Nhu, Van Hai, 2024). Since the trainees are mostly manual laborers with no economic savings, their ability to participate in vocational training is limited. The UI policy only supports vocational training costs and does not offer other support.

4.3. Some Solutions

4.3.1. Enhance inspection, supervision, and handling of violations, and support workers

Based on current regulations and sanctions for UI violations, management agencies need to focus on inspection, handling of violations, and resolving complaints to prevent, limit, and promptly deal with legal violations related to UI. This is especially important for fraudulent acts aimed at profiting from the social insurance fund by some workers. In addition, Job Service Centers need to be regularly inspected to prevent and detect mistakes and shortcomings in the management and use of UI funds. They should

also coordinate with other centers to prevent and handle fraudulent acts by individuals intending to profit and recover funds that were improperly disbursed.

Workers who have lost their jobs receive financial support, but their participation in vocational training still faces many difficulties. Many people, after becoming unemployed, do not look for a new job but return to self-employment, trading, or other livelihoods. Some people want to participate in vocational training, but the financial burden or the time-consuming application procedures are major obstacles. Therefore, to create favorable conditions for unemployed workers, financial support is needed, perhaps through loans from the UI fund's surplus. Some policies should also be considered to support workers who participate in vocational training or face risks, such as: (i) Increasing the support level for vocational training and considering additional support for living expenses, accommodation, or travel during their training. (ii) Considering additional support for workers who face risks like accidents or loss of working capacity while receiving UI, but who cannot or have difficulty returning to the labor market.

4.3.2. Enhancing inspection and supervision of employers in fulfilling their responsibilities to workers

For employers, the Labor – Invalids and Social Affairs needs to strengthen inspections and strictly handle cases of late, non-payment, or evasion of UI contributions. It should also enhance supervision to prevent the abuse and misappropriation of the insurance fund, ensuring the legitimate rights and benefits of workers at the company.

Especially in the context where the digital economy is playing an increasingly important role in the Vietnamese and global economies, the government needs to direct relevant agencies to quickly complete the legal framework to protect the legitimate rights of workers and closely supervise employers in fulfilling their insurance responsibilities to workers. In addition, the Labor Code needs to be adjusted to fully cover new forms of employment and establish a dispute resolution mechanism suitable for the new work environment.

4.3.3. Improve the quality of the vocational training system to reduce the burden on unemployment benefits

Vocational training is one of the solutions to help improve the quality and skills of unemployed workers, helping them find new job opportunities in the future. However, many vocational training centers are currently facing some problems, such as a lack of quality assurance in training and training fields that are not aligned with social needs. This makes it difficult to attract the interest and participation of workers.

To solve this problem, training centers need to focus on innovating their training methods and aligning their fields with social needs. In addition, centers need to coordinate with local governments and businesses to determine the needs and required skills of workers, as well as the local economic development direction and goals, to build appropriate training programs and teaching methods.

Job Service Centers, with their increasingly flexible operations, have helped both workers and employers in the job search process through various forms of counseling and networking, such as direct and indirect counseling via information portals, websites, or job fairs. Many training courses and capacity-building programs are organized more professionally and regularly by these centers, and

the UI system is implemented more seriously and effectively. However, the centers need to ensure they operate professionally and effectively carry out their duties: counseling, vocational training support, job placement, and timely reception, processing, and provision of information and labor market trend forecasts to attract and build trust among workers and employers. Centers also need to coordinate with local authorities in managing workers and recovering UI support, especially for the group of freelance and seasonal workers, as this group is difficult to manage and prone to quitting or changing jobs.

5. Conclusion

UI policy is playing an increasingly important role in Vietnam. UI ensures workers' rights, helps them overcome difficulties during unemployment, reduces unemployment, ensures social security and sustainable development, and contributes to economic development and social order. The humanistic solutions and policies of UI need to continue to be researched and implemented seriously in the future to improve the quality of state management of UI. In addition, it is necessary to actively research and learn from the experiences of countries in the region with similar cultural, social, and economic contexts to Vietnam so that the advantages of their insurance policies can be flexibly and selectively applied in Vietnam.

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