

*Dinh Quang Hai*

## **THE REAL SITUATION OF WORKER'S CULTURAL AND MENTAL LIFE IN EXPORT PROCESSING AND INDUSTRIAL ZONES IN VIETNAMESE AND TAIWANESE COMPANIES IN BINH DUONG PROVINCES IN PRESENT-DAY VIETNAM**

Vietnam, nowadays, is on the road of reform, enhancing the industrialization, modernization and global integration, so that the role of the workers whose cultural and mental life needs to be upgraded becomes more important. However, worker's cultural and mental life meets many obstacles, some of which are considered "hot" problems that have created the urgent matters that need to be solved.

In order to understand comprehensively worker's cultural and mental life in Vietnam in general and in Taiwanese companies in Binh Duong province in particular, we should consider the development of quantity, intellectual standards, employment, income and mental life of workers as well as the impact of these factors on worker's mental life. The movement process and developmental prospect of the working class, hence, will be shown.

### **1. The new features of Vietnamese working class**

Vietnam has experienced more than 25 years of reform and gained a lot of important achievements which have created economic and social changes. The economy shifted from a system based on administrative subsidies to the market-based system, which has improved people's standard of living including the intellectual standard, employment and income.

Firstly, the quantity of workers increased sharply from 3,38 million workers before 1986 to 9,5 million in 2008, by 30,5 % compared with 2003<sup>1</sup>.

The working class structure in the economic components has changed. The quantity of workers in state-owned enterprises decreased by 15 %, increased by 63 % in non state-owned businesses, and raised 68% in enterprises with foreign investment<sup>2</sup>. The number of state-owned enterprises went down from 12.000 in 1986 to 3.500 with 1,73 million workers in 2008. In contrast, in 2009 the number of non state-owned enterprises was 300.000 with 6 million workers, accounting for 61,5 % total of Vietnamese workers<sup>3</sup>.

In enterprises with foreign investment, the figures of enterprises and workers had the highest growth rate. In 2003, there were 2.641 enterprises with 860.000 workers. In 2008 there were 3.700 and 1,4 million relatively, in which there were 1,1 million workers working for 100 % foreign investment enterprises (FDI) and 0,3 million workers working for joint-venture companies. In 2009, the number increased by 40 % and the growth rate was 62,7 % compared with 2003<sup>4</sup>.

There were 27 Taiwanese-own companies which produced the plastic products, packaging, industrial glues and adhesives, food processing and tea production, such as the following: the Acme company produces steel frame, steel products, plastics; the Air Star company produces dry-machines, air compressors; the Best South-Vietnam produces high synthetic glues; the Better Resin produce the synthetic glues; the Casa company processes tea, coffee; the Chu Thien company processes vegetarian food, agricultural products; the Dong Thia company produces plastic packets, the Dong Wang produces PP, PE, PVE plastics; Engar Vietnam company specializes in printing and glazing materials; the Jing Ying company works in packaging; the Leading Edge and Vinh Tu companies produce golf club head; the Hua Sheng company processes car spare parts; the Hong Sen company produces handbag's spare parts, screws...

After 20 years of reforms, the working class's quantity and structure in the Vietnamese economic sectors have had many changes. Although the number of state-owned companies has decreased sharply, they hold the essential fields of the economy. The number of non state-owned companies that are mostly located in provinces, cities with developed industries and services raised dramatically. Most workers in non state-owned companies whose lives met many difficulties, worked in productive fields, export processing, textiles, footwear, seafood processing, and commercial services.

## **2. The establishment of industrial zones and the working condition of workers**

The development of enterprises and workers who worked in non state-owned companies and foreign invested companies led to the foundation of industrial zones. In 2010, Vietnam had 250 industrial zones in which 170 ones have started operations attracting 1,34 million people<sup>5</sup>.

Industrial zones concentrate mainly in the major economical area in the North, the Middle and the South. In 2009, there were 1.63 million workers that worked for enterprise in the North, 2.91 million in the South and 0,26 million in the Middle<sup>6</sup>. Hanoi has 12 concentrated industrial zones, 23 industrial clusters, 76.000 enterprises.

In the industrial zones, most workers work in foreign invested companies and non-state-owned companies which specialized in export products following the orders from foreign companies. Therefore, they have many advantages in price, technique, design but depend on foreign markets. This caused the challenges in worker-recruitment and processing.

The majority of workers descend from rural peasant families. The number of those with high-school education, systematic training, awareness of corporate discipline, the knowledge of policy, law, and self-awareness was limited. In term of non-state-owned companies and foreign invested companies most do not have party organization. There are a few of the Labor unions and the Communist Youth Union which have little effect on upholding working class interests. However, the activities of some Party cells and the Communist Youth Unions in some of enterprises are quite effective, such as Resort Furama (Da Nang), Scancom Vietnam Ltd in Song Than 1 industrial zone (Binh Duong), MTV Binh Duong company in Thuan An (Binh Duong), Cau Tre export processing joint-stock company (Ho Chi Minh city).

Worker's intellectual standard was still low. According to the survey in 1985, the percentage of high-school graduate was 42,5 and 69,3 in 2005 respectively<sup>7</sup>. They, hence, are untrained workers with low income. The policies of local authorities and enterprises should be directed towards improving their interests so that they have more practical impact on worker's cultural and mental life.

## **3. The current situation of worker's cultural and mental life in Vietnamese industrial zones at present**

According to our surveys, the real situation of worker's cultural and mental life in Vietnamese industrial zones at present looks like a colourful picture mixed by bright and dark colors including bad and good sides. Where companies receive the attention of employers and local authorities, they will organize the entertainment and mental activities better than where the entrepreneurs and local authorities just pay attention to their interests. Where the activities of the Trade Union are under-developed, there was only few of organizations.

We interviewed and surveyed directly 1.400 out of 29.562 workers of 30 enterprises, the result indicates that:

- In term of intellectual standard:
  - + The number of illiterates was 84, equal to 0,28 %.
  - + The number of primary education-level people was 5.102, equal to 10,5 %.
  - + The number of secondary school-level people was 13.457, equal to 45,5 %.
- In term of professional proficiency:
  - + The number of uneducated people was 838, equal to 2,8 %.
  - + The number of people trained in enterprise was 21.228, equal to 72 %.

- + The number of workers with technical training was 2.820, equal to 9,5 %.
- + The number of middle-ranking executive was 2.167, equal to 7,3 %.
- + The number of college-level staff was 890, equal to 3,0 %.
- + The number of graduate was 1.679, equal to 5,6 %<sup>8</sup>.

The survey proclaims that merely workers working for state-owned companies were trained relatively systematic. Besides, the low intellectual standard and untrained workers who mostly handle simple low-income jobs, got average 2 million dong per month.

The income of workers who work in foreign-invested companies is higher, however, due to the global financial crisis in 2007, some enterprises which operated unstably no longer have orders, and workers had to quit their jobs without salary or got 50 % of salary, for example: the 100 % Taiwanese invested Keyshinge Toys company in Hoa Khanh (Da Nang). In 2008 there were 12.000 workers and this number went down to 8.500 in September, 2009.

Due to low and uninsured income, workers become out of business, their cultural and mental life, therefore, has many difficulties. They mostly have to hire small houses which are normally from 7,5 to 12 square meters, each is shared by 2 to 4 people without kitchen and private restroom. The rent is from 350.000 to 600.000 dong per room. Nearly all the houses were unfurnished or redecorated but with poor quality.

The entrepreneurs often care only about profits. Many public and entertainment facilities have transferred to market-base budget and accounting. So people have to pay for these entertainment activities, while their already very low salary has largely been consumed by subsistence expenses and assisting their family back home.

The working time and intensity is very high, normally from 10 to 12 hours per day. If there is an agreement between workers and employers the working time may even increase to 14 hours per day. Workers who want to earn more extra money often work over time voluntarily because there are no entertainment facilities for them.

After working time, most workers want to relax to regain their energy. They spend mainly their time for taking a bath and washing clothes, cooking and sleeping but little time for entertainment. The ratio of workers who participate in cultural and mental activities from 1–1,5 hours per day was 70 %. They often watch television and listen to music.

**Table 1: The percentage of workers who take part in cultural and mental activities<sup>9</sup>**

Unit: %

Area Frequency	The general ratio	Ho Chi Minh city	Vinh Phuc	Binh Duong	Da Nang	Ha Noi	Hai Phong
Usually	12,0	7,0	17,1	16,9	13,1	9,9	8,8
Sometimes	58,4	61,3	57,2	56,7	61,8	51,7	61,4
No participation	28,2	31,3	24,3	25,9	24,4	33,5	29,8
No idea	1,4	0,4	1,4	0,5	0,7	5,0	0,0

When industrial zones were built, little attention was paid to infrastructure and public welfare facilities such as cultural houses, playgrounds, libraries, parks, entertainment spaces, and public meeting facilities. Hospitals, schools, markets, kindergartens are too far or overloaded, most have seriously deteriorated and need to be reconstructed.

The forms of worker's cultural and mental activities vary by incomes and age groups. The reasons for workers who don't want to participate in these activities are that firstly there is no place for cultural activities (30 %), no organizer (31,8 %), it doesn't bring benefit for them (8,5 %), they have no time to participate (3,2 %), other reasons account for 26,1 %<sup>10</sup>. The solution for them is working overtime to earn money.

**Table 2: Frequency of participation in outside activities of workers<sup>11</sup>:**

Unit: %

Frequency Content	Usually	Sometimes	No participation
Watch TV	53,2	43,0	2,1
Read books, magazines	25,1	53,2	12,7
Read the professional materials	11,3	28,6	42,6
Sports	14,3	38,5	33,8
Listen to music, radio	36,2	42,8	11,7
Take care of families	45,1	14,3	27,7
Watch film, art	5,1	31,3	41,6
Shopping	17,7	63,4	11,2
Travel	5,1	41,7	35,9
Internet	9,9	27,4	48,0
Play games, cards	3,8	22,2	56,0
Mobile phones, write letter	29,7	49,5	13,8
Go to pagoda, church	10,2	42,5	32,5
Drink coffee	9,3	51,5	25,9

Workers spend little time for travelling, visiting museums, going to cinemas, watching the art performances and music in public places. Some of them go to pagodas, churches. However they spend mainly the outside working time in the their rented house or friend's house. Every year, some enterprises arrange a tour in a short time for workers. If the enterprises don't organize the tour, the workers can not arrange it for themselves.

In many kinds of sports, workers prefer the walk that demands little of investment. Besides, they also take part in football, volleyball, badminton, tuck-of-war activities... which are held by enterprises' Trade Union or Youth Union. In terms of workers' favorites in terms of cultural activities, the ratio of workers who like to enjoy and participate in performances is 38, the ratio of relative for those who like sport was 34. Unfortunately, 17.4 % of workers aged 18 care about these activities and only a small percentage of workers aged from 19 to 24 are attracted by them. 54 % of workers aged 18 to 20 enjoy the travelling<sup>12</sup>.

In general, workers' cultural and mental life in industrial zones is improved than before, many problems, however, need to be solved in the coming time. When they were interviewed, 64.1 % of workers answer "acceptable", the ratios of answers for "dissatisfied", "don't care", and no idea were 31.3, 2.4 and 2.3, respectively. However, most workers hope their cultural and material life is improved and they will achieve the attention of enterprises, Labour union and local authorities.

The comprehensive and systematic analyses of the cultural activities' content, the attention of local authorities, enterprises, administrative agencies, cultural institutions indicate quite obviously the real situation of worker's cultural and mental life in Vietnamese industrial zones in present-day Vietnam.

It can be asserted that the achievements of reform in the last 25 years have assisted the Vietnamese working class in promoting their role and contributing greatly to the cause of construction, protection and development of the country. However, the working class has not yet satisfied with the requirements of the country's development nowadays in quantity, quality, especially intellectual standard, professional knowledge, foreign language, working skills, labor discipline and motivations. The weaknesses and shortcomings originated from or concerned directly to the amelioration and improvement of worker's cultural and mental life.

It is time for local authorities, administrative agencies, enterprises and workers themselves to change their awareness, thoughts, acts and carry out soon the comprehensive solutions to ensure the participation and welfare of workers in general and workers in industrial zones in terms of cultural and mental values, help them to keep pace with the modern life.

In order to improve workers' cultural and mental life, it is necessary to solve the vital issue that is improvement of the worker's material life such as labour issues, employment, salary, housing and other social welfares.

It is necessary to reform relevant regulations in payroll's building, encourage enterprise to raise the minimum salary which is closer to the worker's income and help workers to improve their material life, stipulate their mental life and create conditions for workers to pay for social insurance and health insurance in upper level which helps workers to benefit from higher pension later. Moreover, the enterprises and local authorities should aid workers to pursuit training to enhance the professional skills and buy the 24/24 hour body insurance. Recently, there are many enterprises violating their payment of social insurance. According to the result of Labor inspectors in 7 provinces, cities, there are 1700 cases which violate social insurance's regulation. The monitoring and management and using of the social insurance fund in 2012 carried out by the Social Issue Board of National Assembly indicated that it is necessary to complete comprehensively the social insurance to ensure the implementation of social welfare. In 2012, the Financial Company 2 which belongs to Agribank borrowed more than 1.000 billion dong from the Insurance Company. The Insurance Company violated the regulation because the money originated from the workers' premiums of social insurance.

It is dispensable to broaden the object and scale of social insurance in order to create the safety for Social insurance fund and the social stability. In the late 2012 there were 10,5 million people paying for social insurance equal to 78 %, meanwhile 30 % of people who were not admitted into social insurance schemes.

On the other hand, popularly, there are many enterprises that don't pay the social insurance for workers. It is difficult to control those enterprises especially non-state-owned enterprises which hide from paying compulsory social insurance in 2012. The delayed payment of salary and social insurance has long occurred in many enterprises without interventions from state authorities. Among the enterprises, Taiwanese-owned companies account for a relatively high proportion. Many enterprises delay payment of social insurance and use the money as capital. They have delayed payment for at least 6 months and the cumulative debt ranges from hundreds of million to dozens of billion VND. The interest rate applied on social insurance is much lower than interest rate on loans from banks. Therefore, the longer employers maintain control over the Social Insurance Fund, the more benefit they get, at the expense of workers. The Total debt of social insurance and unemployment benefit premiums in 2012 is 4639 billion VND, in which debts over 6 months account for 2300 billion, incurred mainly by companies suffering from loss, bankruptcy, operational standstill or fleeing employers. Reports from DOLISAs show that Taiwanese-owned companies account for the largest number of enterprises being shut down or having fleeing employers.

In some enterprises, unsolved disputes between workers and employers have led to collective strikes. From 1995 to 2005 there have been 1265 strikes nationwide. 87 strikes are in state-owned enterprises, accounting for 6,9 %. The ratios for enterprises with foreign investment and private enterprises are 841 strikes = 66,5 % and 336 strikes = 26,6 % respectively<sup>13</sup>.

There has been a sharp increase in the number of strikes from 2006 to 2010 with 2424 strikes nationwide. Those related to enterprises with foreign investment account for 75,54 %, given that the number of foreign-invested enterprises is equal to only 2 % of state-owned ones. Non-state-owned enterprises account for 23,02 % strikes<sup>14</sup>.

Geographically, Ho Chi Minh City and Binh Duong account for the highest rates of strikes as compared to others. The rate in 1995 for Ho Chi Minh city was 28 strikes = 47 %, and in Binh Duong was 12 strikes = 20 %. The respective rates in 2006 were 115 strikes = 30 % in Ho Chi Minh city and 116 strikes = 30 % in Binh Duong. In 2010 the rates were 74 strikes = 24 % in Ho Chi Minh city and 64 strikes = 21 % in Binh Duong<sup>15</sup>.

In terms of investors, in 1995 there were 6 strikes in Taiwanese-invested companies, accounting for 21 %, while the rate for South Korean invested companies was 12 strikes equal to 43 %. In 2006 there were 128 strikes in Taiwanese-invested companies, accounting for 45 %, while the rate for South Korean invested companies was 76 strikes equal to 26 %<sup>16</sup>.

Workers-Employers disputes and strikes occur mainly in companies that perform out-working or processing under orders from foreign partners, those with obsolete technologies, mostly due to extended working time, high work intensity, low income and many difficulties and stresses faced by workers.

The state, local authorities and enterprises, therefore, need to pay more attention to workers, dedicating part of the budget to build housing for workers, investing on fully functional accommodation facilities for workers in industrial parks, and providing basic services such as parks, pre-primary education facilities, schools, markets, medical facilities, cultural houses and information infrastructure. It is important to apply more broadly good practices and models that uphold the cultural and mental life of workers in industrial and processing zones as well as the cultural activities in communities with a high proportion of workers as temporary residents. Party cells, trade unions, youth unions and professional societies should coordinate to organize cultural and entertaining activities and networking among enterprises, treating them as a critical component in corporate businesses. All activities should be geared towards improving the physical and mental life for workers.

---

<sup>1</sup> General Department of Statistics: *The statistical year book, 2009*. Statistics Publisher, Hanoi, 2010, p. 142.

<sup>2</sup> General Department of Statistics: *The statistical year book, 2009*, *ibid*, p. 142.

<sup>3</sup> Some urgent issues in building the Vietnamese working class in the need of intensification of industrialization and modernization process. The research project of General Confederation of Institute of Working class and Trade Union.

<sup>4</sup> Dang Ngoc Tung (ed): *Building the Vietnamese working class in the period from 2011 to 2020*, Labor Publisher, Hanoi, 2010, p. 103.

<sup>5</sup> The statistics data in 2009 of Economical zone management Department, Ministry of Planning and Investment.

<sup>6</sup> General Department of Statistics: *The statistical year book, 2009*. Statistics Publisher, Hanoi, 2010, p. 147–148.

<sup>7</sup> Dang Ngoc Tung (ed): *Developing the Vietnamese working class in the period from 2011 to 2020*, Labor Publisher, Hanoi, 2010, p. 107.

<sup>8</sup> Collection and classification from the survey's results in Hanoi, Vinh Phuc, Hai Phong, Da Nang, Ho Chi Minh city and Binh Duong provinces in 2009. State level research project KX.03.17/06 – 10.

<sup>9</sup> The survey's results in Hanoi, Vinh Phuc, Hai Phong, Da Nang, Ho Chi Minh city and Binh Duong provinces in 2009, conducted by State level research project KX.03.17/06 – 10.

<sup>10</sup> The survey's results in Hanoi, Vinh Phuc, Hai Phong, Da Nang, Ho Chi Minh city and Binh Duong provinces in 2009, conducted by State level research project KX.03.17/06 – 10.

<sup>11</sup> The survey's results in Hanoi, Vinh Phuc, Hai Phong, Da Nang, Ho Chi Minh city and Binh Duong provinces in 2009, conducted by State level research project KX.03.17/06 – 10.

<sup>12</sup> The survey's results in Hanoi, Vinh Phuc, Hai Phong, Da Nang, Ho Chi Minh city and Binh Duong provinces in 2009, conducted by State level research project KX.03.17/06 – 10.

<sup>13</sup> Vietnamese Labor General Confederation: *Vietnamese Trade union and working class movements (2001–2010)*, Labor Publisher, Hanoi, 2013, p. 38.

<sup>14</sup> Vietnamese Labor General Confederation: *Vietnamese Trade union and working class movements (2001–2010)*, Labor Publisher, Hanoi, 2013, p. 127–128.

<sup>15</sup> Dang Ngoc Tung (ed): *Developing the Vietnamese working class in the period from 2011 to 2020*, Labor Publisher, Hanoi, 2010, p. 284.

<sup>16</sup> Dang Ngoc Tung (ed): *Developing the Vietnamese working class in the period from 2011 to 2020*, Labor Publisher, Hanoi, 2010, p. 285.