



# Woman's Retirement Age in Vietnam

## Gender Equality and Sustainability of the Social Security Fund





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THE WORLD BANK



INSTITUTE OF LABOUR SCIENCE  
AND SOCIAL AFFAIRS

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## ACRONYMS AND ABBREVIATIONS

|               |   |
|---------------|---|
| <b>CEDAW</b>  | Committee for the Elimination of Discrimination Against Women |
| <b>FDI</b>    | Foreign direct investment                                     |
| <b>ILSSA</b>  | Institute of Labour Sciences and Social Affairs               |
| <b>MOLISA</b> | Ministry of Labour, Invalid and Social Affairs                |
| <b>PAYG</b>   | Pay-as-you-go   |
| <b>SOE</b>    | State-owned enterprise  |
| <b>VND</b>    | Vietnam Dong  |
| <b>VSI</b>    | Vietnam Social Insurance                                      |
| <b>VSS</b>    | Vietnam Social Security                                       |
| <b>VWU</b>    | Vietnam Women Union   |

# EXECUTIVE SUMMARY

A 2006 Vietnam Gender Assessment identified the need to address gender inequality in the age of retirement, which is 55 for women and 60 for men. Because of this, women are often overlooked for promotions or career development opportunities at a younger age than men, usually by the same five-year gap. This is a double challenge for women who may also have had to pass over earlier opportunities while they had young families.

However, arguments about the retirement age are not clear-cut since this also represents five additional years of pension payment contributions — a significant transfer of resources in favor of women that would be lost if it was increased to the same age as for men.

The issue of the retirement age is fundamentally linked to policies on social protection. It is an issue that inevitably causes debate and has proponents, men and women, who argue on both sides. During preparation of the Gender Equality Law in Vietnam, several options were presented for changing the retirement age of women. However, the National Assembly could not make a decision as the debate was rife with mostly emotional arguments. A more constructive dialogue could be pursued if presented with economic and social arguments of each option, or alternative options. During the Labor Code revision in 2009, this study will hopefully provide a good basis for decisionmaking as well as for further policy dialogue on the issue.

The main objective of this study is to provide economic and social arguments on different options for women's retirement age in Vietnam to serve as a basis for further consultation and policy dialogue with the Government. The World Bank's Gender Action Plan on women economic empowerment provided funding for the study

A summary of the study's main findings is presented here.

## Study Findings

*The economic and social contexts have change since the pension system was created.* In Vietnam, the increase of women's retirement age has been on policymakers' agenda for already a decade. Like many socialist countries in the past, Vietnam set rather low retirement ages for women in the 1960s when its pension system was created. The economic and social contexts have change since then. The Vietnam Women's Union pushes for a policy that gives men and women equal rights. Furthermore, financing a lower retirement age for women will likely become more and more difficult in the future. The system now includes employees from the private sector who are difficult to get registered. It is more vulnerable to imbalances between the number of contributors and the number of pensioners.

*The increase of women's retirement age and the elimination of women early retirement is an international trend.* Today, most of the East Asian countries have equal retirement age for men and women. The exceptions are Vietnam, Taiwan, and China. Japan and South Korea are eliminating early retirement age for women. In Japan, early retirement for women at age 60 will be eliminated in 2018, at which time men and women will be entitled to retirement only at age 65. In 2033, South Korea plans to eliminate early retirement options for women at age 55 in the national system.

**Women are strongly subsidized in the pension system in Vietnam.** The pension system in Vietnam is strongly biased toward women. First, women have access to disability pensions and standard retirement 5 years earlier than men. Second, the pension formula is not the same for men and women. For a same amount of contributions, a woman receives a higher pension at retirement than a man. Third, women retire earlier and live longer than men, so women receive in average higher number of pension payments than men. As a result, women are subsidized in the Vietnam pension system, compared to the men.

**A reform would bring savings, so that additional policies can be carried out to help those that might lose out.** Introducing gender equity in the pension system produces savings. If the retirement ages of women and men were identical, pension expenditures would be today about 4.5 trillion dong (VND) lower (0.4 percent of GDP). In the future when all workers in the private sector will become eligible for old-age pension, the cost of women's lower retirement age is estimated to reach 1.3 percent of GDP. These savings can be used to improve men's and women's pension benefits or avoid further increase in the contribution rates. They can also be used to reduce the negative social effects of the increase of women's retirement age.

**Women who cannot keep working because of poor health or disability would lose.** A widely held concern about the increase of women's retirement age in Vietnam is that most women who worked in hard-working conditions until age 50 and most women in general who reached age 55 cannot continue to work because of poor health or disability. However, the study found that in Vietnam most of the women ages 50-59 still have the capacity to work. In addition, preferred options of the reform suggest keeping retirement age unchanged for disable women.

**Women, ages 50-59, are not particularly more sick or disabled than men of the same age.** The statistical evidence shows that women ages 50-59 are not particularly more sick or disabled than men of the same age. In the 2006 Vietnam Household's Living Standards Survey by the General Statistics Office, women report less number of sick days or days in bed than men of the same age. A large share of the women pensioners (60.8 percent) who have retired before age 55 are in fact working as much as other women of the same age who are not pensioners (about 220 days per year in both cases). These women receive a pension and work in the informal sector. Some are consultants in the administration or units they worked in before retirement; or they have created their own business; about 33 percent are self-employed. Others work in family enterprise (45 percent). Some women (like some men) must stop working because they become heavily disabled or have important health problems. The reform needs to avoid negative impacts on these people.

**Women who can receive a pension and continue to work in a different employment are opposed to the reform.** It is obviously better to receive a pension and a worker's income than only one wage. It is important therefore that the reform introduces incentives for women to remain in their work and contribute for longer periods.

**The reform, consequently, must include a gradual change in the pension formula.** The introduction of gender equality in the pension formula gives incentives to women to contribute longer periods. If women pensions were calculated like men's pensions, women would have to contribute

like men for 30 years (instead of 25 years) to obtain a pension that replaces 75 percent of their reported average wage. The reform must modify the pension formula in a progressive way. The change cannot be introduced immediately because many women who are now close to retirement age, and their employers, who have made plans for the retirement would need time to adjust to the new situation.

***Enterprises oppose increase of retirement ages.*** International experience and detailed interviews with employers show that many firms are opposed to the increase in women's retirement age. Entrepreneurs recognize that older workers have more experience but they also insist that older workers are slower than young people; they have more difficulties to work in shifts or are more reluctant to work overtime. Enterprises, consequently, encourage workers to leave as soon as they are entitled to pension. They also put pressure on the government to use early retirement provisions to shed surplus of staff when they need restructuring.

***The reform should give incentives to firms to improve their working conditions and help older women remain productive.*** In such a context, enterprises have little incentive to modify their working conditions and help older women remain productive. This situation particularly affects the unskilled women who receive small pensions and cannot work in the informal sector because of weak health or because they do not have enough savings to create their own business. In Japan, where retirement age will increase to 65 in 2018, the employment rate of the elderly in the formal sector is very high. Enterprises help their older workers move to non-mainstream positions in the firm or to jobs in a subsidiary; they also assist workers set up self-employment activities. The reform should give incentives to the enterprises to improve their working conditions and to think how to use efficiently older workers. The increase must be, however, introduced gradually so enterprises have time to adjust and invest, and there is no shock on productivity.

***The reform would unlikely have negative impacts on youth unemployment.*** Another concern about increasing women's retirement age in Vietnam is its affect on youth unemployment. The worry is that women's delayed retirement reduces the number of jobs available for the younger workers. This problem of youth waiting for older workers to retire is likely limited to specific sectors. Employment is growing fast in Vietnam. The contributors registered to the pension system have steadily increased in the past decade and there is no statistical evidence between the number of new retirements and the dynamic of employment in the formal sector. Well-educated youth might be queuing to obtain a job in the public administration, research, or education sectors. These young people would unlikely have just entered the labor market because for the more rewarding career jobs, applicants would require prior working experience. The reform should not impact negatively on youth who are entering the labor market.

***Sooner is better.*** If the reform is implemented at an early stage, it would be easier to implement and bring more benefits. The reform would be easier to implement because currently the cohort of new retirees is relatively small. Only people who have worked in the public sector before the system was opened to the workers of the private sector are today entitled to pension when they reach retirement age. The reform would also bring benefits to the first private employees who will be

entitled to pension around 2015. These women will likely be entitled to very small pensions. The reform would create opportunities for them to contribute longer and to earn higher pensions.

## Options for Reform Packages

There are four policy options. The first package does not introduce any increase of women's pension age but gives (or promotes in the sectors where currently there is no legal maximum retirement age) the right to women to work and contribute until age 60. It re-establishes gender equity into the pension formula so that women have incentives to contribute after age 55. This option seems attractive at a first glance because it is easy to implement. The description of the pros and cons concludes, however, that this reform will benefit more likely the educated women and hurt more likely the women who have to retire earlier for health reasons or who work in enterprises with hard working conditions. The reform will not likely improve also the situation of the women who work in enterprises that prefer to employ young workers and put pressure on older women to retire as soon as they are eligible for pension.

The other options propose to re-establish gender equity in retirement age and the pension formula. They differ according to the way eligibility for disability pension is treated.

Option 2 introduces gender equity in the pension system and brings important long-term financial improvements to the system. Its gradual implementation reduces the opposition of the women, and allows enterprises time to change their organization in order to remain competitive. Option 3, while similar to Option 2, is better because it would prevent any loss for women who become disabled. It would maintain however a gender bias toward disabled women. Again similar to Option 2, Option 4 provides that disabled women would not lose anymore with the reform, but the reform also improves the living conditions for disabled men. Option 4 is better than Option 3.

## The Preferred Option

The preferred option includes among its objectives the following:

- Gender equity
- Long-term financial viability of the pension system
- Increased working opportunities for older women
- Better protection of the women disabled and of the women with very weak health.

The roadmap for the preferred option will initiate the following plan:

- Women's standard retirement age is increased by 4 months every year until it reaches 60 years (in 2025 if the reform is implemented in 2011).
- Early retirement for women who work in hard conditions is increased by 4 months every year until it reaches 55 years, or 50 for the women who worked in specific places (in 2025 if the reform is implemented in 2011).
- The age at which disabled women can retire is not increased.
- Women's coefficient in the pension formula is reduced by 0.2 percent every 3 years until it reaches 2 percent (in 2025 if the first decrease is implemented in 2013).

The reform improves the financial position of the pension system. Since the increase of women's retirement age is gradual, the financial benefits are more significant in the long term but rather small in the short term. The impact of the reform on each woman in particular is small. Between 2011 and 2025, each woman has only to work 4 additional months longer than women who retired during the previous year. The reform also creates a transition period of 15 years during which enterprises can gradually adjust to the announced changes and remain competitive. Enterprises will have incentive to improve the working conditions so women employees' productivity remains adequate for longer periods.

The savings produced by the reform can be used to promote health and safety working conditions at work and sustain training programs among other improvements that help enterprises and workers smoothly adjust to the changes.

The savings can also be used to revise and improve the disability pension programs. On the one hand, the program must protect all women who have lost their capacity to work productively, namely the critically disabled and those with very bad health conditions. On the other hand, the program must set clear criteria that avoid abuse. And the program could be expanded to men ages 45-49 who are also critically disabled or suffer from very bad health conditions. By introducing gender equity in the disability programs the reform will also contribute to the social progress for men as well.

# INTRODUCTION

On the world stage, the notion of gender equity in pension systems changed over time. Most systems were based on strict gender equality criteria at the outset; but, as the systems developed, the schemes became more generous to women, and women's retirement age was often lowered. Most of these advantages were cut back, however, when the economic environment changed or the systems matured. Financial concerns and new views about gender equity explain this renewed focus on equality between men and women in pension system regulations. In a context of ageing populations and increasing life expectancy, the financing of women's pension income over long retirement periods became financially unsustainable. Instead of encouraging differentiation, new social policies seek similar rights as for men and *for women* in all economic and social sectors.

In Vietnam, increasing women's retirement age is on the agenda of policymakers for the same reasons as in other parts of the world. The economic environment in Vietnam has changed, and increasing women's retirement age has become a necessity if the pension system is to be viable in the future. The debates about women's retirement age intensified during the preparation of the Social Security Law and Gender Equality Law in 2006. However, social concerns regarding older women's capacity to work longer, and the impact of the reform on youth unemployment, prevented the measure from being adopted.

Vietnam Women's Union (VWU), as a social-political organization of women in Vietnam, established in October 1930, has an overall objective to promote gender equality and women's development and to protect women's legitimate rights and interests. One of the main tasks of VWU is to take part in the formulating and to monitor the implementation of state policies on gender equality as well as to propose bills and policies to facilitate women's development. The VWU has 13,628,174 members (as of June 2007) organized into commune, district and provincial women's unions. The VWU had initiated several proposals on women's retirement age increase during the last decade. Political debates, consultations and advocacy activities had been carried out, including with members of the National Assembly Session XI (2002-2007), but have not received positive reactions.

In February 1993, the Prime Minister of Vietnam renamed the National Committee on Women Decade into *National Committee for the Advancement of Women*. The members of this committee include 13 ministries and mass organizations. Its Secretariat comprises representative of Government, Ministry of Foreign Affairs, Ministry of Finance, and the Central Women's Union. The Committee is represented in all ministries, sectors, and localities. To date there are 63 provincial committees established among 63 provinces, and 45 committees at ministry level.

On November 29, 2006, the National Assembly adopted the Law on Gender Equality, which serves as a fundamental legislation framework. The law regulates not only the fundamental principles on gender equality in all areas of social life but also addresses the solutions for ensuring gender equality as well as the responsibilities of organizations, agencies, families and individuals in gender equality. A Gender Equality Department was established in early 2008 inside the Ministry on Labour, Invalid, and Social Affairs (MOLISA) to be in charge of implementation of the Gender Equality Law.

This study, funded by the World Bank's Gender Action Plan,<sup>1</sup> revisits the economic and social arguments presented in the debates on women's retirement age so that policymakers can design reforms that will both mitigate the social impacts of the reform and secure the financial viability of the pension system in the long-term. It is the first extensive study on gender equality and sustainability of social security fund in the pension system in Vietnam.

The first section of the study presents a review of the international experience. This review helps understand why women's retirement age in Vietnam is considered to be low. The study continues with an explanation of women's desire to retire either early or late. The second, third and fourth sections analyze the current situation in Vietnam. Section 2 describes the gender differences that exist in the regulations of the pension system and measures their financial cost. Section 3 presents the concerns women and society have in Vietnam about increasing the retirement age. It summarizes the opinions collected from pensioners, entrepreneurs, and policymakers during a workshop and special interviews. Although these points of view are not necessarily representative of all women, entrepreneurs, and policymakers in Vietnam, they show that the same preferences, the same economic factors, and the same social influences are the main sources of concerns among women and in society about increasing the retirement age for women in Vietnam and other parts of the world. Section 4 uses statistical evidence from the 2006 Vietnam Household's Living Standards Survey to describe the characteristics of current pensioners, and to investigate whether men and women of the same age, between 50 and 59, have different working capacity or health status. The section also presents statistics on women's participation in high-level positions of government.

Section 5 presents a summary of the study findings and policy implications, and Section 6 describes four policy option packages. The first package focuses on giving women the possibility to work beyond pension age. It gradually equalizes the pension formula for men and women but does not change the minimum retirement age for women. The second package focuses on implementing gender equity. It gradually increases women's retirement age and gradually equalizes the pension formula for men and women. The third package seeks to reduce the negative impact of gender equalization on disabled women. The fourth package proposes also to introduce gender equity in disability pensions by equalizing conditions for disability pensions for men and women.

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<sup>1</sup> The World Bank Group Gender Action Plan: Gender Equality as Smart Economics seeks to promote women's economic empowerment as a means to promote shared growth and attain the third Millennium Development Goal.

## SECTION 1. International Experience

This section presents a summary of the evolution of women's retirement age in industrialized countries since 1949 and describes the current situation in the East Asia Region. It also presents the main factors that determine the age at which women desire to retire.

### 1.1 Women's Retirement Age in Industrialized Countries since 1949

Pension systems tend to be made of multiple programs with different qualifying ages that are periodically amended; hence comparing pension systems is very difficult, even if only one aspect such as women's retirement age is compared. As a result, comparative analysis of gender equity or detailed comparisons of women's retirement ages are impossible without access to additional information about the pension systems. The United States Social Security Office's "Social Security Programs Throughout the World" highlights the principal features of social security systems around the world in more than 170 countries.

The summary in this section is based on a survey by J. Turner (2007) on the evolution of the pension ages in the OECD countries. This survey shows that the interpretation of gender equity regarding women's retirement age has been changing over time. Today, gender equity in the European Union officially means equal pension ages for men and women. This has not always been the case. Table 1.1 indicates that in the first half of the 20th century, many OECD countries had equal pension ages. However, changing views of gender equity led many countries to lower women's retirement age below men's age, only to raise them again later.

At the outset in the early 1950s of what is today's modern pension systems, the retirement age for women was equal to or above age 60 in 20 of the 23 surveyed OECD countries. Japan, with retirement for both men and women at age 55, was the exception. As wage employment developed and coverage expanded, pension systems started accumulating reserves and retirement rules became more generous. Women's retirement age lowered in 15 of these countries, but only in two countries did it reach below age 60. Starting with a low retirement age, the increase in women's retirement age in Japan is again an exception. In response to ageing populations, policies that increase women's retirement age to the same as men's have been gradually implemented since the 1990s. In 2035, gender equity will be reestablished in all the surveyed countries except in Switzerland where there will be one more year of gender gap.

**Table 1.1 Social Security Pensionable Age in the OECD, Selected Years 1949-2035**

|           | 1949 |       | 1989 |       | 1993 |       | 2002 |       | 2035 |       |
|-----------|------|-------|------|-------|------|-------|------|-------|------|-------|
|           | Men  | Women |
| Australia | 65   | 60    | 65   | 60    | 65   | 60    | 65   | 62.5  | 65   | 65    |
| Austria   | 65   | 60    | 65   | 60    | 65   | 60    | 65   | 60    | 65   | 65    |
| Belgium   | 65   | 60    | 60   | 60    | 60   | 60    | 60   | 60    | 65   | 65    |
| Canada    | 70   | 70    | 60   | 60    | 60   | 60    | 60   | 60    | 60   | 60    |
| Denmark   | 65   | 60    | 67   | 67    | 67   | 67    | 67   | 67    | 65   | 65    |
| Finland   | 65   | 65    | 60   | 60    | 60   | 60    | 60   | 60    | 62   | 62    |
| France    | 60   | 60    | 60   | 60    | 60   | 60    | 60   | 60    | 60   | 60    |

|                |    |    |    |    |    |    |    |    |    |    |
|----------------|----|----|----|----|----|----|----|----|----|----|
| Germany        | 65 | 65 | 65 | 60 | 65 | 60 | 65 | 61 | 65 | 65 |
| Greece         | 65 | 60 | 60 | 55 | 60 | 55 | 60 | 60 | 65 | 65 |
| Iceland        | 67 | 67 | 67 | 67 | 65 | 65 | 67 | 67 | 67 | 67 |
| Ireland        | 70 | 70 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| Italy          | 60 | 55 | 60 | 55 | 60 | 55 | 57 | 57 | 60 | 60 |
| Japan          | 55 | 55 | 60 | 56 | 60 | 58 | 60 | 60 | 65 | 65 |
| Luxembourg     | 65 | 65 | 65 | 65 | 57 | 57 | 60 | 60 | 60 | 60 |
| Netherlands    | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 | 65 |
| New Zealand    | 60 | 60 | 60 | 60 | 62 | 62 | 65 | 65 | 65 | 65 |
| Norway         | 70 | 70 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Portugal       | 65 | 65 | 65 | 62 | 55 | 55 | 55 | 55 | 55 | 55 |
| Spain          | 65 | 65 | 65 | 65 | 60 | 60 | 60 | 60 | 61 | 61 |
| Sweden         | 67 | 67 | 60 | 60 | 60 | 60 | 61 | 61 | 61 | 61 |
| Switzerland    | 65 | 65 | 65 | 60 | 65 | 62 | 65 | 63 | 65 | 64 |
| United Kingdom | 65 | 60 | 65 | 60 | 65 | 60 | 65 | 60 | 65 | 65 |
| United Sates   | 65 | 65 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 |

Source: Turner (2007).

Note: Pensionable age is defined to mean the earliest age at which most workers qualify for social security old-age benefits, having met a minimum standard for time spent in covered work.

In former Soviet Union countries, the age of women's retirement was initially widely lowered to 55. The pension systems in the former Soviet Union countries covered all employed workers. During the transition to market economies when employment rates in the formal sector abruptly declined, enterprises massively used early retirement mechanisms to shed staff surplus. Retirement ages for women and men were increased to protect the financial viability of the system. Table 1.2 shows that the retirement age for women in 2004 was increasing in most countries at that time.

**Table 1.2 Statutory Retirement Ages in Selected Eastern European and Former Soviet Countries**

| No. | Country         | Retirement age for men | Retirement age for women |
|-----|-----------------|------------------------|--------------------------|
| 1   | Albania         | 65.0                   | 60.0                     |
| 2   | Armenia         | 63.0                   | 59.5                     |
| 3   | Azerbaijan      | 62.0                   | 57.0                     |
| 4   | Belarus         | 60.0                   | 55.0                     |
| 5   | Bulgaria        | 62.5                   | 57.5                     |
| 6   | Croatia         | 63.0                   | 58.0                     |
| 7   | Czech Republic  | 61.5                   | 56.0 - 60.0              |
| 8   | Estonia         | 63.0                   | 59.0                     |
| 9   | Georgia         | 65.0                   | 60.0                     |
| 10  | Hungary         | 62.0                   | 60.0                     |
| 11  | Kazakhstan      | 63.0                   | 58.0                     |
| 12  | Kyrgyz Republic | 62.0                   | 57.0                     |

|    |                    |      |             |
|----|--------------------|------|-------------|
| 13 | Latvia             | 62.0 | 59.5        |
| 14 | Lithuania          | 62.5 | 60.0        |
| 15 | Moldova            | 62.0 | 57.0        |
| 16 | Montenegro         | 63.0 | 58.0        |
| 17 | Poland             | 65.0 | 60.0        |
| 18 | Romania            | 65.0 | 60.0        |
| 19 | Russian Federation | 60.0 | 55.0        |
| 20 | Serbia             | 63.0 | 58.0        |
| 21 | Slovak Republic    | 62.0 | 53.0 - 57.0 |
| 22 | Slovenia           | 58.0 | 55.0        |
| 23 | Turkey             | 49.0 | 44.0        |
| 24 | Turkmenistan       | 62.0 | 57.0        |
| 25 | Ukraine            | 60.0 | 55.0        |
| 26 | Uzbekistan         | 60.0 | 55.0        |

Source: Chawla and others 2007.

## 1.2 Women's Retirement Age in the East Asia Region

Today, most of the East Asian countries have equal retirement age for men and women. The exceptions are Vietnam, Taiwan, and China. However, as Table 1.3 shows, the age at which women can retire varies across countries because many different types of pension systems are implemented in the Region.

The systems based on provident funds<sup>2</sup> authorize fund withdrawal from the individual accounts at relatively early ages: the standard is age 55, but in the case of Singapore monthly retirement income can be received only after reaching age 62. Both the provident fund of Malaysia and Singapore are protected from members' longevity by paying retirement income only until age 75 or until the retiree's account is empty.

Systems based, or partially based, on general taxes (New Zealand and Australia) do not provide any benefit before age 65. The ages set by the systems based on social insurance vary from 50 (non-salaried women in China) to 65 in Japan. However, most of the systems have set standard retirement age for women of 60 or above.

These systems differ a lot regarding the population covered, the qualifying rules, and the type of benefits; therefore, detailed comparisons are impossible, and country-specific analysis is also rare. Moon Hyungpyo (2005) analyzes civil servants retirement age patterns in South Korea. He found that because pension entitlement for the civil servants in South Korea is not related to age but to years of coverage, most civil servants retire at age 55. Another study (Bateman 2007) observes that since 2001 this situation has resulted in a financial disequilibrium that is no longer sustainable.

<sup>2</sup> In such systems, a retiree's pension is paid out of the savings this person has accumulated in the provident fund. There is no or very little transfer of resources between the participants.

In Japan and South Korea, policies that eliminate early retirement are being gradually implemented. In Japan, early retirement at age 60 will be eliminated by 2013 for men and 2018 for women. In South Korea early retirement options in the national system at age 55 or 60 are expected to be eliminated in 2033.

**Table 1.3 Women's Retirement Age in Selected East Asian Countries**

|  | Standard age                          | Early age under conditions              | Observations  |
|--|---------------------------------------|---|---|
| <i>Social insurance systems</i>        |                                       |   |   |
| Japan                                  | 65 both sexes                         | no                                      | 65 for flat rate now <sup>b</sup> and 63.5 (men) and 61 (women) for earning related part, 65 both sexes in 2018           |
| Laos                                   | 60 both sexes                         | up to 5 years                           |   |
| Philippines                            | 60 both sexes                         | up to 5 years                           |   |
| South Korea                            | 65 both sexes                         | up to 10 years                          | Standard pension at age 60 (65 in 2033) for insured with income under a certain threshold                                 |
| Thailand                               | 55 both sexes                         |   |   |
| Taiwan                                 | 60 men 55 women                       | up to 10 years (men) to 5 years (women) | Lump sum benefits only  |
| Vietnam                                | 60 men 55 women                       | up to 5 years                           | Early retirement up to 10 yrs for disability  |
| <i>Provident funds</i>                 |                                       |   |   |
| Indonesia                              | 55 both sexes                         | no                                      | Funds withdrawal, monthly retirement income if funds in account superior to a threshold                                   |
| Malaysia                               | 55 both sexes                         | no                                      | Funds withdrawal, account optional for monthly, retirement income paid until age 75                                       |
| Singapore                              | 62 both sexes                         | no                                      | Creation of a monthly pension fund at age 55 from other funds, retirement income paid until account is empty              |
| <i>General taxes, Combined systems</i> |                                       |   |   |
| Australia                              | 65 both sexes                         |   | Means tested pension, at age 63 for women (65 in 2013), superannuation funds withdraw at age 55                           |
| China                                  | 60 men<br>50 to 60 women <sup>a</sup> | Up to 10 years (45 women)               | Same age for basic pension and monthly income pension from mandatory saving accounts. 2005 central government guidelines. |
| New Zealand                            | 65 both sexes                         |   | Flat pension income   |

Source: U.S. Social Security Office (2006).

Note: Cambodia, Myanmar, and Mongolia do not report information about their systems.

<sup>a</sup> In China, professional women retire at age 60, other salaried women at age 55, other women at age 50.

<sup>b</sup> In Japan, bridging benefit is paid to those who cease to work and are entitled to the earning related retirement income.

### 1.3 Factors Determining Worker's Optimal Retirement Age

Policymakers around the world have faced opposition to the increase of women's retirement age. The delay in eliminating early retirement for women in Japan (5 years after the men) and the difficulty in reintroducing age limit for pension entitlement in the civil servants pension scheme in South Korea illustrates the difficulties policymakers have in increasing women's retirement age in the Region. An increase of women's retirement age from 62 to 64 years was approved in a

referendum in Switzerland by 60 percent of the voters. The analysis of the results indicates however that middle-age and elderly women were against the change. Their opposition was associated with the perception that the proposed increase in retirement age was a signal for future cuts in benefits (Bütler, 2001). Cultural and social factors also influenced the attitude of the population about women's retirement age. The richer municipalities and those with a large share of self-employed and children were more likely to favor the increase.

Old-age pension systems have been created to help people maintain their living conditions even after they cannot work anymore due to their age. That age is not the same for all women (and men). Enterprises also have different views about at what age people cannot work anymore. There is no unique "optimal" retirement age.

In the absence of institutional regulations, the desire to retire at a certain age would depend on a series of factors related to each person's economic resources (family's savings, income, and earning capacity); personal characteristics (health condition and attitude toward work and leisure); and social environment (family and friends attitude). Many of these factors are the results of a series of earlier choices in life and social factors; hence there is no simple theoretical model that can explain the relative importance of each factor in the process of retirement. The fact that the decision is dependent on the economic and social behaviors of other members of the family adds another layer of complexity.

The higher pensions are in relation to income earned at work, the more people desire to retire early. Gruber and Wise (1999) have largely documented how pension systems in industrialized countries give little incentive for workers to continue to work after they are eligible for pension. In the United States, however, many workers with retirement plans indicate that they would like to cut back on their work hours or change the type of work they do instead of fully retire (Abraham K, Houseman S. 2004).

Differences in lifetime labor market earnings and occupational segregation by sex mean that women are often entitled to relatively low pension. Women who expect less in pensions may be willing to continue working and accumulate more pension rights.

Institutionally set high retirement age creates incentives for long commitment between firms and workers. It motivates firms to help middle-age workers remain productive and to support the transition of the less productive to other activities. Japan is an example of such commitment. In Japan, workers are entitled to the national public pension at age 65. Many workers do not keep the same job position until retirement, however. Instead companies help their older workers move to non-mainstream positions in the firm or to jobs in a subsidiary or a subcontractor unit. Enterprises also assist workers set up self-employment activities. As a result, transferred workers might do well to continue working beyond the normal retirement age of 65; and the overall participation rate of the elderly in Japan is particularly high (Casey B. 2004).

Unless pension benefits are particularly high, women pensioners must use their savings to maintain their living standard during retirement. The longer the retirement period is, the higher the

chances are that these savings will be depleted. Postponing retirement allows more time to keep savings. It reduces the risk of welfare drops during retirement.

Women in poor health from difficult working conditions benefit from early retirement. The issue is not gender biased. Men's health deteriorates as well when they work in hard working conditions (Hooftman 2007). Enterprises with hard working conditions that lead to poor health largely benefit from a pension system with early retirement provision. In such cases, both firm and worker tend to favor an early retirement age. However, if such enterprises can eliminate the middle-age work force, they may not have incentive to modify the conditions that lead to poor health and safety conditions on the job.

Finally, women's desire to retire is closely related to the structure of their household. The livelihood of the elderly is greatly related to those of their children and grandchildren, particularly in Asia. Numerous unpaid elderly are involved in household units, self-employment activities in agriculture or housekeeping work. Their involvement helps other household's members work or study. In developing countries where return on education is particularly high and young people are more likely hired in higher paying jobs than their parents, such help is appreciated.

## SECTION 2. The Gender Bias of the Pension System in Vietnam

This section presents the specific features of the pension system in Vietnam that create gender differences. It analyses the size of the gender bias of the system and provides an estimate of its financial costs.

### 2.1 The Institutional Settings

#### 2.1.1 Standard retirement

The pension scheme in Vietnam is a component of the social insurance system, which has been in operation since 1962. Before 1995, the pension scheme was *defined-benefit*, which covered only state sector employees and was managed by different agencies under supervision of the government. Under that scheme, the number of working years and base earnings (normally, the wage at the time of retirement) defined the benefit levels for retirement. The benefits were paid by the Social Insurance Fund, which was created to receive contributions from employers through payroll, and subsidies from the government budget. The fund was managed and guaranteed by the Government, and was a component of the government budget. In almost 30 years, especially during the rigorous war years, the scheme significantly contributed to the income and living stabilization of the insured people. A publicly managed, pay-as-you-go (PAYG) defined-benefit scheme was established in 1995, for which the Vietnam Social Insurance (VSI) is responsible for management under guarantees by the Government. The current pension scheme is mandatory for enterprises, bodies, and organizations that employ workers under definite term labor contracts with a duration of three months or more and under indefinite term labor contracts (Giang Thanh Long 2004: 2).

The pension system's regulations (Social Security Law of 2006) in Vietnam are largely biased in favor of women. First, standard retirement for women is age 55 and age 60 for men.<sup>3</sup> Workers do not have to retire at this age, however. Leaving the job at this age is only mandatory in most public organizations. According to the Labor Code 1994 (as amended and supplemented in 2002 and 2006), workers in the private sector can continue to work and contribute if their employers agree. In practice, workers reaching standard retirement age in the private sector claim their pension rights, even if contributing some additional years would substantially increase these rights.<sup>4</sup> A breakdown of current retirement policy is shown in Annex A.

Second, the pension formula is also gender biased. Men and women pensioners are entitled to the same basic replacement rate of 45 percent of their respective reported average wage.<sup>5</sup> But, for each year above 15 years of contribution, women's replacement rate is increased by 3 percent. In the case of men, it is only increased by 2 percent. As a result, women with only 25 years of contribution obtain the maximum replacement rate authorized by the system while men need 30 years.

<sup>3</sup> Social Security Law 2006. The National Assembly Socialist of Vietnam: Social Security Law (Legislature 11, 9<sup>th</sup> session). Law 71/2006/QH11.

<sup>4</sup> Retirees are entitled to monthly pension only if they have a contributory period of at least 20 years. Retirees with shorter contributory periods receive a lump sum, negligible in relation to the pension rights these people could expect if they were able to contribute additional years and complete the required 20 years of contribution.

<sup>5</sup> Reported wages from the public sector and reported wages from the private sector are computed differently.

Some people argue that the system is equitable for men and women because both sexes are entitled to the same maximum replacement rate of 75 percent when they reach their respective retirement age although women retire five years earlier than men. In that sense the gender bias of the pension formula offsets the gender bias introduced with the gap in retirement age. However, this argument is not valid. The gender bias in the pension formula introduces, in fact, other gender differences, as Table 2.1 shows. For example, a man who retires at the age of 60 with 27 years of contributions is entitled to a lower replacement rate than a woman who retires at the age of 55 with 24 years (69 percent and 72 percent, respectively).

The gender bias that results from the pension formula is more likely to create gender differences in the pensions of the retirees from the private sector. Until July 1, 1995, the pension system covered only workers from the public sector. Consequently, until June 2020 all women and until June 2025 all men, who have been working only in the private sector, will reach retirement age with less than 25 and 30 years of contribution. These men and women will receive pensions that replace less than 75 percent of their respective reported average wage, and the replacement rates obtained by the men and the women will differ. For example, a man who will retire in 2025 at the age 60 with 20 years of contributions will be entitled to a replacement rate of 55 percent while a woman who will retire in the same year at the age 55 with also 20 years will be entitled to a replacement rate of 60 percent.

**Table 2.1 Gender Differences in Replacement Rates**

| Years of contribution | Percent replacement rate of the retiree's reported average wage |                            |                       |       |     |
|-----------------------|---|----------------------------|-----------------------|-------|-----|
|                       | Base  | Addition per year above 15 |                       | Total |     |
|                       |   | Women<br>+3% per annum     | Men<br>+ 2% per annum | Women | Men |
| 20                    | 45  | 15                         | 10                    | 60    | 55  |
| 21                    | 45  | 18                         | 12                    | 63    | 57  |
| 22                    | 45  | 21                         | 14                    | 66    | 59  |
| 23                    | 45  | 24                         | 16                    | 69    | 61  |
| 24                    | 45  | 27                         | 18                    | 72    | 63  |
| 25                    | 45  | 30                         | 20                    | 75    | 65  |
| 26                    | 45  | 30                         | 22                    | 75    | 67  |
| 27                    | 45  | 30                         | 24                    | 75    | 69  |
| 28                    | 45  | 30                         | 26                    | 75    | 71  |
| 29                    | 45  | 30                         | 28                    | 75    | 73  |
| 30                    | 45  | 30                         | 30                    | 75    | 75  |

### 2.1.2 Early retirement

The lowest age for early retirement is normally 50 for women and 55 for men. Certain groups of people have the option to retire earlier at a minimum of 45 for women and 50 for men. Access to early retirement at ages 50 and 55 is possible for all women and men, respectively, who have worked at least 15 years in hard, harmful, and hazardous professions that are listed by the Ministry of Health and the Ministry of Labor, Invalids and Social Affairs. Military personnel have the same privileges. It is 5 years lower if the worker has worked these 15 years in specific regions.

Early retirement is also accessible to disabled people, who have lost 61 percent or more of their working capacity. Workers in this category may retire at age 45 for women or age 50 for men. Disabled people who have worked for 15 years in hard, harmful, and hazardous professions or work listed by the Ministry of Health and the Ministry of Labor, Invalids and Social Affairs may retire at any age.

Table 2.2 presents a summary of the sectors in which workers have access to early retirement. The list of the sectors is quite long but only people working in some specific jobs are entitled to early retirement. Unfortunately, it is impossible to give an estimate of the number of women and men in each sector who are eligible for early retirement, because there are no statistics available at such detailed levels.

**Table 2.2 Relative Size and Number of Sectors with Hand Working Conditions**

|                                 | Total no. workers in the sector | Total no. of women | Women employed in formal sector | Women in formal sector above age 45 | No. of positions listed as hard conditions | Examples of sector identified as hard conditions   |
|---------------------------------|---------------------------------|--------------------|---------------------------------|-------------------------------------|--|--|
| Agriculture                     | 11,794,218                      | 114,270            | 77,724                          | 13,798                              | 25   | <ul style="list-style-type: none"> <li>• Coffee pre-processing</li> <li>• Testing pesticides</li> <li>• Pitting cashew nut by hand</li> </ul>  |
| Forestry                        | 36,295                          | 5,040              | 4,581                           | 1,642                               |  | <ul style="list-style-type: none"> <li>• Forrest survey</li> <li>• Benson exploitation</li> </ul>  |
| Fishery                         | 279,674                         | 9,944              | 1,994                           | 736                                 | 41   | <ul style="list-style-type: none"> <li>• Boatmen, who work on board as trading officer to buy sea products</li> <li>• Production of feed for aquaculture as fish or shrimp</li> <li>• Exploitation of material for production of aphrodisiac for fish</li> <li>• Frozen sea food processing</li> </ul> |
| Mining (coal and metal mineral) | 20,607                          | 18,521             | 18,521                          | 3,162                               | 13   | <ul style="list-style-type: none"> <li>• Cleaning coal by hand and material on boat, ferry, assembly and in the factory of coal processing</li> <li>• Coal unloading</li> <li>• Protection, handling, store keeper of explosive production unit</li> </ul>   |
| Petroleum                       | 6,038                           | 2,678              | 2,678                           | 989                                 | 20   | <ul style="list-style-type: none"> <li>• Analyzing the special indicators of crude oil</li> <li>• Production of petroleum merchandise</li> </ul>   |
| Food processing and production  | 429,715                         | 230,089            | 222,433                         | 17,411                              | 21   | <ul style="list-style-type: none"> <li>• Processing of milk liquid</li> <li>• Processing embryos</li> <li>• Chili source production</li> </ul>   |

|   | Total no. workers in the sector | Total no. of women | Women employed in formal sector | Women in formal sector above age 45 | No. of positions listed as hard conditions | Examples of sector identified as hard conditions  |
|---|---------------------------------|--------------------|---------------------------------|-------------------------------------|--|---|
| Bewages production                                      | 31,843                          | 18,604             | 17,669                          | 3,245                               | 16   | <ul style="list-style-type: none"> <li>• Fermenting beer in frozen underground</li> <li>• Distilling material for production of alcoholic beverages</li> </ul>  |
| Tobacco production                                      | 9,069                           | 7,356              | 7,356                           | 1,584                               | 7  | <ul style="list-style-type: none"> <li>• Transporting, loading tobacco by hand</li> <li>• Processing aromatic spices for tobacco production</li> </ul>  |
| Textile   | 1,257,434                       | 687,810            | 634,561                         | 34,120                              | 32   | <ul style="list-style-type: none"> <li>• Operating machines for cotton packaging</li> <li>• Fabric processing assembly</li> <li>• Knitwear assembly operation</li> </ul>  |
| Leather   | 344,539                         | 322,783            | 321,648                         | 90,280                              | 54   | <ul style="list-style-type: none"> <li>• Stretching leather</li> <li>• Cleaning soaked logs</li> <li>• Forest plantation and exploitation (in paper material enterprise)</li> <li>• Laminating rubber</li> <li>• Operating plastics grinding, rolling machines</li> </ul> |
| Wood work   | 304,819                         | 87,465             | 61,347                          | 5,840                               |  |   |
| Paper production  | 33,406                          | 21,146             | 20,598                          | 4,585                               |  |   |
| Printing  | 35,163                          | 19,456             | 19,252                          | 1,853                               |  |   |
| Production of plastics and rubber products              | 54,056                          | 46,652             | 46,338                          | 6,593                               |  |   |
| Production of mineral products                          | 91,068                          | 60,536             | 60,237                          | 9,183                               |  |   |
| Production of chemical merchandises                     | 26,439                          | 24,977             | 24,557                          | 3,620                               | 86   | <ul style="list-style-type: none"> <li>• Production of liquid and solid carbon dioxide</li> <li>• Oil filtering, revoking, generating</li> </ul>  |
| Production of chemical pharmaceutical products          | 32,096                          | 27,045             | 26,129                          | 4,611                               | 18   | <ul style="list-style-type: none"> <li>• Raising and exploitation of snake venom</li> <li>• Chloral and chloramines production</li> </ul>   |
| Metallurgy  | 166,819                         | 127,263            | 125,919                         | 15,231                              | 66   | <ul style="list-style-type: none"> <li>• Cast iron turning and lathing</li> <li>• Industrial cleaning of coal and mining factory</li> <li>• Operating the grinding machine</li> </ul>   |
| Management and treatment of waste water                 | 39,947                          | 14,714             | 12,936                          | 2,646                               | 17   | <ul style="list-style-type: none"> <li>• Cleaning and clearing the dumping land</li> <li>• Dredging the sewers</li> </ul>   |
| Production of electricity, gas, steam, air conditioning | 312,627                         | 29,582             | 29,373                          | 5,979                               | 28   | <ul style="list-style-type: none"> <li>• Scooping up coal residues in electricity factory</li> <li>• Industrial cleaning for 500KVA transformer station</li> <li>• Operating gas station in electricity factory</li> </ul>  |

|  | Total no. workers in the sector | Total no. of women | Women employed in formal sector | Women in formal sector above age 45 | No. of positions listed as hard conditions | Examples of sector identified as hard conditions  |
|--|---------------------------------|--------------------|---------------------------------|-------------------------------------|--|---|
| Construction   | 444,789                         | 49,852             | 47,971                          | 5,432                               | 42   | <ul style="list-style-type: none"> <li>• Building underground</li> <li>• Xyacetylene dwelling underground</li> </ul>  |
| Railway and land way   | 705,060                         | 30,100             | 26,894                          | 7,805                               | 5  | <ul style="list-style-type: none"> <li>• Assistant in transportation trains</li> <li>• Ticket control, operators at toll station</li> </ul>   |
| Waterway transportation  | 17,032                          | 6,471              | 6,082                           | 1,221                               | 6  | <ul style="list-style-type: none"> <li>• Checking the boat, cleaning boat insider</li> </ul>  |
| Aviation transportation  | 50,702                          | 50,037             | 50,036                          | 4,805                               | 43   | <ul style="list-style-type: none"> <li>• Food protection in frozen store</li> <li>• Cleaning the runway</li> <li>• Supervision of underground services</li> </ul>   |
| Post service   | 23,806                          | 22,054             | 21,599                          | 3,499                               | 9  |   |
| Telecommunication  | 384,733                         | 31,538             | 30,279                          | 3,870                               | 8  | <ul style="list-style-type: none"> <li>• Measuring vibration frequency, television generators</li> </ul>  |
| Restaurant service, accommodation, hotel                       | 687,706                         | 151,155            | 90,966                          | 19,333                              | 6  | <ul style="list-style-type: none"> <li>• Preservation, transforming food in frozen store</li> <li>• Dishwashing in hotel</li> </ul>   |
| Culture, arts, publication, movies and program show production | 21,934                          | 17,377             | 17,293                          | 4,194                               | 17   | <ul style="list-style-type: none"> <li>• Water puppet actor</li> <li>• Teach animal and animal circus actor</li> </ul>  |
| Science and technology   | 14,458                          | 13,841             | 13,841                          | 3,882                               | 8  | <ul style="list-style-type: none"> <li>• Testing chemical goods</li> <li>• Store keeper for radioactive resources</li> </ul>  |
| Education and training   | 898,261                         | 879,642            | 875,857                         | 220,564                             | 4  | <ul style="list-style-type: none"> <li>• Testing nuclear physics</li> <li>• Testing physics, chemicals</li> </ul>   |
| Health care and social assistance                              | 236,327                         | 221,531            | 219,186                         | 72,317                              | 9  | <ul style="list-style-type: none"> <li>• Medical treatment and care of drug addiction rehabilitation patients</li> <li>• Direct examination, treatment for hospital patients in intensive care</li> </ul> |
| Total  | 18,790,680                      | 3,349,529          | 3,135,855                       | 574,030                             |  |   |

Source: Survey on Labor and Employment 2007, MOLISA; Decision No 1453/LDTBXH-QD dated 13/10/1995 of MOLISA; Decision No 915/LDTBXH-QD dated 30/07/1996 of MOLISA; Decision No 1629/LDTBXH-QD dated 26/12/1996 of MOLISA; Decision No 190/1999/LDTBXH-QD dated 3/3/1999 of MOLISA; Decision No 1580/2000/LDTBXH-QD dated 26/12/2000 of MOLISA; Decision No 1152/2003/LDTBXH-QD dated 18/9/2003 of MOLISA.

## 2.2 Financial Cost of the Gender Gap

In the context of this study, the precise measuring of the effective size and cost of the gender bias in the pension system is impossible because it needs the compilation of data on all pension benefits and pensioners' profiles. However, the Vietnam Social Security (VSS) does not have an organized database on pensioners, and all the information required is not necessarily kept electronically.

The relative importance of the gender bias in the Vietnam pension system can be, however, measured by comparing men's and women's benefits with hypothetical actuarial benchmarks. These benchmarks correspond to the monthly income men and women could expect during retirement if they had saved their contributions in a savings account instead of having them paid and transferred to the pension system by their employer. The calculation of these benchmarks assumes that men and women obtain the same interest rates on their savings. Therefore, a man and a woman with the same history of contributions would have the same amount of savings at retirement. During retirement, they would obtain the same monthly income from that savings.<sup>6</sup>

Figure 2.1 shows the comparison between the monthly income paid out of the savings account (the actuarial benchmark) and the pension obtained from social insurance. Figure 2.1.a compares men and women pensions obtained by retirees from the public sector. Figure 2.1.b compares men and women pensions obtained by retirees from the private sector. Retirees from both sectors do not have the same pension rights. Retirees from the public sector receive pensions that are computed on the wages reported the few years before retirement;<sup>7</sup> in the calculation these wages are counted as multiple of the current minimum wages. Retirees from the private sector are entitled to pensions that are computed on all the reported wages and, in the calculation these wages are adjusted for inflation.

Figure 2.1.a illustrates the following premise: a man who retires from the public sector with 30 years of contribution is entitled to a pension that replaces 77 percent<sup>8</sup> of his wage at retirement (that is the last wage he earned before he retired). With the same number of years of service and so the same amount of contribution, a woman is entitled to pension benefits that replace 75 percent of her wage at retirement. If both had saved the same amount of contributions in a saving account, they would have received during their retirement a monthly income equal to 39 percent of their wage at retirement.

The gap between the level of the pension and the actuarial benchmark (the continuous lines and the dotted lines) indicates how much pensioners benefit from the pension system. This gap is

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<sup>6</sup> The assumption is that the men and women have contributed the same amount during the same periods of time. If the calculation takes also into account that the expected length of the retirement period is longer for women than for men, these savings deliver lower monthly income to the woman than to the man. For simplicity, this difference is not taken into account here.

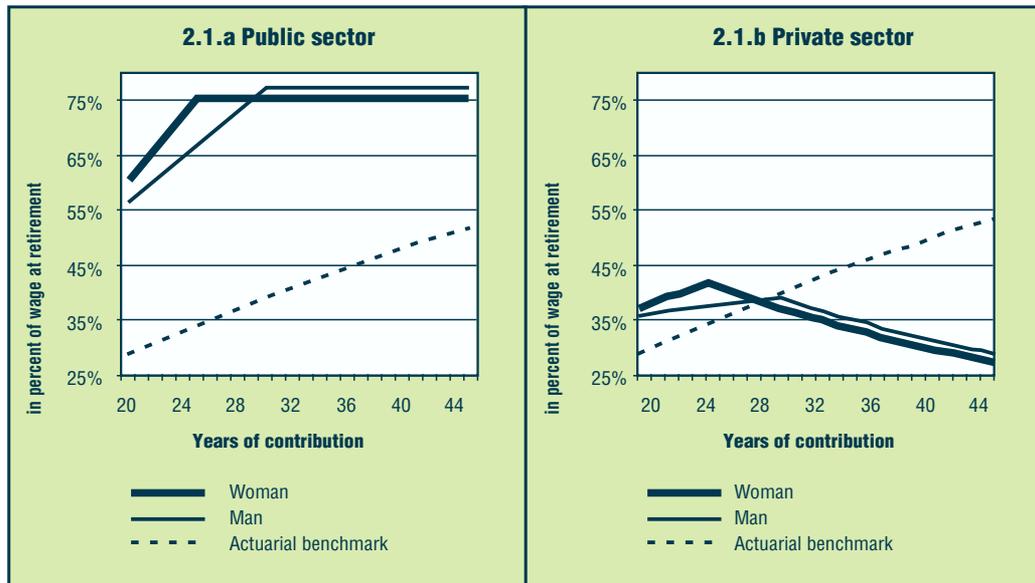
<sup>7</sup> From 5 years in the case of the people who started contributing before 1995, to a maximum of 10 years in the case of the people who started contributing after the law was implemented.

<sup>8</sup> This calculation takes into account the pension and the additional benefits received by the pensioners like free health insurance contributions and lump sum for contributions period longer than 30 years for men and 25 years for women

always positive in the case of the retirees from the public sector. It is sometimes positive and sometimes negative in the case of the workers who retire from the private sector.

The pension system is gender biased if women always benefit more from the pension system than men — that is if the gap is always higher for the women than for the men. This comparison is shown in Table 2.3. The numbers show that effectively the system is biased toward women but not in all the cases. Women who retire from the public sector with between 20 and 25 years of contributions obtain *greater* advantages than men of about 3.5 percent (31.8 minus 28.3) and 8.2 percent (41.2 minus 33.0) of the wages at retirement (although they have earned the same wages and worked the same number of years than men). Women with longer contribution periods receive *lesser* advantages than men of about 2.1 percent of their wages at retirement.

**Figure 2.1 Men and Women Pensions and Actuarial Benchmarks**



Source: Based on Castel and Rama (2005) updated to reflect the 2006 Social Security Law

Notes: Actuarial benchmark parameters: savings accrue at an annual rate of 4 percent above inflation; inflation is 5 percent per year; retirement age is 60 and 55 years for men and women, respectively; expected length of retirement period is 18.1 and 24.8 years, respectively; the calculation includes the lump sum paid for contributions period longer than 30 years for men and 25 years for women that has been converted to a string of monthly payments like the savings account for the calculation of the actuarial benchmarks; the calculation includes the cost of 3 percent of the pension amount toward health insurance paid by the pension system.

A similar pattern is observed in cases of women who retire from the private sector. Women who retire with between 20 and 25 years obtain greater advantages than men, but the system penalizes both women and men who retire with between 30 and 35 years of contributions. The reason is that the pension formula includes little rewards for the years that are worked after the 25<sup>th</sup> year for the

women and the 30<sup>th</sup> year for the men.<sup>9</sup> Consequently, the actuarial benchmark is higher than the pension benefits for both men and women. However, women are penalized more than men. This situation reduces workers incentives, particularly women's incentives, to participate for long contributory periods.

**Table 2.3 Gender Gap in Pension Benefits**

| Number of years of contributions   | Men and women pension and actuarial benchmark in % of wage at retirement |        |        |        |
|------------------------------------|--|--------|--------|--------|
|                                    | 20 yrs   | 25 yrs | 30 yrs | 35 yrs |
| Actuarial benchmark                | 28.4   | 34.0   | 39.0   | 43.6   |
| <i>Public sector</i>               |  |        |        |        |
| <b>Women</b>                       |  |        |        |        |
| Pension                            | 60.2   | 75.2   | 75.2   | 75.2   |
| Gap: pension - actuarial benchmark | 31.8   | 41.2   | 36.2   | 31.6   |
| <b>Men</b>                         |  |        |        |        |
| Pension                            | 56.7   | 67     | 77.3   | 77.3   |
| Gap: pension - actuarial benchmark | 28.3   | 33.0   | 38.3   | 33.7   |
| <i>Private sector</i>              |  |        |        |        |
| <b>Women</b>                       |  |        |        |        |
| Pension                            | 36.6   | 40.8   | 36.6   | 33.0   |
| Gap: pension - actuarial benchmark | 8.2  | 6.8    | -2.4   | -10.6  |
| <b>Men</b>                         |  |        |        |        |
| Pension                            | 34.4   | 36.3   | 37.6   | 33.9   |
| Gap: pension - actuarial benchmark | 6.0  | 2.3    | -1.4   | -9.7   |

In summary, the pension system in Vietnam is biased toward workers who have a short working history. Women with short working histories benefit more than men from the system. Workers with long contributory periods still benefit from the system if they work in the public sector. However, women who have a long working history in the public sector are less advantaged than men. In the private sector, there are no incentives for men and women to participate to the pension system for long contributory periods.

Establishing financially strict gender equality in a pension system would be extremely difficult because it would require that pension be calculated in relation to the life expectancy of each individual.<sup>10</sup> Reaching gender transversal equity is more feasible, it requires that people who make the same amount of contributions are entitled to the same amount of pension benefit and entitlement whatever their gender. It requires also that people who paid contributions for longer periods receive proportionally larger pension benefits. In the case of the pension system in Vietnam, reaching gender equity requires the equality of men and women's retirement ages as well as the design of a new pension formula.

<sup>9</sup> In the private sector, the marginal increase of the pension more than totally offset by the declining level in percent of the last wage of the average wage on which the pension is calculated. The average wage is calculated on all the reported wages on which contributions were paid. In the calculation, wages are indexed according to past inflation.

<sup>10</sup> Depending on each individual's working life and related health risks, etc.

## 2.3 Men and Women's Retirement Age and Pension Benefits

Table 2.4 presents the characteristics of the current pensioners in Vietnam according to the VSS administrative data. Many workers have had access to early retirement in the past decade. As a result, the average age of the current retirees is lower than the standard retirement age. Women and men alike retire on average about 5 years before the standard retirement age

**Table 2.4 Men and Women Pensioners Characteristics, 2001 – 2007**

|   | 2001 | 2002 | 2003 | 2004 | 2005  | 2006  | 2007  |
|---|------|------|------|------|-------|-------|-------|
| Age at retirement (years)                                     | 54.4 | 54.5 | 53.4 | 53.6 | 53.2  | 52.6  | 52.6  |
| For men   | 57.1 | 56.9 | 55.7 | 55.8 | 55.6  | 54.5  | 54.3  |
| For women   | 51.8 | 52.2 | 50.4 | 50.7 | 51.8  | 51.1  | 51.1  |
| Pension amount (VND thousand per month)                       | 455  | 459  | 644  | 648  | 699   | 859   | 1,204 |
| For men   | 530  | 511  | 709  | 712  | 750   | 895   | 1,226 |
| For women   | 388  | 413  | 584  | 588  | 669   | 831   | 1,184 |
| Wage on which contributions are paid (VND thousand per month) | 553  | 581  | 743  | 779  | 975   | 1,159 | 1,220 |
| For men   | 591  | 616  | 795  | 836  | 1,048 | 1,241 | 1,307 |
| For women   | 514  | 547  | 691  | 723  | 903   | 1,076 | 1,127 |
| Length of contributions (years)                               | 31.2 | 31.7 | 30.8 | 31.0 | 30.9  | 30.3  | 30.1  |
| For men   | 33.8 | 34.0 | 31.8 | 32.1 | 32.9  | 31.9  | 31.6  |
| For women   | 28.8 | 29.6 | 29.5 | 29.7 | 29.6  | 29.1  | 28.8  |
| Ratio pension to contribution wage (%)                        | 82.3 | 79.0 | 86.7 | 83.1 | 71.7  | 74.1  | 98.6  |
| Men   | 89.6 | 82.8 | 89.2 | 85.2 | 71.5  | 72.1  | 93.8  |
| Women   | 75.4 | 75.5 | 84.5 | 81.3 | 74.0  | 77.2  | 97.0  |

Source: VSS data at the end of December 2007.

Note: Characteristics defined as current pensioners who retired from the public sector or have worked both in the public and the private sector.

A large part of the drop in the average retirement age is likely related to the implementation of Decree 41<sup>11</sup> that increased access to early retirement for workers employed in restructuring state-owned enterprises. The use of early retirement reduced the social cost of the dismissals. The Decree 41 was applied until the end of 2006. However, average men and women's retirement age did not increase back in 2007. The implementation of Decree 41 is therefore not the only factor that explains today's low retirement age. Higher flow of retirement of people with disability certificates and higher flow of retirement of people from the army or police has likely contributed to the situation. Also fueling this trend is that the pension formula does not provide strong incentives to contribute for long periods of time.

As Figure 2.2 illustrates, men's retirement age has been constantly decreasing over the past years while the age of women's retirement remained stable. The Vietnam Social Security was unable to provide more details to the study that would show causes for these figures. Similarly, because pensioners in Vietnam represent a small portion of the population, the limited information

<sup>11</sup> and Decree 155/2004/ND-CP (amendment and supplementation of some terms of Decree 41/2002/ND-CP)

collected, for example, in households surveys do not allow for analysis of the consequences of early retirement on the trends in family size, workers' mobility, children's education, and overall women's role in the family.

**Figure 2.2 Average Retirement Age**



Source: VSS data at the end of December 2007.

This situation is worrying because it is not financially balanced. Women, age 50, are expected to live on average another 28 years<sup>12</sup> after retirement. If they contribute for 29 years on average, the average length of the contribution period is close to the average length of retirement. Given that workers contribute only 16 percent of their wage every year, and given that the average pension is almost equal to the average wage on which contributions are paid, clearly the pension system does not collect enough money to finance such pensions.<sup>13</sup>

This financial imbalance is not apparent today because formal employment is expanding fast in Vietnam; so few pensioners retire in relation to the number of contributors. As a result, many contributors participate in the financing of one pension. The situation is, however, financially not sustainable in the long term when the population ages and the number of contributors per pensioners drops.

## 2.4 Estimations of Savings: A Simulation

The estimation of the financial impact of women's lower retirement age requires simulations of the current pension system because the cost of a pensioner spreads out over many years, and postponing of the retirement of a worker has several consequences.

Increasing women's standard retirement age by one year from age 55 to age 56 leads to a reduction of the number of new pensioners. The women who reach age 55 have to continue to work until they reach age 56. Not all these women will retire one year later, however. The women who are entitled to early retirement and the women who become disabled can still retire at age 55 if they so desire. In Vietnam, some women who are not entitled to monthly pension benefits under the current regulations because they reach retirement age with less than 20 years of contribution will likely become eligible.

<sup>12</sup> Based on UN Vietnam population's projection

<sup>13</sup> In Table 2.4 the ratio of pension to contribution wage is equal to 93.8 in the case of men and 97.0 in the case of women. This means that the average pension benefit paid to the current retirees who are men is equal to 93.8 percent of the average wage of the current contributors who are men.

The lower number of pensioners reduces the total amount of pension expenditures. Part of these savings is offset by the increase of women's average pension. Because women contribute one more year to the pension system, their pension is increased accordingly. In Vietnam, this impact is likely to be negligible. The current average length of contribution at retirement is 29 years, so most of the women who reach retirement age today are already entitled to the maximum level of pension and the maximum level of lump sum paid for the years of contribution above 25. Similarly, public sector retiree's reported average wage on which pensions are calculated is not going to change unless the person is promoted (which is unlikely if the woman is one year from retirement).<sup>14</sup> If the women work in the private sector, the addition of one more year of contributions marginally increases the average wage on which her pension is calculated.<sup>15</sup>

The increase in women's retirement age also has a positive impact on revenues to the pension system because the women who postpone retirement keep paying contributions. The impact is reduced if the continuing work of women reduces labor mobility and diminishes the availability of jobs for the young entering the labor market. However, even in that case the overall financial impact of an increase in women's retirement age on revenues is likely to be positive because older workers are likely to be paid higher wages than newly hired young workers. So the contributions collected on older workers are also higher.

Figure 2.3 presents a simulation of the impact of the number of pensioners and the pension finances of an immediate equalization of men and women's retirement age in 2008. Women like men could retire at the age of 60, up to 5 years earlier, if they worked in hard conditions or up to 10 years earlier if they are disabled (or work in hard condition in specific places).

Very few workers are expected to retire from the private sector before 2020,<sup>16</sup> hence the simulation is based on the structure by age of women's employment in the public sector obtained from the Vietnam Household's Living Standard Survey (VHLSS) 2006 database. Accordingly, the financial impact is measured in relation to the pensions paid to the pensioners retired from the public sector from 1995 to date, and the revenues obtained from contributions from the reported wages of the workers employed in the public sector.

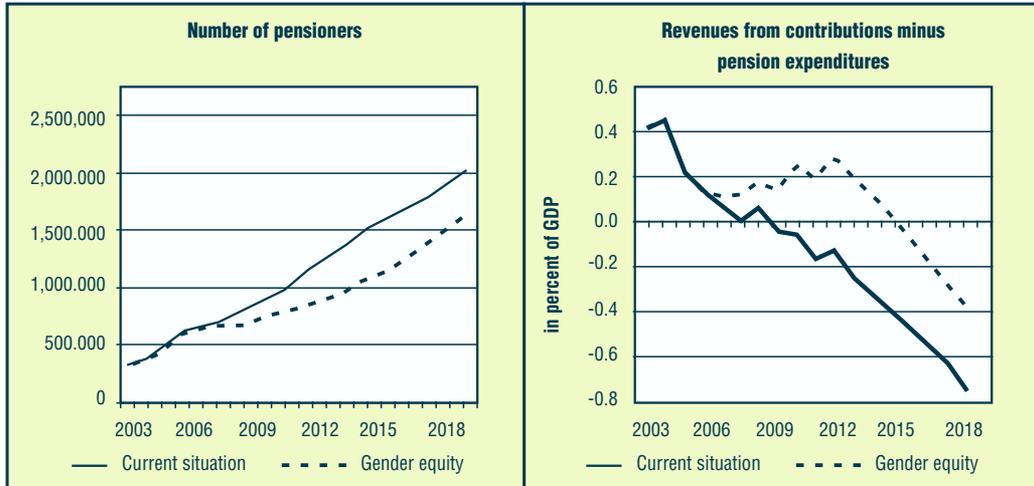
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<sup>14</sup> Retirees from the public sector receive pensions that are computed on the wages reported a few years before retirement and, in the calculation, these wages are counted as multiple of the current minimum wages.

<sup>15</sup> Retirees from the private sector are entitled to pensions that are computed on all the reported wages and, in the calculation, these wages are adjusted for inflation.

<sup>16</sup> The system has covered workers from the private sector only since July 1995; to be eligible for pension people must have contributed for 20 years (the earliest in July 2015). Hence the number of workers joining from the private sector was low at the beginning but is increasing.

**Figure 2.3 Pension Savings and Gender Equity in Retirement Age**



*Note:* The first graph presents the number of pensioners retired since 1995 to date and expected to retired from the public sector until 2020. The second graph presents the balance between pension expenditures and the contributions collected from the workers employed in the public sector during the same period. Starting 2010 and under the current situation, this balance is negative. The contributions collected from the workers in the private sector currently cover this financing gap.

The introduction of gender equity in Vietnam in 2008 would substantially reduce the number of women retiring for the next 5 years. Most of the women would have to postpone retirement for 5 years. Access to early retirement would be delayed by 1 to 5 years depending on the age of the women. Women that become disabled before age 50 would no longer be entitled to retire. This change, quite extreme, was not factored in the simulation; access to disability pension at age 45 was used.

The result of the simulation on the number of pensioners indicates a significant drop in the number of pensioners from 2008 until 2013. After 2013, the number of pensioners starts to grow again at the same pace as before gender equity was introduced. By 2013, all the women who would have retired in 2008 under the current situation are retired. Most of them are around age 60 (some are younger because of early retirement and disability) but because there are less women pensioners younger than age 60 (or 55 for early retirement), the stock of pensioners is permanently reduced.

The impact on pension finances is significant. The reduction in the number of new pensioners drastically reduces the amount of payments until 2014 when the persons who had to delay retirement start retiring. The largest saving in a year is observed in 2013, it is equivalent in the simulation to 0.4% of GDP. Because the number of pensioners is permanently reduced, the savings are also permanent.

Long-term forecast that also take into account the impact of women's retirement age pattern in the private sector indicate that in the future women's lower retirement age represent a cost of about 1.3% of GDP.

## SECTION 3. Social Concerns in Vietnam

Increasing retirement age is not easy to implement because many people oppose it, and it raises several social concerns. In a survey by the Vietnam Academy of Social Sciences (Tran Thi Van Anh and Nguyen Huu Minh 2008: 62-3) of 500 people working in paid employment, only 15.3 percent of the women and 8.9 percent of the men thought that women's current retirement age was "too early." A large majority of the respondents (over 85 percent), both men and women, think that retiring at age 55 is beneficial for women so that they can take care of their health and family.

### 3.1 Stakeholders Consultations

In the context of this study, researchers from the Institute of Labor Science and Social Affairs (ILSSA) organized 13 in-depth interviews of retired women in a ward of Hanoi to investigate their current employment and income status and their viewpoints on the retirement age and 10 in-depth interviews on representative leaders of agencies/enterprises in Hanoi on the situation of employing middle-age female workers and viewpoints of these organizations on female retirement age.

Annex B gives the methodology for the study and Annex C provides results of the interviews. The feedback collected during these consultations may not be representative of all these aspects. They show however that the sources of concern among women and within society about increasing women's retirement age are related to family's savings and income, health conditions, and enterprises' attitude towards older workers (factors presented in section 1.3). The main ILSSA findings are presented below.

#### 3.1.1 Women pensioners

In Vietnam, the opinion of women pensioners is divided regarding retirement age increase. Some educated women, although few, are in favor of increasing the age. These women usually compete for high-ranking placement in public offices or elected position. They judge that early retirement is a barrier for women's opportunities in training and promotion. As a result the women see less opportunity to occupy higher-level positions (Annex D).

On the other hand, a majority of women pensioners are against increasing women's retirement age. Most consulted women did not face a drop in welfare after retirement and most enjoyed retirement. Many of the women questioned did not complain about the level of the pension they receive. Some recognized that the welfare of the household they live in even improved because they continued to work, or because they dedicated more time to their children or the household work. Based on the consultation feedback many women pensioners either consulted in their prior workplace or created self-employed activities (opening a shop, creating a new enterprise, etc.). For others, the pension is high enough so they are able to balance some remunerated activities with their desire to reduce the time spent at work.

A 53-year old shop assistant, who retired at 50, said, "My current income is higher than my pre-retirement salary. Previously, my old salary was about 2 million dong per month, a little bit higher than the pension but I had to work hard and could not do additional job at

home. At present, my total income from other sources is much higher. In addition, I feel so relaxed do not bear any work pressure...”

The situation is not homogeneous across all pensioners, however. Some women pensioners complain about the level of their pension and the difficulties they face to re-integrate into the labor market. The consulted women pensioners who felt this way were either disabled or retired from the textile sector. These women receive relatively low pensions probably because only a portion of their wage was reported to Vietnam Social Security or because the calculation of disabled pensions includes penalties for early retirement. Moreover, these women felt that they have difficulties finding or taking new jobs because of their poor health or low qualification.

A 46-year-old ex-sewing worker, retired at age 45, said, “My pension income is much lower than my pre-retirement salary. This amount of money is not enough for my personal spending... When I have difficulties, I usually borrow money from my relatives...”

A 60-year-old ex-accountant, retired at age 52, said, “Being on a tight budget makes my family stressed. Every problem that emerges is related to money. I usually get angry when I cannot afford to spend on something. I feel sorry for my children when they ask me for money to pay school fees but I don't have enough. It makes them angry and vexed. Luckily, they still go to school. When I was working, I did not feel anxious like this...”

A 52-year-old ex-sewing worker, retired at age 48, said, “...To be frank, at this age, we are still able to work but we do not know where to find a job. It would be good if we can find a job to earn additional income; but it is very difficult to find a job at the age of 50 except as a retail seller or laborer. I have searched for jobs on Internet but when I contacted the employer, they refused because of my age. If I can find a job, I would prefer doing 8 hours per day without heavy working...”

Surprisingly, despite this hardship, most of these women pensioners were not in favor of increasing women's retirement age. They often felt that their health would not have allowed them to keep up with the working rhythm they were asked to maintain in their previous jobs. If women's retirement age had been higher, these women fear that they could have lost their job before being entitled to a pension.

### **3.1.2 Enterprises**

Social factors also negatively affect the chance for older workers to keep good job positions. Enterprises in the trade sectors, for example, mention that sometimes older workers do not perform as well as younger workers with clients.

The majority of consulted employers affirm that they do not discriminate against older workers for training or promotion. From the feedback, enterprises do not favor increasing women's retirement age. The main reasons are related to their perception that productivity deteriorates with age. Employers recognize that older workers have more experience, but older workers become slower, their vision deteriorates, and they have difficulties working in shifts and are more reluctant to work overtime.

Ms. Nguyen Bich L., Deputy Director of an enterprise in leather and footwear industry, said, “Female labor retirement age should be 50 because the working efficiency will be much lower than the younger ones while wage is higher due to longer working time. Besides, aged labors also result in high cost of social expense due to bad health and illness. Therefore, for the purpose of getting profit, enterprises would like to employ labors in full energy. Some labors wish to continue working because of personal affairs but the whole society and the enterprise have to give them preference treatment.”

A 46-year-old sewing worker, retired at age 45, said, “In my old company, young workers considered old workers like us as their burden because we were old, working slowly and our productivity was lower than theirs. In addition, we were usually sick and conservative....”

A 52-year-old sewing worker, retired at age 48, said, “The managers encouraged us to resign early rather than forcing us. If I had not had a retirement pension book, I would not be retired....”

Finally, some women insinuated that legal regulations, like the impossibility to perform medical operations for female doctors after age 55, have prevented employers from keeping women with otherwise high expertise. This study could not confirm whether such regulations exist in Vietnam. These women's observations demonstrate, however, how difficult it is for women, even with high expertise, to keep working in the formal sector after age 55 in Vietnam.

### **3.1.3 Policy advisers**

A brainstorming workshop was held with participants from a wide range of government and social institutions who have been working in the recent years either on issues related to gender equality or on issues related to women's retirement age.

The participants had different views about gender equity and the current gender differences in working conditions and profiles. One group of participants was against gender differences in employment and training opportunities for promotion, but agreed with gender differences in pensions. They observed that because women retire 5 years earlier, they could only be as professionally successful as men are if they are capable of reaching each turning point in their careers 5 years earlier than men. According to this observation, women should be given the right to keep working if they desire after age 55. The group felt, however, that gender differences in the pension formula should not be eliminated because currently women obtain the same replacement rates than men even if they retire and contribute 5 years less than men.<sup>17</sup>

Another group pointed out that financial imbalance between men and women's pension receipts was not consistent with gender equity. They recognize that the difference in average life expectancy between men and women introduces some gender inequity that is unavoidable.<sup>18</sup> In their feedback, the group includes that men should complain that the system introduces additional bias, which favors women.

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<sup>17</sup> See comments on gender differences in pension formula in section 2.1.1

<sup>18</sup> In fact, similar inequity exists within each gender group between the people who have good health or good luck and those who have weaker health or bad luck and that do not enjoy long retirement periods.

Some participants objected that women's health is weaker than men in old age. These people were worried that many women would find it difficult to keep working after age 55 if retirement age is increased.

Some participants mentioned that increasing women's retirement age could have a negative impact on youth employment if women continue to work and their positions are not open to new (younger) employees. As a result, labor mobility is reduced and the opportunities for new jobs for youth are lower. Some participants observed that from this perspective gender equity would mean the reduction of men's retirement age from 60 to 55 years because employment of older men probably has the same impact on youth employment.

Other participants proposed to set up different transition periods for the increase of retirement age. Women's retirement age would be increased at a faster speed in the sectors where women have expressed their willingness to continue to work after age 55. In other sectors, women's retirement age could be increased more gradually.

One of the participants observed that the reform of women's retirement age should be implemented without losing focus on the main goal of the pension system that is to provide income to the old people when they cannot work any longer. This person observed that the rules that determine women's retirement age in the current system are far away from this principle.

## SECTION 4. Statistical Evidence

This section illustrates the arguments and concerns presented in the consultation process with statistical evidence obtained from the 2006 Vietnam Household's Living Standards Survey (VHLSS) 2006 from the General Statistics Office (GSO).

The survey does not report which person in the households are pensioners. It identifies, however, which households receive some pension income. The designation of which household member was the beneficiary of the pension income was based on the following determinations: First, household members who report being entitled to health insurance because they are retired were designated as being pensioners. Second, the household members who report being retired or disabled and lived in a household that receives some pension income were designated as being pensioners. Third, the oldest person living in a household that receives some pension income, and yet had no member designated as being pensioner, were designated as being pensioner.

Using these designations, the number of pensioners obtained in the VHLSS 2006 is rather close to the number published by Vietnam Social Security. These figures are reported in Table 4.1. The structure by age of the VHLSS indicates that in 2006 about one-fifth of the women pensioners retired before standard retirement age.

**Table 4.1 Total Number of Pensioners, VSS and VHLSS 2006**

|                             | Women   | Men     | Total     |
|-----------------------------|---------|---------|-----------|
| <i>Number of pensioners</i> |         |         |           |
| VSS                         | 717,841 | 810,131 | 1,527,972 |
| VHLSS 2006                  | 743,757 | 922,619 | 1,666,376 |
| <i>Composition (%)</i>      |         |         |           |
| Retirement age and above    | 78.7    | 90.9    | 85.5      |
| Under retirement age        | 21.3    | 9.1     | 14.5      |
| Total                       | 100.00  | 100.00  | 100.00    |

Source: VHLSS 2006 and VSS administrative data.

### 4.1 General characteristics

General characteristics of the survey include area of residence, age, income status, and living conditions.

#### 4.1.1 Area of residence

Table 4.2 shows that about one-fourth of the households that include at least one pensioner live in urban areas.

**Table 4.2 Households of pensioners by area of residence**

|                               | Rural | Urban | Total  |
|-------------------------------|-------|-------|--------|
| Households with pensioners    | 75.1  | 24.9  | 100.00 |
| Households with no pensioners | 46.0  | 54.0  | 100.00 |
| Total population              | 72.5  | 27.5  | 100.00 |

Source: VHLSS 2006.

### 4.1.2 Age

Pensioners represent 7.7 percent of the population 45 years old and above (Table 4.3). Women have access to early disability pension and standard retirement 5 years earlier than men; as a result, the proportion of women retirees among persons less than age 54 is much higher than among men. Surprisingly, the share of men who retired early before the standard retirement age 60 is as high as the share of women the same age who have had access to standard retirement.

This result likely reflects the high use of the special early retirement provisions for restructuring enterprises that were eliminated at the end of 2006. Finally, while the proportion of women pensioners in the population above 65 is rather low in comparison to men, these ratios are much closer at younger age. Women labor market participation has been increasing over the last 20 years. The increasing number of women pensioners will result in a higher financing burden of the gender bias in pensions.

**Table 4.3 Share of Pensioners by Age Groups**

|              | Total         |            |            | Women         |            |            | Men           |            |            |
|--------------|---------------|------------|------------|---------------|------------|------------|---------------|------------|------------|
|              | Non pensioner | Pensioner  | Total      | Non pensioner | Pensioner  | Total      | Non pensioner | Pensioner  | Total      |
| 45-49        | 99.1          | 0.9        | 100        | 98.9          | 1.1        | 100        | 99.4          | 0.6        | 100        |
| 50-54        | 95.8          | 4.2        | 100        | 94.9          | 5.1        | 100        | 96.8          | 3.2        | 100        |
| 55-59        | 85.5          | 14.5       | 100        | 85.2          | 14.8       | 100        | 85.9          | 14.1       | 100        |
| 60-64        | 83.4          | 16.6       | 100        | 86.5          | 13.5       | 100        | 79.1          | 20.9       | 100        |
| 65-74        | 88.1          | 11.9       | 100        | 94.2          | 5.8        | 100        | 79.8          | 20.2       | 100        |
| 75-84        | 90.7          | 9.3        | 100        | 96.3          | 3.7        | 100        | 82.4          | 17.6       | 100        |
| 85+          | 94.6          | 5.4        | 100        | 97.1          | 2.9        | 100        | 89.2          | 10.8       | 100        |
| <b>Total</b> | <b>92.3</b>   | <b>7.7</b> | <b>100</b> | <b>93.9</b>   | <b>6.1</b> | <b>100</b> | <b>90.4</b>   | <b>9.6</b> | <b>100</b> |

Source: VHLSS 2006.

### 4.1.3 Income

Households with pensioners are less likely to be poor than the households that do not include pensioners. Only 2.3 percent of the households that include a pensioner are poor and nearly half of families with pensioners are in the wealthiest quintile (Table 4.4).

**Table 4.4 Households' Poverty Rate and Distribution by Quintile of Expenditure per Capita**

|                               | Quintile 1 | Quintile 2 | Quintile 3 | Quintile 4 | Quintile 5 | Non Poor | Poor | Total |
|-------------------------------|------------|------------|------------|------------|------------|----------|------|-------|
| Households with no pensioners | 18.2       | 20.2       | 20.9       | 20.3       | 20.3       | 85.5     | 14.5 | 100   |
| Households with pensioners    | 3.8        | 7.5        | 16.2       | 24.1       | 48.4       | 97.7     | 2.3  | 100   |
| Total households              | 16.9       | 19.1       | 20.5       | 20.7       | 22.9       | 86.6     | 13.4 | 100   |

Source: VHLSS 2006.

Note: Expenditure per capita also includes the distribution at individual level.

#### 4.1.4 Living arrangements

A better welfare status translates into the household composition. As the figure in Table 4.5 indicate, non-poor households with pensioners are much more likely to be living without children or working-age people.

**Table 4.5 Pensioners Living Arrangements**

|                               | The poor                                  |   |        |       | The non poor                              |   |        |       |
|-------------------------------|---|---|--------|-------|---|---|--------|-------|
|                               | Living alone or with other elderly people | Living with no working age people but with children | Others | Total | Living alone or with other elderly people | Living with no working age people but with children | Others | Total |
| Households with no pensioners | 7.0                                       | 0.8   | 92.3   | 100   | 5.5                                       | 0.8   | 93.7   | 100   |
| Households with pensioners    | 10.3                                      | 0.0   | 89.7   | 100   | 17.5                                      | 1.9   | 80.6   | 100   |
| Total population              | 7.0                                       | 0.8   | 92.2   | 100   | 6.8                                       | 0.9   | 92.4   | 100   |

Source: VHLSS 2006.

#### 4.2 Health

Examining health status is not easy. First, comparisons need to be made by age group, because health status deteriorates with age. Second, self-reporting of illness and use of health care services can vary across people even when they are in the same health condition. As another study examining health status in the VHLSS (Lee 2008) observes “health status or illness tends to involve subjective evaluation of one’s own health and . . . people who are better informed with health issues or have better access to health care facilities may be more perceptive of one’s health conditions or illness.” Moreover, self-employed pensioners who have some secure income with pension receipts might be more likely inclined to spend more time out of work for sickness than other workers of the same age with the same health condition.

Having this caveat in mind, this study focuses on the share of people with severe disability that is likely less subjective and more likely to limit the working capacity. Table 4.6 shows indicators that are likely to reflect severe health condition: the number of days people had to remain in bed in a year and the share of people with severe disabilities. If women age 50-59 have particularly weaker health than men, these statistics should show that these women report significantly more number of sick days and more number of days in bed than men of the same age. If women age 50-59 are more likely lose their working capacity than men, their share with severe disabilities should be higher than for the men.

Table 4.6 does not confirm the views that women are more likely to need health “rehabilitation opportunities”<sup>19</sup> because of the impact of pregnancy and maternity, or because they had hard-

<sup>19</sup> As suggested by some of the people interviewed during the study.

-working conditions. Women report less number of sick days in a year and less number of days in bed than men.<sup>20</sup> They are not significantly more likely to have a severe disability than men.

Women, age 54 and lower, who have had access to early retirement appear to have better health on average than women of the same age who are not pensioners. They report less number of sick days and less number of days in bed. Women, age 54 and lower, who have had access to early retirement also do not appear to have more of a severe disability than other women of the same age. In fact, no women pensioner of this age reports that she has severe problems in her daily activities (seeing, hearing, taking care of herself, communicating, walking, etc.), while among the women non-pensioners 2 percent of those age 45-49 and 3.5 percent of those age 50-54 report having severe (or serious) difficulties.

These results indicate that women do not have particularly weaker health than men and that in general women who have access to early retirement do not have particularly weaker health status than other women of the same age.

**Table 4.6 Health Indicators**

|                                    | Women  |        |        |        |          | Men    |       |        |        |          |
|------------------------------------|--------|--------|--------|--------|----------|--------|-------|--------|--------|----------|
|                                    | 45-49  | 50-54  | 55-59  | 60-64  | 65 above | 45-49  | 50-54 | 55-59  | 60-64  | 65 above |
| <i>Number of sick days</i>         |        |        |        |        |          |        |       |        |        |          |
| Pensioners                         | 8.0    | 10.3   | 13.5   | 14.2   | 26.5     | 20.0   | 11.4  | 25.4   | 23.8   | 31.1     |
| Non pensioners                     | 13.2   | 12.3   | 18.5   | 22.6   | 29.7     | 15.0   | 14.7  | 15.5   | 20.4   | 33.5     |
| <i>Number of days in bed</i>       |        |        |        |        |          |        |       |        |        |          |
| Pensioners                         | 0.6    | 2.5    | 4.1    | 4.7    | 13.4     | 6.0    | 4.3   | 6.4    | 7.2    | 14.1     |
| Non pensioners                     | 2.8    | 2.9    | 3.6    | 5.8    | 10.9     | 3.7    | 3.4   | 3.8    | 7.4    | 11.0     |
| <i>Number of severely disabled</i> |        |        |        |        |          |        |       |        |        |          |
| Pensioners                         | 0      | 0      | 6,457  | 3,629  | 33,839   | 0      | 3,139 | 5,568  | 4,896  | 60,847   |
| Non pensioners                     | 61,945 | 80,125 | 84,808 | 77,891 | 881,36   | 74,107 | 67,14 | 84,889 | 49,272 | 379,752  |
| <i>Percentage of disabled</i>      |        |        |        |        |          |        |       |        |        |          |
| Pensioners                         | 0.0    | 0.0    | 2.6    | 2.2    | 19.34    | 0.0    | 4.6   | 2.8    | 2.7    | 13.22    |
| Non pensioners                     | 2.0    | 3.5    | 5.9    | 7.5    | 25.6     | 2.7    | 3.3   | 7.0    | 7.3    | 19.0     |

Source: VHLSS 2006.

Notes: Average of out-patient and in-patient visits calculated on all populations of the corresponding group. "Severely disabled" is characterized by difficulties in seeing or hearing, or concentrating/remembering, or walking or going ups or down stairs, or caring for self when bathing, getting dressed, or communicating.

### 4.3 Employment

Some social concerns arise from the fear that many women cannot keep working after the standard retirement age. The current statistics do not confirm these concerns. As shown in Table 4.7, 41 percent of the women pensioners report being employed. About half of the women

<sup>20</sup> Lee (2008) presents similar results that women age 50-59 do not have weaker health than men, as indicated by the average length out of work or in bed for illness among those reporting any illness. This study also shows that the percentage of men and women age 50-59 using health care services is similar. The overall level of disability (including moderate disability) indicates a higher share of women with any disability.

pensioners report that they are too old to keep working. Between the other half, only 1.9 percent are disabled and 41 percent report they are working.

**Table 4.7 Pensioners Economic Status**

| Economic status         | %     |       |       |
|-------------------------|-------|-------|-------|
|                         | Women | Men   | Total |
| Working                 | 41.0  | 45.1  | 43.3  |
| Too old to keep working | 52.4  | 52.2  | 52.3  |
| Disabled or ill         | 1.9   | 1.8   | 1.8   |
| Other                   | 4.8   | 0.9   | 2.6   |
| Total                   | 100.0 | 100.0 | 100.0 |

Source: VHLSS 2006

It is true that women's employment rate is lower among women pensioners than among women non-pensioners. However, these working-women pensioners are relatively well integrated in the labor market. They work as long as the non-pensioner women of the same age. The women, who are pensioners ages 50-54 and ages 54-59, work on average 220 and 190 days per year, respectively, while the non-pensioners of the same age work on average 220 and 186 days, respectively (Table 4.8). The employment rates of women pensioners' below 60 years of age are particularly high: 61 percent of those ages 50-54 and 55 percent of those ages 55-59 are working (Table 4.8).

**Table 4.8 Employment Rates and Days Worked in a Year**

|  | Women |       |       |       |      |       | Men   |       |       |       |             |       |
|--|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------------|-------|
|  | 45-49 | 50-54 | 55-59 | 60-64 | 65+  | Total | 45-49 | 50-54 | 55-59 | 60-64 | 65+         | Total |
| <i>Employment rates</i>                |       |       |       |       |      |       |       |       |       |       |             |       |
| Pensioners                             | 70.8  | 60.8  | 55.2  | 33.6  | 7.9  | 41.0  | 100.0 | 61.7  | 66.7  | 42.8  | <b>32.2</b> | 45.1  |
| Non-pensioners                         | 93.7  | 88.9  | 76.2  | 65.5  | 31.8 | 69.1  | 96.5  | 93.8  | 88.1  | 81.7  | 46.6        | 82.0  |
| <i>Number of days worked in a year</i> |       |       |       |       |      |       |       |       |       |       |             |       |
| Pensioners                             | 234   | 220   | 195   | 149   | 169  | 195   | 171.1 | 244.8 | 197.2 | 137.6 | 154         | 174.5 |
| Non-pensioners                         | 235   | 220   | 186   | 165   | 141  | 205   | 243.2 | 231.1 | 207.2 | 163   | 139.8       | 214.7 |

Source: VHLSS 2006.

Note: Number of days worked per year is the sum of the reported time in the year divided by 8 with a maximum of 365.

Women pensioners are more likely to head their own business than other women of the same age without pensions. The stability of income of the pensioners may help these women face the financial risk that are associated with such type of activity. A third of the women who are pensioners age 50-54 and 36 percent of those ages 54-59 are self-employed (Table 4.9).

**Table 4.9 Types of Employment**

|                   | Women |       |       |       |     |       | Men   |       |       |       |      |       |
|-------------------|-------|-------|-------|-------|-----|-------|-------|-------|-------|-------|------|-------|
|                   | 45-49 | 50-54 | 55-59 | 60-64 | 65+ | Total | 45-49 | 50-54 | 55-59 | 60-64 | 65+  | Total |
| <i>Pensioners</i> |       |       |       |       |     |       |       |       |       |       |      |       |
| Wage workers      | 6.2   | 22.2  | 9.9   | 11.3  | 0.0 | 12.4  | 19.2  | 26.8  | 20.9  | 28.2  | 13.1 | 20    |

|                          |       |       |       |       |       |       |       |       |       |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Individual self-employed | 31.1  | 32.8  | 35.7  | 38.6  | 10.3  | 34.0  | 26.9  | 8.6   | 8.6   | 1.4   | 13.6  | 9.8   |
| Household units          | 62.7  | 45.1  | 54.4  | 50.1  | 89.7  | 53.6  | 53.9  | 64.6  | 70.6  | 70.3  | 73.3  | 70.2  |
| Total                    | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <i>Non-pensioners</i>    |       |       |       |       |       |       |       |       |       |       |       |       |
| Wage workers             | 13.5  | 11.1  | 6.5   | 2.8   | 4.1   | 9.6   | 21.4  | 22.3  | 16.3  | 2.7   | 5.0   | 17.2  |
| Individual self-employed | 14.6  | 17.1  | 15.2  | 16.7  | 27.1  | 17.3  | 5.5   | 6.3   | 5.6   | 8.5   | 15.1  | 7.2   |
| Household units          | 71.9  | 71.8  | 78.3  | 80.5  | 68.8  | 73.1  | 73.1  | 71.4  | 78.1  | 88.8  | 79.9  | 75.5  |
| Total                    | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: VHLSS 2006.

Note: Distribution by sector of employment based on the Shared Labor Growth Study, 2008.

Women pensioners who live in households with children appear to do more household work than the women of the same age who are non-pensioners. Surprisingly the women who are pensioners and are still working appear also to do more household work than the other women of the same age, with the exception of the women age 50-54. There are no apparent differences in the number of household work between the women pensioners and non-pensioners who are not working.

**Table 4.10 Household work**

|   | Women |       |       |       |      |       | Men   |       |       |       |      |       |
|---|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|------|-------|
|   | 45-49 | 50-54 | 55-59 | 60-64 | 65+  | Total | 45-49 | 50-54 | 55-59 | 60-64 | 65+  | Total |
| <i>Rate of doing housework</i>  |       |       |       |       |      |       |       |       |       |       |      |       |
| Pensioners  | 100.0 | 97.5  | 97.8  | 98.8  | 77.0 | 93.2  | 65.0  | 81.8  | 80.1  | 85.3  | 62.7 | 72.3  |
| No pensioners   | 96.0  | 95.7  | 93.9  | 90.1  | 66.4 | 86.2  | 71.6  | 71.0  | 68.4  | 74.3  | 56.5 | 67.7  |
| <i>Number of hours per day of household work</i>                              |       |       |       |       |      |       |       |       |       |       |      |       |
| Pensioners  | 3.0   | 2.6   | 2.8   | 2.9   | 2.8  | 2.8   | 1.8   | 1.8   | 1.7   | 1.8   | 1.7  | 1.8   |
| No pensioners   | 2.4   | 2.4   | 2.5   | 2.4   | 2.1  | 2.3   | 1.6   | 1.6   | 1.6   | 1.6   | 1.7  | 1.6   |
| <i>Number of hours per day of household work among families with children</i> |       |       |       |       |      |       |       |       |       |       |      |       |
| Pensioners  | 3.4   | 2.5   | 2.7   | 3.0   | 2.5  | 2.8   | 1.8   | 1.4   | 1.8   | 1.5   | 1.6  | 1.6   |
| No pensioners   | 2.3   | 2.3   | 2.4   | 2.3   | 2.1  | 2.3   | 1.5   | 1.6   | 1.5   | 1.5   | 1.6  | 1.5   |
| <i>Number of hours per day of household work among the employed</i>           |       |       |       |       |      |       |       |       |       |       |      |       |
| Pensioners  | 3.0   | 2.1   | 3.1   | 3.0   |      | 2.6   | 2.0   | 1.0   | 1.9   | 1.3   | 1.4  | 1.5   |
| No pensioners   | 2.5   | 2.3   | 2.4   | 2.1   | 2.0  | 2.4   | 1.5   | 1.3   | 1.7   | 1.4   | 1.4  | 1.5   |
| <i>Number of hours per day of household work among the non-employed</i>       |       |       |       |       |      |       |       |       |       |       |      |       |
| Pensioners  | 2.3   | 2.2   | 2.3   | 2.4   | 2.1  | 2.3   | 2.3   | 2.2   | 2.3   | 2.4   | 2.1  | 2.3   |
| No pensioners   | 2.3   | 2.2   | 2.3   | 2.2   | 2.0  | 2.2   | 2.3   | 2.2   | 2.3   | 2.2   | 2.0  | 2.2   |

Source: VHLSS 2006.

## 4.4 Impact of Retirement on Youth Employment

If new jobs were closely related to the departure of older workers, the number of contributors to the pension system, which reflects the number of newly employed, should not change. The number of new contributors would exactly replace the number of retired contributors – the numbers of contributors and retirees per year should vary together.

The estimated figures in Table 4.11 on new retirees and new contributors do not reflect a strong relationship between retirement and new hiring. From 2001 until 2004, 40,000 to 50,000 people retired every year. In 2005, the number of people who retired doubled, and in 2006 it tripled. Most of these new retirees were from the public sector, but the number of new contributors from the public sector did not change the same way.

If we assume that the retirees are from public enterprises that have been privatized (and we look at the total of the contributors), the changes of the figures in the private sector do not follow the changes in the flow of retirement.

**Table 4.11 Number of Pensioners, New Retirees, and Contributors**

|   | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Total number of people entitled to monthly old-age pension income after 1995</i>       |           |           |           |           |           |           |           |
| Old-age pensioners  | 128,001   | 168,581   | 216,947   | 257,161   | 338,980   | 472,276   | 504,319   |
| <i>Estimated number of people who retired (old-age pension) in the corresponding year</i> |           |           |           |           |           |           |           |
| Newly retired in the year   | 41,756    | 41,404    | 49,977    | 42,276    | 81,929    | 133,754   | 39,740    |
| <i>Contributors</i>   |           |           |           |           |           |           |           |
| Public  |           |           | 3,245,178 | 3,452,164 | 3,678,541 | 3,724,832 | 3,911,800 |
| Private   |           |           | 2,189,057 | 2,367,836 | 2,547,450 | 2,825,944 | 3,058,900 |
| Total   | 4,375,925 | 4,794,669 | 5,434,235 | 5,820,000 | 6,225,991 | 6,550,776 | 6,970,700 |
| <i>Net increase in the number of contributors</i>   |           |           |           |           |           |           |           |
| Public  |           |           |           | 206,986   | 226,377   | 46,291    | 186,968   |
| Private   |           |           |           | 178,779   | 179,614   | 278,494   | 232,956   |
| Total   |           |           |           | 385,765   | 405,991   | 324,785   | 419,924   |

Sources: VSS administrative data and author estimates.

Note: The number of new retirees is estimated by assuming a survival rate of pensioners of 0.9935642. The net increase in the number of contributors is the level observed in a year minus the level observed in the preceding year.

In fact, the figures in Table 4.11 show that the number of contributors – that is employment in the formal sector in Vietnam – has been growing fast in the past years. This trend is expected to continue. This is the source of new employment for the young generations.

The problem of youth waiting for older workers to retire is likely limited to very specific economic sectors like public administration or research and education where the slots are limited. If the job positions offer opportunity and benefits, only applicants with some working experience or relevant education would more than likely have a chance at being offered the job. This issue is, therefore, not related to youth unemployment.

## 4.5 Women's Promotion and Training Opportunities

Vietnam is considered one of the leading countries in the world for gender equality – a leading country in the world for its high ratio of economically active women and in the Asia-Pacific Region for its ratio of women's participation in the National Assembly. Vietnam has invested great effort in formulating relevant policies that aim to ensure equal rights for men and women. It has achieved considerable successes in narrowing the gender gap in general and improving the status of women in particular.

However, with the rapid changes in demographical, social, and economic development, some regulations still give men greater opportunities than women – in particular, the regulation on training, promotion, and career development. These old and limiting policies that hinder promotion opportunities and competitiveness of women are slowly being modified.

### 4.5.1 Impact of retirement age on promotion and wage

The lower retirement age contributing to less working time for women also means less opportunities for promotion to higher-ranking position than men. When there is a vacancy in the management and leadership positions in an institution, managers consider the age of applicants because the person who is promoted is expected to work in that position for a significant length of time.

“Age” of applicants is one of the important factors for promotion according to the regulation of official promotion, re-promotion, revolving, dismissal of civil servants.<sup>21</sup> The regulation underscores that for any official who is being promoted for the first time or after a long time without holding leadership position must be not older than 55 for men and 50 for women. This indicates that women at age 50-55 are not considered for promotion to official leadership positions.

According to other regulation<sup>22</sup> on the decentralized management of staff, the recommended candidates for official positions, as first time promotions, must not be older than 55 for men and 50 for women at all levels (central and local). Clearly, the difference in retirement age is directly related to promotion opportunities: promotion is limited for women who are older than 50. This fact goes against the law on gender equality and social advances. The regulation on eligibility for promotion should ensure equal opportunities for women and men; the key element for consideration must be the contribution to work performance, not age.

Promotion opportunity can also have an impact on wages. The lower retirement age for women contributes to lower total working time than men and thus less opportunity to maximize wages over their career span. The lower retirement age of women has contributed to a mean wage that is 11 percent lower than men in similar conditions.<sup>23</sup> A case study in Box 4.1 uses the information on the wage structure of the staff of MOLISA to illustrate the argument that women have less opportunity to be promoted in Vietnam.

<sup>21</sup> Decision N.27/2003/QĐ-TTg dated 19/2/2003.

<sup>22</sup> Guiding document N. 09/HD-BTCTU of the Central Organization Committee dated 4/9/2007

<sup>23</sup> ILSSA 2005, Report on Labour Market Segmentation.

### **Box 4.1 A Case Study in MOLISA**

The analysis compared the trends of the average wage earned by the women and the men at MOLISA to illustrate how women have less opportunity for promotion, and therefore lower wages, than men.

The dataset collected in March 2008 includes information on each staff by sex, date of birth, education level, department, date of recruitment, and wages. Wages were obtained by adding up all basic wages and all supplements related to seniority, allowances, etc.

The data shows that the average wages of women are lower than for men at the same age. Still, women and men could have had on average the same opportunity of promotion and wage increase if, despite the differences in wages, the profile of the wage curbs by age and level of education between men and women are similar. If, however, women's early retirement is a factor reducing women's chances of promotion, the profile of the wage curbs by age between men and women above age 40 would be different. The results suggest that older women have less opportunity to increase their wages than men.

Table 4.12 presents the coefficients of correlation between age and final wage. The higher the coefficient is, the more likely wages increase with age. If older women are less likely to be promoted than older men, the older women's coefficient of correlation between age and wage would be lower than that for men. Only people with similar level of education are compared and only wages of men 55 years old or less are used in the calculations.

The coefficients measuring the correlation between age and wage of women, age 40 and above, are lower than for men. Some gap is observed whatever the level of education with one exception in the case of staff with college education (that represents 5.6 percent of older staff between ages 40 and 55). These results likely reflect that on average women's professional career development is less successful than for men at higher ages. The differences are not consistently important, however. The main gender differences are observed between the men and the women "bachelor" and with "professional high school" education level.

**Table 4.12 Correlation between Wages and Ages of MOLISA Staff**

| Education level          | Men<br>Ages 40+ until 55                                 | Women<br>Ages 40+ until 55 |
|--------------------------|--|----------------------------|
|                          | Correlation wage (including all coefficients)<br>and age |                            |
| Unknown                  | 0.4918   | 0.4154                     |
| Bachelors degree         | 0.5660   | 0.4737                     |
| College                  | 0.5140   | 0.5616                     |
| Masters degree           | 0.6055   | 0.5934                     |
| Professional high school | 0.6506   | 0.5201                     |
| Short vocational         | 0.2997   | 0.2693                     |

Source: MOLISA administrative data.

## 4.5.2 Impact of age on official training and fostering

Different retirement ages for men and women have caused significant impact with regard to qualifications for training and fostering for officials. The fact is that women have fewer opportunities for training and fostering than men.

According to the regulation on official and civil servants training and fostering,<sup>24</sup> training for officials is relatively open with no limitation in term of age for men and women. The basis for official training and fostering are made on particular criteria as follows:

- Requirements for each position, professional standards for the official rank;
- Planning on development of contingent of official of each organization, ministry, and locality.

The application of these criteria must address the minimum length of time that the gained expertise from training will be used after training activities. In this line, the defining age for training and fostering for both men and women depends also on retirement age.

According to the regulation, lower retirement age for women becomes an issue for training and fostering for women officials. Employers may use the pretext that training efforts are not cost effective when spent on older women with shorter spans of time before retirement. Following this line of logic, the projected retirement age for women is the barrier for attending training and fostering and thus the opportunities for higher-qualifying positions.

Although the regulation is consistently applied, the work of official training and fostering is carried out differently across ministries, agencies, and localities, depending on many factors such as requirements on qualification, personnel situations, and specialties in work performance. Institutions may have specific rules in targeting and selecting who shall be trained, and the ages for men and women for training may differ across the institutions.

According to another regulation on training for official and civil servants,<sup>25</sup> those who are sent for training must be less than 50 years old for men and 45 years old for women. This regulation is aimed to ensure the same length of time for using the expertise after the training before retirement. Thus, a number of women at age 45-50 have no opportunities for training while the men at the same age group have.

Thus, the difference in retirement age is considered a decisive factor leading to the difference in defining the age for men and women in training and fostering attendance in public sectors. The lower retirement age for women means lower age for training and fostering attendance for women.

## 4.5.3. Overview of women in public sector positions

Women's status in the public sector can be summarized as follows:

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<sup>24</sup> Issued together with the Decision 161/2003/QĐ-TTg, dated 4/8/2003 of the Prime Minister.

<sup>25</sup> Document N.4440/LĐTBXH- TCCB, dated 26/11/2007.

- In 2002 in Vietnam, 85 percent of men and 83 percent of women in working age entered the labor workforce.<sup>26</sup> However, women officials in people-elected organizations account for only 27 percent in the National Assembly (for the session 2002-2007) and about 23 percent in the People Council at provincial and district level and 20 percent at commune level.
- Women account for 46.54 percent of total workforce in the public sector; but in state management institutions, women officials and staff constitute only 27 percent, and the distribution is uneven across sectors and areas.<sup>27</sup>
- Although 40 percent of women with college and university experience (and higher) are working in public sector, only 4.3 percent of total numbers of professors are women and 15.4 percent of total number of science doctor are women.<sup>28</sup>

For the last 10 years, the contingents of women officials who are engaged in leadership position and state management have developed at central and local levels.<sup>29</sup>

- The number of women members of the National Communist Party Committee has increased from 12 for Session VII to 18 for the Session VIII (but decreased to 12 for Session IX).
- At provincial level, women members in Provincial Communist Party Committee have increased from 182 at Session VII to 280 for Session VIII.
- For local Communist Party secretariat, women members account for 10-11 percent, of which women holding the position of secretary, deputy secretary, and member of executive board ranges from 3 percent to 8 percent. Most women members of local Communist Party secretariat are often assigned to people advocacy.
- With regard to government system from central to local level, for the Session VIII, the ratio of women ministers and equivalent positions is 13.1 percent, for women deputy ministers and equivalent positions is 7.4 percent, and for women department directors and deputy director is 13 percent.
- Among the Chairpersons of People Committee at provincial, district, and communes, about 1.6 percent are women, while 2-4 percent are deputy chairpersons.
- For the Session 2004-2009, women representatives of provincial People's Council stood at 23.88 percent with 23.30 percent at district level and 20.11 percent at commune level.
- Women representatives in National Assembly for Session X are 26.22 percent, and 27.15 percent for Session XI, however, this figure decreases in Session XII (25,76%)

<sup>26</sup> Vietnam Development Report 2004.

<sup>27</sup> Science on Women, 11/2007.

<sup>28</sup> Report of Central Women's Union on the review of implementation of Directive 37-CT/TU, March/2004.

<sup>29</sup> Nhandan.org.vn dated 2/3/2004

## SECTION 5. Summary of Study Findings and Policy Implications

The pension system in Vietnam is strongly biased toward women. Women have access to disability pensions and standard retirement 5 years earlier than men. For the same amount of contributions, women receive higher pension benefits at retirement than men. This bias has a financial cost, but its elimination raises social concerns. This section summarizes the findings of this study and their policy implications, followed by the final section with 4 recommended policy options.

### 5.1 Financial Impacts of Gender Bias in the Pension System

***The gender bias represents a financial burden to the pension system.*** If the retirement ages of women and men were identical today, pension expenditures would be about 4.5 trillion dong (VND) lower (0.4 percent of GDP). This financial burden will be higher when the system matures and large cohorts of workers from the private sector retire. Today the cohorts of new pensioners are relatively small because private workers have been participating in the pension system only since after 1995 and few will be entitled to monthly pensions until 2020. In the future when all the workers in the private sector become eligible for old-age pension, the cost of women's lower retirement age is estimated to reach 1.3 percent of GDP (about 14.5 trillion VND in today's market).

The financing of this gender bias has several consequences:

- It reduces the pension system capacity to provide higher pension benefits.
- It partially contributes to the need to increase the level of the contribution rates in the future.
- It increases the likelihood that in the future the pension system will produce a deficit and society will have to pay higher taxes to keep the pension system functioning.

From a strict financial point of view, gender equity in the pension system should be promoted and women's retirement age increased.

### 5.2 Implications of Urban Life

***The women who oppose the reform are mostly from urban areas.*** Most women pensioners have a good living standard and do not understand the need to reform. Moving toward gender equity in the pension system would not be easy to implement. Middle-age women who have already plans to retire under the current rules likely oppose the measure. This group lives in urban areas. Today half of urban households include one or more pensioners. Many of these households consider that women would lose with the reform. Most of the women pensioners do not face economic hardship after retirement. Only 3.8 percent likely live in poverty; working additional years before retiring does not significantly change the pension women expect to receive.

The reform might introduce incentives that increase women's willingness to keep working additional years before claiming their pension. *Establishing gender equity in the pension formula could be one incentive.* If the pension formula for women were the same as for men, women would

have to contribute 30 years to be entitled to the maximum pension benefit instead of 25 years under the current regulations. This can give a strong incentive for women to work additional years in the formal sector before claiming their pensions.

### 5.3 Implications of Health

**Generally, women age 50-59 do not have particularly weaker health conditions than men.** Similarly, women pensioners age 50-59 are as well integrated in the labor market than other men and women of the same age. Some women, however, do have bad health condition and the reform needs to particularly answer to their need.

There are some doubts in Vietnam about women's capacity to work at older ages due to weaker health and fewer job opportunities. But, statistical evidence does not support this view. On average, women age 50-59 do not have weaker health than men of the same age. Women even report on average fewer sick days or days in bed per year than men of the same age. Generally, women seem to be able to work as long as men do.

The increase of women's retirement age negatively affects only a small group of women: the women who cannot keep working because of bad health or disability. Currently, few women who have retired before the age of 55 report having significant difficulties in performing daily life activities.

Consequently, the increase of women's retirement age could likely have negative affect only on a small group of women – the severely disabled women who cannot keep working. The reform needs to particularly take care of this group. *Maintaining the access to disability pension at age 45 could be part of the solution.*

### 5.4 Implications of Enterprise Productivity

**Enterprises favor women's early retirement, especially those where women work in hard conditions.** It helps the enterprises separate from older workers with declining productivity. Under the current regulations, enterprises have no incentives to improve health and safety at work. The reform needs to introduce gradual changes so that the enterprises can adjust their investment.

Because of the potential decline in productivity after reaching a certain age, employers favor regulations that impose a low retirement age. Special regulations, like the Decree 41 applied in Vietnam at the end of 2006, help restructuring enterprises to reduce staff through early retirement. An immediate increase of women's retirement age could have negative consequences on productivity and impose a financial burden on enterprises.

However, productivity does not decline for all women age 50 and older. As the statistical evidence shows, women pensioners' employment rates at ages 50-59 remain high. The negative impact of an increase of women's retirement age on productivity is more likely specific to certain economic sectors. If the reform is gradually introduced, these enterprises will have the opportunity to adjust their investment policies and operations in order to remain competitive. *The reform needs to slowly increase women's retirement age.*

## 5.5 Implications for Youth Employment

***The increase of women's retirement age is unlikely to significantly increase youth unemployment in Vietnam.*** In an enterprise where staff size is fixed, postponing women's retirement leads to postponing new hiring. This consequence would be problematic if Vietnam was an economy that creates few jobs. This is not the case. Wage employment, and the number of contributors registered to the pension system, has steadily increased in Vietnam. This trend is expected to continue.

Moreover, the statistical evidence does not show any strong correlation between the flow of retirement and the dynamic of employment. The number of retirements doubled in 2005 and tripled in 2006 while the number of contributors also increased; but the two trends do not seem correlated.

The problem of youth queuing for jobs vacated by retiring older workers is likely limited to specific economic sectors, like public administration or research and education, where openings are limited. Well-educated youth might be queuing to obtain a job in the public administration, research, or education sectors. These young people would unlikely have just entered the labor market. For the more rewarding career jobs, applicants would require prior working experience. *The reform should not impact negatively on youth who are entering the labor market.*

## SECTION 6. Policy Options

This section presents different policy options. The first option does not introduce an increase of women pension age but gives (or promotes in the sectors where currently there are no legal maximum retirement age) the right to women to work and contribute until age 60. It re-establishes also gender equity into the pension formula so that women have incentives to contribute after age 55. The other 3 options propose to increase the retirement age. They differ according to the way by which eligibility for disability pension is treated.

### Option 1

**Objective.** Promote women working in the formal sector beyond pension age until age 60, create incentives for women to remain in the formal sector after age 55, or age 50 if they have access to early retirement.

### Road map.

- Starting 2011, any women for any reason can continue to work and contribute to social security after she reaches the age at which she is entitled to pension.
- Women still can claim pension 5 years before men.
- The pension formula of women is gradually equalized to the pension formula of men.

Under Option 1, the coefficient used in the pension formula to calculate the replacement rate is gradually reduced from 3 percent to 2 percent for any additional years worked above the number of 15. The reduction is gradual, by 0.1 percent per year. In 2011, the coefficient is equal to 2.9. As a result, only women who contribute for 25 years and 6 months obtain the maximum replacement rate of 75 percent. Women who contribute shorter periods are entitled to lower pension benefits. In 2012, the coefficient is reduced furthermore to 2.8 percent, and so on until 2020 (Table 6.1). Women who reach retirement age have the choice to claim pension or to continue to work and contribute in order to receive higher pension benefits.

**Table 6.1 Gradual Change in Women Pension Formula in Option 1**

|                                | Number of years required to obtain the maximum replacement rate | Proposed coefficient |
|--------------------------------|---|----------------------|
| 2010                           | 25  | 3.0                  |
| First year of the reform: 2011 | 25  | 2.9                  |
| 2012                           | 26  | 2.8                  |
| 2013                           | 26  | 2.7                  |
| 2014                           | 27  | 2.6                  |
| 2015                           | 27  | 2.5                  |
| 2016                           | 28  | 2.4                  |
| 2017                           | 28  | 2.3                  |
| 2018                           | 29  | 2.2                  |
| 2019                           | 29  | 2.1                  |
| 2020                           | 30  | 2.0                  |

### ***Advantages to Option 1***

This option seems attractive at a first glance because it is easy to implement, and it seems to overcome the opposition of the women because it leaves them with the choice to retire 5 years before the men or to work and retire like the men.

### ***Importance of moving toward the equalization of men and women pension formula:***

The reduction in the coefficient used in the pension formula for women is necessary. It reduces the level of the pension benefits women receive at age 55. If the level of the pension is not reduced at age 55, the women's best interest is to claim pensions at age 55 and to continue to work as consultants. Many women do like this today in Vietnam. This is the reason that the employment rate of the women age 50-59, who are pensioners, remains very high. Only women in very specific public offices who cannot obtain certain high positions unless they still belong to the staff will prefer to continue to work and pay contributions until they reach age 60.

If the pension formula for women is not gradually changed, many women could continue retiring at age 55, and very few women would continue to contribute until age 60.

If the pension formula for women is gradually changed, women with still good working capacity could decide to continue to contribute in order to receive a higher pension at age 60. This could have a positive impact on the pension system's financial balance. It could reduce the pension system expenditures, and it could increase the amount of contributions that are collected.

### ***Inconvenience to Option 1***

One inconvenience is that the change in the pension formula could hurt the women whose health status obliges them to retire or whose employers are not inclined to keep them working in their enterprise.

Early retirement helps enterprises dismiss the women whose working capacity is declining because they have worked in hard working conditions or because their health status has deteriorated. Unless these women have contributed for 30 years, they will receive pensions that replace less than 75 percent of their reported wage. In those enterprises that have no incentive to improve working conditions, the consequential need to retire early remains the same, but some of the beneficiaries could receive lower pensions.

More generally, even women with good working capacity will likely face difficulties to continue working until they reach age 60. In constantly changing economic and social environments, firms likely prefer to employ young people. It would not be surprising that in such a context, older women receive a lot of pressure from their employer to retire as soon as they are eligible to receive a pension. Such situations are already observed today. The labor code in Vietnam says that men and women can keep working and contributing to social security 5 years above the standard retirement age if they desire and their employer agrees. In reality, very few people do so. Most men and women think they must retire at age 60 and 55, respectively.

### **Concluding remark**

The reform would more likely benefit educated women and more likely hurt women who must retire earlier for health reasons or because they work in enterprises with hard-working conditions. The reform would also not likely improve the situation of women who work in enterprises that prefer to employ young workers and, accordingly, put pressure on older women to retire as soon as they are eligible for pension.

### **Option 2**

**Objective.** Gender equality and long-term financial viability of the pension system; increase all women's opportunities to keep working in the formal sector.

**Road map.** Changes reflected in Table 6.2.

- Women's standard retirement age would increase by 4 months every year until reaching age 60 (in 2025 if the reform is implemented in 2011).
- Early retirement for women who work in hard conditions would increase by 4 months every year until reaching age 55, or age 50 for women who worked in specific places (in 2025 if the reform is implemented in 2011).
- The age at which disabled women can retire would increase by 4 months every year until reaching age 50 (in 2025 if the reform is implemented in 2011).
- Women cannot claim pension to which they are entitled before they reach the retirement age.
- Women's coefficient in the pension formula would be reduced by 0.2 percent every 3 years until it reaches 2 percent (in 2025 if the first decrease is implemented in 2013).

**Table 6.2 Changes in Retirement Age and Pension Formula in Option 2**

|                           | <b>Standard retirement age</b> | <b>Number of years required to obtain the maximum replacement rate</b> | <b>Proposed coefficient</b> |
|---------------------------|--------------------------------|--|-----------------------------|
| 2010                      | 55 years                       | 25   | 3.0                         |
| First year of the reform: |                                |  |                             |
| 2011                      | 55 years 4 months              | 25   | 3.0                         |
| 2012                      | 55 years 8 months              | 25   | 3.0                         |
| 2013                      | 56 years                       | 26   | 2.8                         |
| 2014                      | 56 years 4 months              | 26   | 2.8                         |
| 2015                      | 56 years 8 months              | 26   | 2.8                         |
| 2016                      | 57 years                       | 27   | 2.6                         |
| 2017                      | 57 years 4 months              | 27   | 2.6                         |
| 2018                      | 57 years 8 months              | 27   | 2.6                         |
| 2019                      | 57 years                       | 28   | 2.4                         |
| 2020                      | 58 years 4 months              | 28   | 2.4                         |
| 2021                      | 58 years 8 months              | 28   | 2.4                         |
| 2022                      | 58 years                       | 29   | 2.2                         |
| 2023                      | 59 years 4 months              | 29   | 2.2                         |
| 2024                      | 59 years 8 months              | 29   | 2.2                         |
| 2025                      | 60 years                       | 30   | 2.0                         |

## **Financial benefits**

Because the increase of women's retirement age is gradual, the financial benefits are important in the long-term but rather small in the short-term. The following projection illustrates this point.

Let us assume that in Vietnam every year on the 1st of January, the following occurs:

- 100 women reach age 55 and retire;
- 10 women who work in hard conditions reach age 50 and retire early and
- 1 disabled woman reaches the age of 45 and retires.

Also assume for simplicity that during the rest of the year:

- All other women who reach age 55, 50, or 45 have been working in the informal sector and therefore are not entitled to retire.

Assume that Option 2 is implemented on January 1, 2011. At this date, the retirement age is increased to 55 years and 4 months. As a result, the 100 women who turn 55 years old in January 2011 cannot immediately retire. They continue to work 4 additional months, until May 1, 2011. The pension system receives 400 additional monthly contributions and saves the payment of 400 monthly pension benefits. The 10 women who reach age 50 in January 2011 and the disabled women age 45 also continue to work 4 additional months. The pension system receives 44 additional monthly contributions and saves the payment of 44 monthly pension benefits.

On January 1, 2012; the 100 women who turn 55 years in that month work until September 1, 2012. That is 8 months more than under the current system but only 4 months more in comparison to the women who reach age 55 in 2011. The pension system receives 800 additional monthly contributions and saves the payment of 800 monthly pension benefits. The 10 women who reach age 50 and the disabled women who reach age 45 in January also continue to work 8 additional months. The pension system receives 88 additional monthly contributions and saves the payment of 88 monthly pension benefits.

Compared to the non-reform situation, the pension system has received, since January 2011, 1,332 (444 + 888) additional monthly contributions and saved 1,332 payments of monthly pension benefits. Women in 2012 have to work 8 additional months before retiring but only 4 months more than the previous cohort that reached retirement age in 2011.

The reform proposed here is similar to the simulation in Section 2; but instead of being implemented in 5 years, the reform is implemented in 15 years. Refer back to the simulation in Section 2.4 for the way net savings are calculated and to Figure 2.3 to see how the reform reduces the number of pensioners and how much it improves the balance of the system. Under this proposal and the reform simulated in section 2 the financial impact in the long term is the same, but it is much smaller in the short term under this proposal. Because there are still many contributors in relation to the number of pensioners, the reform does not need to produce important savings in the short term, however. The increase of women's retirement age can be introduced gradually.

### ***Advantages of gradual increase of retirement age***

The reform would not impose the burden of adjustment on one or fewer cohorts of women. The burden is spread over 15 years and many successive cohorts. Women who retire in a specific year would retire only 4 months later than the women who reached retirement age one year earlier. This is a rather short period.

The reform would also create a transition period during which enterprises can gradually reorganize and adjust to the announced changes and remain competitive. In 2011, the enterprises would not need to introduce important changes. Departures by older women would only be delayed by 4 months. Only in 2013 would women remain in the enterprises one entire additional year; and only in 2016 would they need to work for 2 additional years. The whole transition period lasts 15 years.

This would be particularly important for the enterprises that employ women in hard-working conditions. When these enterprises know that in the future their employees will not have access to early retirement at age 50 (or 45 in special cases), they will need to improve their working conditions so that women remain productive until age 55. Still, those women who can no longer work at productive capacity would be entitled to disability pension.

The gradual increase in the retirement age offsets the negative impact of the changes in the pension formula because women's length of contribution increases at the same time.

### ***The loser***

The women who are disabled at age 45 would be the losers. If they become disabled at age 45, they would not be able to retire at that early age anymore. These women have to stop working without a pension to replace part of the lost income. Those who worked for 20 years would have to wait 5 years before they can claim a pension.

### ***Concluding remarks***

This reform introduces gender equity in the pension system and brings important long-term financial improvements to the system. Its gradual implementation reduces the opposition of the women, and allows enterprises time to change their organization in order to remain competitive. Women's pension levels remain unchanged.

### ***Option 3***

**Objectives.** Gender equity and long-term financial viability of the pension system; increased opportunities for all women to keep working in the formal sector and protect disabled women.

### ***Road map***

- Same as option 2, and
- The age at which disabled women can retire is not increased.

Under this reform option, disabled women do not lose.

The criteria for disability pension, however, should be revised to avoid enterprises abusing this situation. It is important also to review and include the necessary criteria so that all women for whom working capacity has deteriorated are not required to continue working.

### ***The loser***

The men who are disabled before age 50 are discriminated against. If they become disabled and must stop working, they would not receive any pension to replace part of the income lost. The women do.

### ***Concluding remark***

Option 3 is better than Option 2 because it would prevent any loss for women who become disabled. It would maintain however a gender bias toward disabled women.

### ***Option 4***

***Objectives.*** Gender equality and long-term financial viability of the pension system; increased opportunities for all women to keep working in the formal sector and protect disabled women and men.

### ***Road map***

- Same as Option 2 and,
- The age at which disabled women can retire is not increased; the age at which disabled men can retire is decreased to age 45 for the year the reform is implemented (in 2011 if the retirement age starts being increased in 2011).

### ***Benefits***

Under Option 4, disabled women would not lose anymore with the reform, but the reform also improves the living conditions for disabled men. This option is socially better than Option 3.

### ***Financial consequences***

The savings to the pension system would be reduced accordingly. Let us assume that every year, 1 disabled man reaches age 45 on January 1. Under current legislation, this man must stop working without receipt of a pension to replace lost income. If he has worked for 20 years, he must wait 5 years before he can claim a pension.

Under Option 4, this man would be able to claim a disability pension at age 45. The pension system would have to finance the payments of 5 additional years of monthly pension benefits.

If criteria that give access to disability pensions are revised in order that people and enterprises cannot abuse the pension system, the cost of expanding the access to disability pension to men at age 45 should be relatively small. Equalizing the conditions for access to disability pension between men and women by reducing the minimum age for men would be socially better and does not imply necessarily important financial costs.

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# ANNEX A. Retirement Policies

According to the current stipulations of the Labor Code (2002) and Social Insurance Law (2006), the employee is eligible for retirement and entitled to monthly pension if he/she satisfies the following conditions on age and social insurance premium:

| Beneficiary  | Retirement eligibility                      |   | Monthly pension  | Legal documents  |
|--|---|---|--|--|
|  | Age   | Social insurance premium  |  |  |
| <p><b>1. For employee is entitled for normal pension</b></p> |   |   |  |  |
|  | <p>Age 60 for men,<br/>Age 55 for women</p> | <p>Having paid his/her social insurance premium for at least 20 years</p> | <p>Retirement pension shall be calculated as follows:<br/>persons fully paid social insurance for 15 years shall be entitled to a retirement pension of 45% of the average income of the insurance paying month.<br/>Afterwards, 2% and 3% shall be added for each year more for men and women, respectively, but the total amount shall not exceed 75% of average income of the insurance paying months over the last 10 working years before retirement. <b><i>This regulation is applied for employees engaging in the pay regime stipulated by the Government since the effective date of the Social Insurance Law.</i></b></p> <p>Employee, who was retired before 1 January 2007 (before the effective date of the Social Insurance Law) and engaged in the pay regime stipulated by the Government, is entitled to monthly pension of 45% of average income of the insurance paying months over 15 years of paying social insurance. Afterwards, 2% and 3% shall be added for each year more for men and women respectively, but the total amount shall not exceed 75% of average insurance paying month over the last 5 working years before retirement.</p> <p>Other employees, paying social insurance based on the pay regime regulated by the employers, are entitled to</p> | <ul style="list-style-type: none"> <li>• The Labor Code</li> <li>• Social Insurance Law in 2006;</li> <li>• Decree 12/ND-CP/1995 issued together with Social Insurance Regulations (currently incorporated in the Social Insurance Law)</li> </ul> |

| Beneficiary  | Retirement eligibility                   |   | Monthly pension   | Legal documents  |
|--|--|---|---|--|
|  | Age                                      | Social insurance premium  |   |  |
|  |  |   | monthly pension of average income of the insurance paying months over the whole paying social insurance period. |  |
| <b>2. Early retired persons entitled to full pension (Policy for special groups)</b> |  |   |   |  |
| <b>2.1. Employees doing heavy, harmful and dangerous works</b>                       | Age 55-60 for men<br>Age 50-55 for women | Paying social insurance premium for at least 20 years with 15 years of doing especially heavy or noxious jobs as prescribed by the list of MOLISA and Ministry of Health or 15 years of working in a place which has an area allowance index of at least 0.7.<br><br>Paying social insurance premium for at least 20 years with 15 years of doing coal mining activities in mines.<br><br>Employees are affected by HIV/AIDS as a result of occupational accident and have paid social insurance premium for at least 20 years. | Being entitled to normal monthly pension like the above-mentioned eligible pensioners (Section 1).              | <ul style="list-style-type: none"> <li>• The Labour Code</li> <li>• Social Insurance Law in 2006;</li> <li>• Decree 12/ND-CP/1995 issued together with Social Insurance Regulations (currently incorporated in the Social Insurance Law).</li> </ul> |
| <b>2.2. Beneficiary group regulated by staff-downsizing policies</b>                 | Age 55-59 for men<br>Age 50-54 for women | Paying social insurance premium for at least 20 years.  | Being entitled to normal monthly pension like the above-mentioned eligible pensioners (Section 1).              | Decree No. 132/ND-CP in 2007 on staff-downsizing.  |

| Beneficiary   | Retirement eligibility  |  | Monthly pension   | Legal documents  |
|---|---|--|---|--|
|   | Age   | Social insurance premium   |   |  |
| 2.3. Beneficiary group regulated by policies on redundant workers due in SOEs   | Age 55-60 for men Age 50-55 for women   | Paying social insurance premium for at least 20 years.   | Being entitled to normal monthly pension like the above-mentioned eligible pensioners (Section 1) | <ul style="list-style-type: none"> <li>Decree No. 41/ND-CP in 2002 regarding policies on redundant workers due to SOEs</li> <li>Decree No. 110/ND-CP in 2007 regarding policies on redundant workers due to SOEs streamlining.</li> </ul>                  |
| 2.4. Beneficiary group regulated by policies on military officers, professional soldiers, non-commissioned officers and soldiers of the People's Army and the People's Police | Age 55 for men Age 50 for women<br><br>Age 50 for men Age 45 for women<br><br>Men from 50 years having at least 30 years of length of military service.<br><br>Women from 45 years having at least 25 years of length of military service | Paying social insurance premium for at least 20 years<br><br>Paying social insurance premium for at least 20 years, in which <ul style="list-style-type: none"> <li>At least 15 years of doing especially heavy or noxious jobs</li> <li>At least 15 years of working in a place which has area allowance index of at least 0.7</li> <li>At least 10 years of staying in B battlefield before 30 April 1975</li> <li>At least 10 years of staying in C or K battlefields or undertaking missions abroad.</li> </ul> Paying social insurance premium for at least 20 years. | Being entitled to normal monthly pension like the above-mentioned eligible pensioners (Section 1) | Decree No. 45/CP In 1995 on the issuance of the Social Insurance Regulations for employees contributing to social insurance, military officers, professional soldiers, non-commissioned officers and soldiers of the People's Army and the People's Police |

| Beneficiary  | Retirement eligibility                        |   | Monthly pension  | Legal documents   |
|--|---|---|--|---|
|  | Age   | Social insurance premium  |  |   |
| <b>3. Early retired persons entitled to lower pension (Policy for special groups)</b>  |   |   |  |   |
| <b>3.1. Early retired persons entitled to lower monthly pension</b>  | From age 50 for men and from age 45 for women | Paying social insurance premium for at least 20 years with at least 15 years of doing especially heavy or noxious jobs as prescribed by the list of MOLISA and Ministry of Health   | The retirement pension shall be calculated as follows: persons fully paid social insurance for 15 years shall be entitled to a retirement pension of 45% of the average income of the insurance paying month. Afterwards, 2% and 3% shall be added for each year more for men and women, respectively, and 1% shall be deducted from the monthly pension for each year getting retired earlier; however, the monthly pension shall not be lower than the minimum wage. | <ul style="list-style-type: none"> <li>Social Insurance Law in 2006;</li> <li>Decree 12/ND-CP/1995 issued together with Social Insurance Regulations (currently incorporated in the Social Insurance Law)</li> </ul>  |
| <b>3.2. Beneficiary group under the regulation of Social Insurance Regulations for military officers, professional soldiers, non-commissioned officers and soldiers of the People's Army and the People's Police</b> | From age 50 for men and from age 45 for women | Paying social insurance for at least 20 years and having lost at least 61% of his/her working capacity.<br><br>Paying social insurance premium for at least 20 years with at least 15 years of doing especially heavy or noxious jobs and having lost at least 61% of his/her working capacity (regardless of age). | The retirement pension shall be calculated as follows: persons fully paid social insurance for 15 years shall be entitled to a retirement pension of 45% of the average income of the insurance paying month. Afterwards, 2% and 3% shall be added for each year more for men and women, respectively, and 2% shall be deducted from the monthly pension for each year getting retired earlier.  | Decree No. 45/CP In 1985 on the issuance of the Social Insurance Regulations for employees contributing to social insurance, military officers, professional soldiers, non-commissioned officers and soldiers of the People's Army and the People's Police. |

## ANNEX B. Methodology for Sociology Study on Women Retirement Age

Sociological study of women retirement age includes 4 main activities with various study methods, such as method of collecting and analysis of material, secondary data; method of sociological survey; and method of consultation.

### ■ **Activity 1: Case study on situation of training, promotion, and wage of men and women staff of MOLISA**

This activity employs the **method of collecting and analysis of material, statistical data** of MOLISA on status of wage, training and promotion of men and women personnel in order to provide an overview on current status, opportunities and gender gaps in designing and practicing policies on salary, training and promotion of staff of MOLISA.

The sample includes information on wages of nearly 3,000 staff, civil servants who are working at affiliated agencies, departments of MOLISA, including: (1) state management agencies; (2) research institutions; (3) training institutions; (4) press, publishing houses; (5) health care agencies; (6) enterprises.

### ■ **Activity 2: Sociological survey on retirement age of women workers**

This activity employs the **method of sociological survey** – in-depth interview (using the semi-questionnaires) in order to provide understandings on status of employment, life and income of pensioners after retirement, their opinion on retirement age; understandings on status of using old age and middle age women workers, opinion on using, training, promotion of middle age women, opinion on women's retirement age.

The survey was conducted in Hanoi during May 2008 on two main groups, which are:

- **13 women pensioners, who are under 60 years old and used to work in different occupation groups:** (1) in public administration sector such as health, education, state sector and retired at right age as regulation (55 years old); (2) in hazardous, hard sectors and retired early, less than 55 years old (according to the regulation); (3) in equitized state enterprises (redundant, or retrench due to restructure) and retired early (less than 55 years old); (4) in public administration agencies, or enterprises but retired early (less than 55 years old) due to poor health, invalidity
- **10 leaders or person in charge of personnel of agencies, enterprises which used women workers (older than 40 years) in following sectors:** (1) School, hospital, state administration agencies; (2) Manufacturing enterprises (normal conditions); (3) Manufacturing enterprises with hazardous and hard condition

### ■ **Activity 3. Consultation with policymakers, specialists on the adjustment of women's retirement age**

This activity employs the **method of consultation** by organizing focus group discussion with managers and policymakers in order to collect the reaction of the policymakers about a set of

policy options based on the results of the study, and the messages extracted from these interviews. Topics for discussion include: (1) *Current status of women employees at middle age on training, using and promotion*; (2) *Social economic foundation for increase of women's retirement age*; (3) *Comments on policy options on adjustment of women's retirement age*.

Discussion was held in May 2008 with 22 participants who were policymakers, specialists on social security, labour-employment and gender from the following agencies and organizations:

1. Vietnam Women Central Union, Department of Legislation
2. National Committee for the Advancement of Women (NCFAW)
3. National Assembly's Committee on Social Affairs, Department of Social Affairs
4. Vietnam Chamber of Commerce and Industry (VCCI)
5. Vietnam Federation of Labour Union, Committee of Women's Affairs
6. Vietnam Cooperative Alliance
7. Ministry of Health (MOH): *Department of Legislation, Institute of Health Care Policies and Strategies*
8. Ministry of Home Affairs (MOHA): *Department of Civil Servants, Department of Legislation*
9. Ministry of Labour, Invalid and Social Affairs (MOLISA): *Department of Gender Equality, Department of Social Insurance, Department of Legislation, Department of Organization and Personnel, Institute of Labour Science and Social Affairs (ILSSA)*
10. Vietnam Academy of Social Sciences: *Institute of Family and Gender, Institute of Sociology, Institute of Human Studies, Institute of State and Law*
11. Center of Women Studies – Central School for Female Civil Servants
12. Research Center on Gender and Development – University of Social Science and Humanities
13. Research Center on Gender - Ho Chi Minh National Academy of Politics and Public Administration
14. Department of Labour Economics – National Economics University

#### ■ **Activity 4. Organizing workshop for research findings dissemination**

This activity, through the organization of a ***workshop for research findings dissemination*** and collection of feedback from participants, is to finalize the report on findings of social and economic dimensions, scientific justifications and practical evidence for modification of women's retirement age and policy options on modification.

The workshop was held in June, 2008 with 51 participants who are: (1) *managers and policymakers from ministries/ sectors, research institutes and universities*; (2) *representatives of enterprises, employee*; (3) *international organizations*.

## ANNEX C. Sociological Research on Women's Retirement Age

In economic aspects, Vietnam's female retirement age should be increased to ensure the long-term sustainability of the pension fund. However, in sociological aspects, most women and communities do not advocate the increase in retirement age. International experiences in pension reform show that financial debates are not enough for solving this problem. Policy-makers have not paid proper attention to the proposals on extending female retirement.

As a result, research on female retirement age is being carried out by a consultant groups, including domestic consultants (Institute of Labour Science and Social Affairs) and international consultants (World Bank). This research shows the necessity of examining the attitudes and awareness of women, enterprises and policymakers toward retirement age by conducting sociological studies on retired women and some selective enterprises and agencies, and holding some seminars with policymakers, experts, and scientists on this issue. The research was implemented in April and May 2008.

This report presents the sociological research results of 13 in-depth interviews on retired women in a ward of Hanoi to investigate their current employment and income status and their viewpoints on the retirement age and 10 in-depth interviews on representative leaders of agencies/enterprises in Hanoi on the situation of employing middle-age female workers and viewpoints of these organizations on female retirement age. The results of seminars with policymakers and scientists on this issue are also presented in this report.

### PART A. RESULTS OF IN-DEPTH INTERVIEWS OF RETIRED WOMEN

Among 13 retired women interviewed, there are 5 women retired at age 55 and over and 8 women taking early retirement (6 due to staff downsizing, 1 due to poor health, and 1 having no need for further work before reaching retirement age and acquiring sufficient working years. In order to be entitled to early pension income, most of early retired women, who were part of staff downsizing, had to go for a check-up by a medical survey council to get a certificate of losing working capacity (Table C.1).

**Table C.1 General Information on 13 Retired Women**

| No. | Occupation before retirement | Education level  | Retirement age | Current age | Type of retirement  | Employment after retirement     | Current employment              |
|-----|------------------------------|------------------|----------------|-------------|---------------------|---------------------------------|---------------------------------|
| 1   | Engineer                     | University       | 55             | 61          | Eligible retirement | Continued working in one year   | Not working                     |
| 2   | Technician                   | Technical worker | 55             | 60          | Eligible retirement | Continued working in two years  | Not working                     |
| 3   | Telegrapher                  | University       | 55             | 56          | Eligible retirement | No needs for working            | Not working                     |
| 4   | Lecturer                     | University       | 60             | 63          | Eligible retirement | Working for the same university | Working for the same university |

| No. | Occupation before retirement | Education level              | Retirement age | Current age | Type of retirement       | Employment after retirement                              | Current employment                         |
|-----|------------------------------|------------------------------|----------------|-------------|--------------------------|--|--|
| 5   | Doctor (doctorate)           | PhD                          | 55             | 64          | Eligible retirement      | Working for hospital + owned clinic                      | Working for hospital + owned clinic        |
| 6   | Worker of garment company    | Technical worker             | 45             | 46          | Staff-downsizing         | Office cleaner for 4 months                              | Not working                                |
| 7   | Worker of garment company    | Technical worker             | 48             | 52          | Staff-downsizing         | Unable to find job                                       | Not working                                |
| 8   | Worker of garment company    | Technical worker             | 49             | 53          | Staff-downsizing         | Doing house work and selling lottery                     | Sell lottery and want to find a better job |
| 9   | Accountant                   |                              | 52             | 60          | Staff-downsizing         | Unable to find job because of low professional level     | Not working                                |
| 10  | Teacher                      | Professional secondary level | 37             | 61          | Loosing working capacity | Babysitter in two years                                  | Not working                                |
| 11  | Construction engineer        | University                   | 46             | 61          | Staff-downsizing         | Doing the same job for another establishment in one year | Not working                                |
| 12  | Pharmacist                   | Professional secondary level | 41             | 57          | Staff-downsizing         | Establishing own enterprise                              | Establishing own enterprise                |
| 13  | Salesclerk                   |                              | 50             | 53          | No reason                | Selling dried foods at home                              | Selling dried foods at home                |

## 1. Employment of retired women

*A majority of women still work after retirement.* After retirement, 10 out of 13 women continued working to earn income; 3 remaining persons stopped working or could not find a job. Among 5 women retired at the right age (55 years old), 2 of them still worked for one or two years and the others continued working for 8 to 9 years.

*After retirement, women at high professional level tend to continue their previous job while those with low educational level who had unskilled jobs, find low-income and unstable jobs which do not match with their old jobs.* Of the retired women who continued working, 5 persons do their old jobs (2 persons working for their old agency and 3 persons working for different organizations). These persons are at educational and professional levels, such as mechanical engineer, civil engineer, university lecturer, doctor and high-level technical worker. There is a university lecturer still working at age 63, and a woman with a Ph.D. Dr. still working at age 64 as head of a university department. People with low educational level, like sewing workers and shop assistants, have difficulty in finding jobs to continue working at low-income and unstable jobs, such as doing housework and selling miscellaneous things. A pharmacist, who was retired under the staff-downsizing regime, is very successful in business; she established her own company and

became a director. A former primary teacher at secondary professional level became a babysitter after retirement (see Box C.1).

### **Box C.1 Employment of Retired Women**

“... Two years after retirement, I opened a private obstetric clinic. It is the job that I used to do in the hospital before retirement; therefore, it fits with my experience and profession, it is also simple and suitable with my health. My current job is not time-consuming and pressing in comparison with my old job in the hospital. If I am busy or tired, I can work off without any pressures. In comparing total income, it is difficult to tell; however, in general, my current income is higher than the old one, working conditions and time are more convenient. I do not bear any pressures relating to working norms, working disciplines as well as working mechanism...” *(In-depth interview with a Ph.D. doctor aged 64 and retired at age 55).*

After receiving retirement decision, I was invited to continue the job for one more year. After one year, I stopped working. During that time, I continued my job so it was comfortable and earned the same salary ...” *(In-depth interview with a 61-year-old mechanic engineer retired at age 55).*

“... After retirement, I used to be an office cleaner for a private office. However, because there was nobody to look after my father, I had to stop working to look after him...” *(In-depth interview with a 46-year-old sewing worker retired at age 45).*

“...At the beginning of the retirement period, I felt so bored without anything to do. I worked as a helper for a family in one year, but now they do not want me to work for them. I sell lottery to avoid being in blues. The income earned is insignificant but it is still better than staying at home. I still want to find an easy job...” *(In-depth interview with a 53-year-old sewing worker retired at age 49).*

Five out of 13 retired women faced difficulties in finding jobs or were unable to find a job. They are all early retired as a result of the policies on staff downsizing and state-owned enterprise restructuring; and they do not have enough dynamics and ability to find suitable jobs (see Box C.2).

### **Box C.2 Difficulties in Finding Jobs as Retired Women**

“... In the situation that underemployment was prevalent in our agency and two of us worked for the same institution, one of us must be retired and it was me. At that time, I was not too old, 45 or 46 years old, and still able to work. I had lived all of my life under the subsidized regime and was not dynamic; I was quite stressed after retirement because I was not adaptive to that situation. We had only my pension to afford the whole family's living and we lived on the second floor of the living quarter, thus we could not open a small shop to earn income; I had to ask for the help of relatives and friends to find out additional source of income ...” *(In-depth interview with a 61-year-old civil engineer retired at age 46).*

“... To be frank, at this age, we are still able to work but we do not know where to find a job. It would be good if we can find a job to earn additional income; but it is very difficult to find a job at age 50 except retail seller or selling labor. I have searched job on Internet but when I contacted the employer, they refused because of my age. If I can find a job, I prefer doing 8 hours per day without heavy working...” *(In-depth interview with a 52-year-old sewing worker retired at age 48).*

“... I really want to find a job but it is very difficult. At the beginning of the retirement period, I felt so bored without anything to do. I worked as a helper for a family in one year, but now they do not want me to work for them. I sell lottery to avoid being in blues. The income earned is insignificant but it is still

better than staying at home. I still want to find an easy job..." (*In-depth interview with a 53-year-old sewing worker retired at age 49*).

Some women who continue working after retirement find that they can bring their advantages into full play, such as experience and profession (*in-depth interviews on university lecturer, doctor, mechanic engineer and technical worker*) and do not bear working pressure like the time before retirement. Their working time is also more flexible (for women who work part-time or are self-employed, such as retail seller or enterprise owner). They also feel more relaxed and not affected by the relationship with colleagues and other labor relations when they were working (*in-depth interviews on doctor, pharmacist and shop assistant*). Some of them told that their current income is higher than the old income (*in-depth interviews on doctor, pharmacist and shop assistant*).

*Regarding the difficulty of post-retirement employment*, some retired women continued working, but they had to stop because of difficulties relating to health or family matters. Some women, after retiring at age 55, only continued working for 1 or 2 years. Some said that their post-retirement jobs require more dynamics and longer working time (see Box C.3).

### **Box C.3 Difficulties Faced by Women Working after Retirement**

"... I continued working for my company for one more year. At that time, I could not meet the requirements of my job because of health problems. I was old and weaker so I was slow, tired and slack in working although my job required indirect labor. Imagine that for the jobs requiring direct labor, at that age, how difficult the female direct workers were to complete the tasks. I saw my disadvantages so I decided to stop working. It is hard to identify the working ability; the problem is to define working intensity and working performance. Regardless of these issues, women at age 60 or 70 still can work; but if working in the conditions of labor norms and performance, women at age 55 have to try their best to accomplish their tasks..." (*In-depth interview with a 61-year-old mechanic engineer retired at age 55*).

"... I was retired when I was only 45 years old; I certainly had to find a job. At the beginning, I worked for a design center, including most of my colleagues working in the same division. We all quit our jobs and built up our own design center to execute contracts in other provinces. This job required traveling to other provinces so it caused some problems to my family. I only worked for two years and stopped working after that. (*In-depth interview with a 61-year-old civil engineer retired at age 46*).

## **2. Post-retirement income**

All 13 retired women interviewed said that their income decreased significantly after retirement. This made it difficult to manage family expenditures. Some of them had to find jobs to ease the family's economic burden. Some others, who were unable to find a job or not strong enough to continue working, found other ways to cope with economic difficulties, such as reducing spending, renting out a part of the family's living area, or their retired husband seeking a job. Some women thought that their families had real difficulties after their retirement because of losing a part of main income source, plus the increasing inflation, leading to a reduction of their living standard (Box C.4).

Three of the interviewed women confirmed that their income increased after retirement, including a retired female doctor owning a private clinic, a retired female pharmacist owning an enterprise and a retired shop assistant selling miscellaneous things at home (see Box 4).

### **Box C.4 Income of Retired Women Decreased**

“... I am retired and I can only live on my pension. Our main income sources are the pensions of mine and my husband. Our children sometimes give us some money. It would be difficult without that amount of money. In the past, we could manage within this income, but with the situation of increasing prices, it will be very difficult for us. My possible solutions can be reducing expenditures, shopping or travels and asking for the help of our children. *(In-depth interview with a 61-year-old mechanic engineer retired at age 55).*”

“...the pension is too low because of increasing inflation. It will be very difficult if my family only lives on pension. For me, pension is important but it only account for a small part of my income because I have a job. For non-working retired persons, pension is their main income...” *(In-depth interview with 57-year-old pharmacist retired at age 41).*

“... I cannot afford my life with my pension. I do not contribute my pension to the family's spending fund. My children said that I should keep this pension for external relations like wedding or funerals. The prices are increasing so quickly, my low pension is not enough for living...” *(In-depth interview with a 61-year-old civil engineer retired at age 46).*

“...My spendings decrease significantly, partly because of sharp increase prices in comparison with my low pension. It will be very difficult for a retired person to only live on his/her pension...” *(In-depth interview with 52-year-old sewing worker retired at age 48).*

“...My pension income is much lower than my pre-retirement salary. This amount of money is enough for my personal spendings... When I have difficulties, I usually borrow money from my relatives...” *(In-depth interview with a 46-year-old sewing worker retired at age 45).*

“... My current income is higher than my pre-retirement salary. Previously, my old salary was about 2 million dongs per month, a little bit higher than the pension but I had to work hard instead and could not do additional job at home. At present, my total income from other sources is much higher. In addition, I feel so relaxed do not bear any working pressure...” *(In-depth interview with 53-year-old shop assistant retired at age 50).*

“...Being on a tight budget makes my family stressed. Every problem emerged is related to money. I usually get angry whenever I cannot afford some spending. I feel sorry for my children when they ask me for money to pay school fees but I don't have enough money. It makes them angry and feel complex. Luckily, they still go to school. When I was working, I did not feel anxious like this...” *(In-depth interview with 60-year-old accountant retired at age 52).*

### **3. Spiritual life of retired women**

Their state of mind immediately after retirement differs among the women depending on their employment status. For women continuing working after retirement, they feel no changes in life and spiritual well-being after retirement. They feel that post-retirement employment makes them more relaxed and free of working pressure.

Non-working retired women, who cannot find a job and need to continue working, often feel sad because of having free time. These same feelings overcome some women who are fully retired. However, these women can quickly overcome these feelings and easily find pleasures in doing housework and taking care of other family members or seeing friends.

Some retired women, who worked in hazardous and toxic industries like a sewing worker, feel

more relaxed and healthier after retirement. They no longer have to work hard under pressure and long working hours (see Box C.5).

#### **Box C.5 Spiritual Life of Retired Women**

“... I feel so good and I am in high spirit. I have more time to participate in social works and charities apart from the time when I work at the clinic. I feel stronger than the time I was employed...” *(In-depth interview with a 64-year-old doctor retired at age 55).*

“... I felt normal because I do not have free time after retirement. After stopping post-retirement job, I feel a little bit sad but I really wanted to work off at that time. I have more time for seeing friends and relatives or making new friends. I join some clubs like badminton club or sometimes go picnics with my friends. It makes me happy...” *(In-depth interview with a 60-year-old technical woman retired at age 55).*

“...At the beginning of the retirement period, I felt sad. I no longer talked to my colleagues, saw my pupils or participated in meetings or events. It made me depressed. However, after some months, I got used to this feeling. House works and looking after my children take most of my time and they make me feel better. In sum, it did not affect my spirit much...” *(In-depth interview with a 61-year-old primary teacher early retired at age 37).*

“...I was shocked and got older so quickly because of income decrease, limited spending and declining health at the beginning of retirement period. However, I regularly got used to the situation. In terms of social relations, when I was working I built up the relationship with my colleagues; when I am retired, I sometimes visit my friends, neighbors and former colleagues. In general, I feel so relaxed...” *(In-depth interview with 56-year-old key woman retired at age 55).*

“...I spend more time on taking care of my family after retirement. For example, when I was working, I just had time buy food and who came home early, that person would prepare the dinner. I just cleaned the house when I felt strong. At present, when I am retired, I spend my time on cooking meals and cleaning house. But sometimes I still feel sad because of my free time...” *(In-depth interview with a 52-year-old sewing worker retired at age 48).*

“...Since retirement, I feel much better despite my income is lower. However, it is still better than the time I worked as a sewing worker...” *(In-depth interview with 46-year-old sewing worker retired at age 45).*

#### **4. Pre-retirement employment and competitiveness of middle-age female workers**

When being asked about their pre-retirement employment and difficulties that they faced in working, women retired at the right age and women working in hazardous and toxic industries said that, at middle age they witnessed their health decline, memory decrease, capacity become limited in approaching new technology, working performance decline, and ability to catch up with speed and intensity decrease. For early-retired women as a result of staff downsizing, they think that they were still able to meet the requirements of the jobs with sufficient health and good performance in comparison with young workers and other male workers. However, they retired because of the policy (see Box C.6).

#### **Box C.6 Disadvantages for Female Workers Before Retirement**

“...For old employees, the access to new technology is limited because at this age we are not sound in mind and body action to acquire new knowledge, especially for the jobs relating to machinery operation. These jobs require high degree of accuracy and skillfulness. We, who are aging women, cannot meet these requirements...” *(In-depth interview with a 64-year-old female Ph. D doctor retired at age 55).*

“...When getting old, the eyes grow dim and the hands do awkwardly, we cannot operate quickly. Besides, there are still working pressure and long working hours. Even for young people, they have to try their best to keep up with the working pace. In terms of technical skills, we are not lower than the young people, but we cannot be as quick as they are in a production line. Working in garment industry makes eyes grow dim very quickly, plus the electric light makes the eyes even worse. Thus, they did not want to receive an old female worker like me into their groups. They knew that I could not work but they still assigned work to me; that was one way to for me to resign. If I still worked, the young workers would be jealous to me; they would think that I was paid high salary but my performance was not worth my pay...” *(In-depth interview with a 53-year-old sewing worker retired at age 49).*

“...In my old company, young workers considered old workers like us as their burden because we were old, working slowly and our productivity was lower than theirs. In addition, we were usually sick and conservative...” *(In-depth interview with a 46-year-old sewing worker retired at age 45).*

“...The managers encouraged us to resign early rather than forcing us. If I had not had a retirement pension book, I would not be retired...” *(In-depth interview with a 52-year-old sewing worker retired at age 48).*

All 13 interviewed women thought that age 50-55 is the period that the health of women clearly declines because the memory is lost, the body is usually tired, and the eyes are grow dim. This age is pre-menopause period, affecting women's work and performance (Box C.7).

### **Box C.7 Women's Perception on Health of Middle-age Women**

“... For me, in general, women older than 50 are usually tired, slack and slow, their eyes are dim and the memory is declining, causing an obstacle for their work...” *(In-depth interview with a 61-year-old mechanic engineer retired at age 55).*

“...For me, dim eyes, slowness, and declined memory discourage old workers, making them hard to accomplish tasks. At that age, we cannot be as quick as the young workers. With the same job, they can finish within one hour while it takes us three to four hours to complete. If we want to complete out task, we will have to try our best. It will be very tired. In comparison with the young worker and male workers at the same age, the health of middle-aged women is worse. Besides, they have to take care of their family and their children; therefore they have less time for self-improvement. As a result, female workers have to bear a burden of higher competition in working than the male ones...” *(In-depth interview with a 56- year-old key woman retired at age 55).*

“... In fact, the women have to try harder to accomplish their missions because they have to take care of their family and strive for promotion in their work. When female employees achieve the same professional level as compared to their counterparts, they do the jobs better because they are more careful and hard-working. In comparison with the male employees in terms of health and time, male workers are more advantaged because they do not have to do housework, childbearing and looking after the children as much as the female. Women at age 50-55 tend to reduce their health and not be as a brisk as before. Depending on individual, but for me that age has not affected me much. After 55, women really feel tired and want to relax. Despite they still can work, but their health does not allow them to work as well as before...” *(In-depth interview with a 60-year-old technical worker retired at age 55).*

There is a case that a university lecturer still worked and made contributions to social insurance after 55 and retired at age 60. She thought that continuing work for five years was suitable to university lecturer because age 55-60 is the period that an employee is fully experienced and prestigious. At this age, the woman will not be busy with taking care of family and children as they are grown (see Box C.8).

**Box C.8 The University Lecturer Continued Working after Eligible**

“...I was retired five years latter than the Government's stipulation. For me, it is suitable for a majority of female university lecturers because they are fully experienced and prestigious at this age. They also can contribute most in this period and spend more time on working than the previous years; they do not have to pay attention to their children as they are grown up. Their psychophysiology is also stabilized at this age, and they have chance to make contributions to the society and train the next generation. As in my case, although I was older than 55, but I could still work and make contribution to social insurance. It is important that my work was acknowledged and appreciated by people...” (In-depth interview with 63-year-old university lecturer retired at age 60).

When asked about the difference in working performance (in terms of health and working efficiency, etc.) between male and female, most of the interviewed women admitted a disadvantage for middle-age women in comparison to their male counterparts regarding health, education level, and working performance because women have to spend more time taking care of their family and doing housework. These matters affect their health and working time, and limit their professional upgrading. Some of them thought that the ability to acquire new technology and to use it on the job is more inferior than that of male counterparts. It is noted that this is also an opinion of a famous and successful female PhD doctor (Box C.9).

**Box C.9 Competitiveness of Middle-age Women in Comparison with Middle-age Men and Youth**

“...Middle-aged women are weaker than their male counterparts and young workers. In addition, they have to undertake the housework thus have less time for upgrading their professional level. As a result, they have to compete more in working. Today, the managers are very young. Despite they respect older employees in terms of capacity and experience; they still avoid recruiting these employees because of their sluggishness. The managers tend to retire these persons early or do not want to encourage them to work more after retirement. The managers still prefer male employees to female ones at the same age...” (In-depth interview with a 61-year-old mechanic engineer retired at age 55).

“...It is certain that women have to try harder than men. Men have more time and favorable conditions than women, plus they are more agile than women. Therefore, they are more successful and have more chance to upgrade their skills. Men have better health than women, thus they can undertake more tasks and gain more achievements and promotion in their jobs. At the middle age, we cannot compare women to men in all aspects. Men are bringing into full play their professionalism at that age while that of women is decreasing. This is the same in the case of applying new technology” (In-depth interview with a 64-year-old Ph. D doctor retired at age 55).

“... It is reasonable for employers using young workers; they are more advantaged in terms of new technology. The general difficulty for old employees is the acquisition of new technology, even for middle-aged male workers. Training workers at middle-age will not benefit much...” (In-depth interview with a 60-year-old accountant retired at age 52).

In comparison with young employees, many interviewees said that when they were still working, although they were more experienced than the young workers, their health was weaker. Older workers were also disadvantaged in acquiring new technology and working performance. Therefore, for the jobs requiring health and agility, the performance and productivity of older employees is lower than the young employees.

## 5. Demand for continuing work after retirement

When being asked, *At the time you were retired, if you were invited to continue working, would you accept (to continue contributions to social insurance for higher pension)?*, 7 out of the 13 interviewed women agreed to continue working if they were invited. Three early-retired women as a result of staff downsizing showed their desire for continuing work. Among 5 women retired at age 55, the eligible retirement age, 4 women wanted and were ready to continue working; only 1 female doctor did not want to continue working for the old hospital because she thought that owning a clinic would be freer and more suitable (Box C.10).

### **Box C.10 Most Women Want to Continue Working**

“...At the time of retirement, I still wanted to work because I found that I still had working ability to continue my old job. If I did another job, it would be difficult for old workers like me. I was retired by the staff-downsizing regime. I think it was OK for me because at that time, employment was limited while labor was abundant. However, if the job was available, I could have worked for more than seven years (up to 57 years old). But it would limit the volume and quality of work because of my age and skills...” (In-depth interview with a 60-year-old accountant retired at age 52).

“...In reality, I was quite stressed because I was only 45 or 46 years old and still wanted to work...” (In-depth interview with 61-year-old civil engineer retired at age 46).

“...I did not want to continue working. That age is suitable for retirement because if you continue contributing to social insurance, your benefit will not be much higher. Currently, the Social Insurance Fund is in deficit. I am retired and working for my own clinic makes me feel more comfortable...” (In-depth interview with 64-year-old Ph. D doctor retired at age 55).

“...If I was offered to continue working, I would accept. As you can see, after retirement, I can work for another company. If my old company invited me, I would accept, this would increase my income. I can continue working for more four to five years depending on my health...” (In-depth interview with a 60-year-old technical worker retired at age 55).

Among women who did not want to continue working, there are 3 sewing workers working in hazardous industries, 3 women (including a doctor) who are easily able to find jobs with higher income (1 owns an enterprise and 1 sells miscellaneous things at home). The benefits of continuing work for higher pension and monthly salary were not options for these women for various reasons. The 3 sewing workers had health problems, and the 3 successful businesswomen found a better income earned from self-employment (see Box C.11).

### **Box C.11 Female Workers with Poor Health or Capability of Finding Post-Retirement Jobs Do Not Want to Work at Previous Jobs**

"... My retirement is a big turning point in my life, which I feel very happy to take. Even given more preferences I could not continue working since I feel exhausted, my eyes grow dim due to heavy and toxic work. Most labors at my age in the company are looking forward to accumulating sufficient working time to take retirement. No one wants to work after retirement as the work is so heavy and toxic while we grow much slower than the younger ones. This work is only suitable with labor at 45 or below." (In-depth interview with a 46-year-old garment worker who retired at 45)

"...Even if the enterprise would like to keep, I will not stay as the work is too heavy and take a lot of time. If you cannot fulfill the production norms, your grade will be lowered and so is the wage" (In-depth interview with a 53-year-old garment worker who retired at 49).

"...I am not willing to continue the work as I can clearly see the chance to get another job with higher income and more comfortable for me to take care of my family after retirement." (In-depth interview with a 53-year-old shopkeeper who retired at 50)

"...I do not have the need to continue the work. I think that taking retirement at that age is reasonable as even you have more contribution to social insurance, the supplement wage is not much and the Social Insurance Fund now is in deficiency. It would be more comfortable for me to retire and work at private health care center." (In-depth interview with a 64-year-old PhD doctor who retired at 55)

## 6. Retired female laborers' opinion on gender equality

The research shows that most retired female laborers do not think that gender equality means the same retirement age and pension. They think that current regulation on retirement does not give preference to women over men. Women can take retirement 5 years earlier than men and women's pension is higher than men's since women's life expectancy is often longer than men. The current pension calculation, according to them, is reasonable and equal as women are weaker and are responsible for doing housework, giving birth, and taking care of the children in their working years. Therefore, they are allowed to take retirement 5 years earlier than men, which is considered equality not preference (Box C.12).

### **Box C.12 Woman's Opinion on Gender Equality in Current Retirement Regulation**

"...I think that it is reasonable for women to take retirement at earlier age than man and it is not a preference as it bases on women physiology. Woman is not as strong and healthy as man. Moreover, they have to work more than man, leading to the declining health at that age. A 55-year-old man is still in good health condition and it is appropriate for them to work another more five years. The longer life expectation of woman is also by nature and the pension paid until the death of the beneficiary is the regulation of pension system; therefore women can enjoy a longer pension time. It is not a preference, too. The calculation of pension for women is suitable because the earlier retirement age of women." (In-depth interview with a 61-year-old teacher who took incapacitation retirement at age 37)

"...It is reasonable and equal for women to take retirement 5 years earlier than man since woman has to take on more housework which takes a lot of time during their working period. Moreover, woman's health is not as good as man's one since they have to work, give birth to and take care of children." (In-depth interview with a 53-year-old shopkeeper who retired at age 50)

"...The regulation is reasonable and equal since woman's health is not as good as man's one and they have to give birth, take care of the children and housework." (In-depth interview with a 64-year-old PhD doctor who retired at 55)

The interviewed women also thought that women's longer life expectancy does not mean that their health is better than men but it is *by biological structure and by nature*. Therefore, woman's longer time of enjoying pension is not a preference. Some people think that the economical advantage that woman enjoy (thanks to longer time of pension) is the compensation for the social disadvantages and losing health due to child-bearing and taking care of children and housework.

## 7. Retired female laborers' opinion about retirement age

Regarding retirement age in different occupations, only 2 of the 13 interviewed women thought that the retirement age should be reduced (at 55 for male and from 50-52 for female laborers), giving the reasons of declining health and ineffective working capacity.

*Eleven of 13 interviewed women thought that the current retirement age is reasonable*, of which 5 agreed to extend the retirement age for professors, PhDs, doctors, and lecturers; 1 woman who had worked in a heavy and toxic industry thought that the retirement age in that sector should be reduced to 45 for female and 50 for male laborers (see Box C.13)

### **Box C.13 Retired Female Laborers' Opinion about Retirement Age**

“...In my opinion, the retirement age for manual female workers should be 50. For administration or office works, most people would like to raise the age to 60 as their works are not heavy, sitting in an air-conditioned office and getting high wage, leading to good health condition even at age 55.” *(In-depth interview with a 52-year-old garment worker, who retired at age 48).*

“...From 50-55, female laborers often meet psychology and physiology problems. After that period, their health gradually recovers, therefore at age 55 or above, some female laborers' health are ensured for the work demand. However, this should be limited within some brain-using occupations such as teacher, doctor, scientific researchers, etc.” *(In-depth interview with a 63-year-old lecturer at university, who retired at 60)*

“...Economically speaking, I think that it would bring me benefit therefore if allowed, I will continue working. However, in fact the quality work would be not so good and it would be very hard for me” *(In-depth interview with a 61-year-old mechanic engineer who retired at 55)*

“...I think that working experience is just one thing. Of course it is necessary but the younger laborers now can quickly adapt. It could take us 10 years to be experienced in work but they only have to spend 3-4 years. Therefore, personally I think the retirement age should be 55 for male and 50 for female laborers to avoid wasting young laborers while the aged ones cannot show a good performance.” *(In-depth interview with a 60-year-old accountant who retired at 52)*

“...The current retirement age of 55 is reasonable as at that age the women's health is weak. Our work is not heavy but for the direct laborers, they would like to retire at 50.” *(In-depth interview with a 56-year-old key woman who retired at 55)*

## 8. Retired female laborers' opinion on post-retirement job

The research team offered retired female laborers the following options of post-retirement jobs:

- (a) Continue working and receive “wage of an addition-working year + accelerating pension”
- (b) Retire and take care of housework: “pension (if retire at an eligible age) + value of works done at home”

- (c) Retire and find another job: “pension (if retire at an eligible age) + income from post-retirement job”
- (d) Retire and have both a part-time job and take care of housework: “pension (if retire at an eligible age) + income from post-retirement job + value of the housework”

Twelve out of 13 interviewed women chose the option to take both retirement and have another job: 3 chose option (a), 4 chose option (c), and 5 chose option (d). Only 1 chose option (b) since her health is poor for working (she was a worker in garment industry).

It can be concluded that most retired women wish and are willing to work under various forms such as working at the old enterprise, find another job, or taking part time job. It seems to conflict with their objections to retirement age extension or health limitation.

## **PART B. IN-DEPTH INTERVIEW WITH REPRESENTATIVES FROM ENTERPRISES/ORGANIZATIONS**

The research team conducted in-depth interviews with representatives from 10 enterprises/organizations in administrative sector (university, private health care center, researching institute, and state administrative agency in cinema industry); manufacturing sector (mechanic, import-export, and trading); and labor-intensive and toxic manufacturing industry (footwear, fiber, and publishing) (Table C.2). Objectives were to gain feedback from the leaders and personnel staff (which in total comprised 4 women and 6 men) about middle-age female laborer employment and their viewpoint of female retirement age adjustment.

**Table C.2 List of in-depth interview of 10 leaders of enterprises**

| <b>Group</b>   | <b>No</b> | <b>Name of Enterprise/ Organization</b>    | <b>Ownership Form</b>    |
|--|-----------|--|--------------------------|
| <b>Group 1:</b> School, hospital, state administration agencies: 4             | 1         | Labour and Social University               | Public                   |
|  | 2         | General Consulting-Room                    | Private                  |
|  | 3         | Vietnam Cinema Institute                   | Public                   |
|  | 4         | Institute of State and Law                 | State institution        |
| <b>Group 2:</b> Manufacturing enterprises (normal conditions): 3               | 5         | Sumitomo Heavy Industries                  | Enterprise with % of FDI |
|  | 6         | Import – Export Services Company Limited   | Private                  |
|  | 7         | Hanoi Head of Commercial Company           | State-owned enterprise   |
| <b>Group 3:</b> Manufacturing enterprises with hazardous and hard condition: 3 | 8         | Labour and Social Affairs Publishing House | Public                   |
|  | 9         | Thuy Khue Footwear Company                 | State-owned enterprise   |
|  | 10        | Fiber Manufactory                          | State-owned enterprise   |

### **1. Middle-age female laborer employment**

In government administration agencies, middle-age female laborers work in all fields and positions without any distinction of age. According to manufacturing enterprises, the number of female laborers over age 40 accounts for a minor part of total labor force. There is an enterprise in

manufacturing sector where no female laborer is employed due to downsizing policy on older female laborers.

### **Advantages of middle-age female laborers**

Most enterprises/organizations agreed that middle-age female laborers possess the common advantages of older laborers, which is accumulated working experience and higher discipline and responsibility compared with the younger (*in-depth interview with leaders from health care centre, university, researching institute, etc.*) Some enterprises/organizations thought that middle-age female laborers have more advantages compared to the younger ones since they do not have to pay too much attention to housework; their children have grown up and they have more time to dedicate to the work (*in-depth interview with leaders of researching institute and health care centre*).

However, enterprises in manufacturing sector said that the advantages are only applied for indirect laborers such as manager or administrators, not for laborers in direct production industries (*in-depth interview with leaders of a foreign direct investment mechanic enterprise and state-owned enterprise in publishing sector and footwear sector*). See Box C.14.

#### **Box C.14 Advantages of Middle-age Female Laborers**

“... They have working experience and have been executing the work for a long period of time. Therefore, they can handle the work effectively.” (*In-depth interview with Ms. Nguyen Thi Thuy H, Personnel staff of a SOE in trading sector*)

“... Most doctors at that age are capable of diagnosing and prescribing appropriate treatment. Especially in serious cases, only experienced doctors can take the responsibility of treating patients. Their working performances are stable and much better than the younger ones. Although they cannot stand the working pressure as well as the younger but their working quality is ensured, especially in making diagnosis. (*In-depth interview with Mr. Tran Hung S., Manager of a private health care centre*)

“...At the middle age, as their children are grown up, they do not have to spend too much time on housework and have more time for work. The second advantage is their working experience. Thanks to long working period, they can decisively handle their work. At age 40 to 50, their working performance is really good. Another advantage is their high responsibility and carefulness.” (*In-depth interview with Ms. Dao Thi Viet V. Head of personnel division of a government administrative agency in cinema industry*)

Some enterprises/organizations said that middle-age female laborers' working performances in administrative or indirect employment are no worse than the male or younger ones (*in-depth interview with leaders from researching institute and health care center*). However, it is a problem for direct workers.

### **Disadvantages of middle-age female laborers**

*Health is the biggest disadvantage of the middle-age female laborer.* It is also the common problem of laborers in administrative work as well as indirect and direct workers. Declining health, illness due to ageing and especially psychological changes in premenopausal and menopausal periods dramatically affect working productivity and performance.

However, *limitations in health seem to pose more impact on the work of direct female workers than indirect ones*. Direct work requires more strength. Representatives from manufacturing enterprises, such as footwear, fiber, and publishing, which employ laborers in heavy, hazardous, and toxic work environments, reported that older female laborers often have difficulty in work requiring accuracy and agility due to weakened eyesight and slow eye-hand co-ordination.

*Limitations in health also seem to pose more impact on the work of female laborers above age 50 than laborers from ages 40 to 50*. Some enterprise representatives said that some female laborers from ages 40 to 50 have no health-related problems affecting their work. However the older they get, the worse their health is and most female laborers above age 50 cannot fully meet the work requirements (in-depth interview with footwear enterprise and government administrative agency in cinema industry). See Box C.15.

### **Box C.15 Disadvantages of Middle-Age Female Laborers**

“...In general, there are few female workers above 40 as it is hard for workers at that age to take on the work. Due to weak eyes accommodation and combination caused by aging, female laborers above 45 meet a lot of difficulties in such swift-handed works. ...Some male laborers at age 60 can still carry out the work effectively while female laborers cannot. Obviously, a 60-year-old female laborer is not as strong as a male one...” (In-depth interview with Ms. Pham Tuyet M., Deputy Head of personnel division of a SOE in publishing sector)

“... From 40 to 50 years olds, the laborers may meet no difficulty as they are still in good health condition and have accumulate precious working knowledge and experience. However, from the age of 50 and over, they encounter a number of problems such as declining health and working intensity, low productivity even the quality is good, difficulty in accessing and applying new technology. Besides, some who feel self-satisfied, and feel no striving motivation will become sluggish and lack of creativeness in work. They cannot be shifted to other work due to different occupational skill.” (In-depth interview with Ms. Dao Thi Viet V. Head of personnel division of a government administrative agency in cinema industry)

“...Due to the work particular features of heat – dust and noise, aged laborers' health are significantly affected. Female laborers at age 45 and above with weak health, slow manipulation and poor eyesight can ensure the working quality but the productivity is low due to declining working intensity. They can fulfill the production norms only and it will be hard to ask for an increase in productivity and over-fulfill norms from them” (In-depth interview with Mr. Dang Pham M., Director of a SOE in fiber production industry)

“... Middle-age female laborers often have the feeling of self-satisfied and experience-based working method. If they are not in managing position, they will be indifferent and unenthusiastic to the work. At age 50 and above, their working intensity and productivity will decline. The quality of work may be ensured but there will be no breakthrough.” (In-depth interview with Mr. Trinh Khac T., Deputy Headmaster of an University)

Most interviewed representatives thought that a solution to overcoming any disadvantages for older laborer would be *reasonable labor division and job arrangement for older laborers*. For female laborers whose health is not ensured for direct production, the enterprise should make reallocation to indirect or semi-direct works (mechanical enterprise and enterprise in footwear production). Some enterprises, with large number of older female laborers, that cannot arrange indirect work must apply preferential treatment in working time such as only 8 hours per day and no shift intension

(footwear and fiber enterprises). However, it may decrease the wages of these laborers to a lower rate than the younger ones due to fewer working hours if the wage is based on work performance. In case the wage is based on seniority and wage levels, it may pose adverse effects on productivity, wage fund, and the competitiveness of the enterprise, as well as causing inequality between young and older laborers: older laborers are entitled to higher wage while working less than the younger ones (Box C.16).

### **Box C.16 Enterprises' Solutions to Middle-age Female Laborers' Health Limitation**

“...Due to the industry characteristic of seasonal production, we often have shift-intensive or overtime working. Aged laborers are often given priority not to work overtime at night or taking night shift since at that age if mobilized, the productivity is also not high. If laborers at age 50 and above are put in direct production, their performance would not be as good as the younger ones. They can only take part in semi-direct work such as preparing semi finished-product for sewing or works, which do not require too much eye or muscle concentration. These laborers should be arranged to take administrative or simple works. They also do not have the need for taking early retirement. We are now having to apply preferential treatments to these laborers and cannot arrange them to other positions due to capacity limitation.” (*In-depth interview with Ms. Nguyen Bich L., Deputy Director of an enterprise in Leather and footwear industry*)

“...The mentioned disadvantages of female laborer at age 45 and over are problems for both workers themselves and the enterprise in job arrangement. We find hard in arranging overtime and shift-intensive. During the working period, we do pay attention to arrange positions, which are suitable with their health and age. However, laborers employed here are mainly for direct work at the production line in which number of easy, simple works without strength requirement is rare. Therefore, it is hard to make rearrangement, and the number of laborers get rearrangement is not remarkable.” (*In-depth interview with Mr. Dang Pham M., Director of a SOE in fiber production industry*)

Leaders from some enterprises/organizations agreed that middle-age female laborers' quality, efficiency and productivity is lower than the younger ones, especially for direct workers. The reasons for this are declining health of middle-age laborers who cannot meet the work requirement or work overtime and shift-intensive; bad eyesight; and slow response (footwear, fiber and publishing enterprises).

Middle-age female laborers also find difficulty in accessing and applying new and modern technology due to the lower capacity compared to the young laborers (*in-depth interview with leaders from university, footwear enterprise, and government administrative agency in cinema industry*). Other disadvantages of middle-age female laborers are self-satisfied thinking; experience-driven working method; lacking self-motivation and creativeness (*in-depth interview with leaders from university and government administrative agency in cinema industry*); as well as bureaucracy and inertia, the bad habits resulted from subsidy regime (*in-depth interview with leader of state-owned enterprise in trade sector*).

Some interviewees reported that they found no disadvantage of middle-age female laborers as the jobs only ask for occupational qualification and working experience and do not ask for strength (*leaders from health care center and researching institute*); or the number of older female laborers is not high due to staff-downsizing, hardly pose impact on the enterprise's operation (*publishing enterprise*). Some enterprises do not assign older laborers to direct production to avoid potential

problems with productivity and product quality (*FDI enterprise in mechanic sector, state-owned enterprise in trade sector*). Moreover, there are small labor scale enterprises that only employ laborers in good health for work with private agreement, so they do not face the problem of middle-age female laborer (*in-depth interview with packing enterprise*). See Box C.17.

### **Box C.17 Enterprises Apply Flexible Arrangement with Middle-age Female Laborers**

“...Our enterprise is a production unit; therefore we almost always employ young laborers. The middle aged ones are minor and often arranged in indirect works such as administration, manager, cleaner, etc. We think the job arrangement is suitable. We find little difficulty in using middle-age laborers as we already have plan of arrangement for each laborer. It can be considered the enterprise's preferential treatment to aged female laborers. If they are arranged in direct works, they will not meet the work requirements in working operation, productivity, quality, etc. which can be satisfied by the younger ones.” (*In-depth interview with Mr. Phan Anh T., manufactory general manager of a FDI enterprise in mechanic industry*)

“...Our works do not ask for skilled and technical laborers. The laborers are only required to be hard-working, self-conscious and know how to arrange the work themselves. The works are not too heavy and hard for the aged female laborers (from 45-50 or even 55) to take in. The wage is paid basing on mutual agreement and including all allowance. The laborers can take part in voluntary insurance or save for their pension in their own ways. In the coming time, I will totally support all the aged laborers (at age 50 and above) even they would like to retire or to stay. They can continue working even until 60 as long as their health is ensured for the work.” (*In-depth interview with Mr. Ngo Viet P, Deputy Director of an enterprise in packing production*)

Middle-age female laborers seem to have more disadvantages than male cohorts of the same age due to poorer health, lower occupational qualifications, and less time devoted to work due to the women having to take the responsibility for housework and child care (*in-depth interview with leaders from health care center and government administrative agency in cinema sector*). See Box C.18.

### **Box C.18 Middle-age Female Laborers Have More Disadvantages than Males**

“... Compared to the male laborers at the same age, female laborers' disadvantages are poorer technical skill, less flexible in situation handling, and the most disadvantages is limited time for work due to housework and child care.” (*In-depth interview with Mr. Tran Hung S., Manager of a private health care center*)

“...At age 50 and above, men are still in good health and mind conditions and dynamic while women are often weak, sluggish, and in bad memory.” (*In-depth interview with Ms. Dao Thi Viet V. Head of personnel division of a government administrative agency in cinema industry*)

“...It is reported that the health of a woman at age 55 can only match a man's one at age 60. A 50-year-old woman and a 60-year-old man can be considered equal in health, capacity and accessibility.” (*In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry*)

### **Training, promotion and appointment of middle-age female laborer**

Interviewed leaders all reported that *middle-age female laborers are equal to young and male laborers in opportunities for training, promotion, or appointment*. Middle-age female laborers are

given opportunities to take part in courses of supplementary technical and occupational training or getting access to new techniques and technology. Some enterprises do not send laborers to training courses as they do not have the need for improving professional level or applying new technology (*in-depth interview with leaders of health care center and private enterprise in packing sector*). Some enterprise representatives said that when considering sending laborers to training courses also means giving up working time for the enterprise, then priority is often given to younger laborers. Others reported that middle-age female laborers have difficulties in training and improving occupational qualification or getting access to new technology due to limitations in their health condition and awareness (*universities, SOEs in publishing and in footwear sectors*). See Box C.19.

### **Box C.19 Training, Promotion, and Appointment of Middle-age Female Laborer**

“...Middle-age female laborers got training a long time ago when the science and technology were not developed. Their knowledge is now backward. Besides, due to the old age and weak ability to acquire new knowledge, their capability of accessing and using new technology is limited compared to the younger ones. Middle-age female laborers often feel a complex about their age, and let things run their course if they are not get appointment at age over 40. Women often put mind in home affairs more than in work, and their striving wills are not as strong as men. Therefore, number of female laborers with master degree is the same as male, of which, however, number of female laborers with PhD degree is outnumbered by the male ones.” (*In-depth interview with Mr. Trinh Khac T., Deputy Headmaster of an University*)

“...Due to old age, health and mind are not in good condition for acquiring new knowledge” (*In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry*)

“... According to the regulation, female laborer at age over 40 will not be appointed if they have never get the first appointment. Those who already in high position will meet difficulty in getting higher appointment since declining health affects striving will, causing sluggishness; female laborers' decisiveness and creativeness are not as high as male's ones; time for study is limited in comparison with man due to family affairs; etc.” (*In-depth interview with Mr. Dang Pham M., Director of a state-owned enterprise in fiber production industry*)

Regarding chances of getting appointments, most interviewed leaders said that their laborers, both men and women, young and the old, are equal. Some apply government regulations on appointment: under 50 for male and under 45 for female laborer (*in footwear industry, government administration agencies in cinema industry and trade sector, researching institute*); under 45 for male and under 40 for female (*in fiber production industry*). Enterprises often base appointments on occupational qualifications and capacity as a standard.

Only two organizations said that middle-age female laborers face no obstacles in meeting appointment standards are researching institute and footwear enterprise. The remaining organizations all thought that female laborers face some difficulties such as limited capacity at accessing new technology, affected working efficiency due to housework, decreased striving will, and poor creativeness compared with men.

## **2. Enterprises/organizations viewpoint on taking early retirement of female laborer**

In replying to the question *What is the enterprise's viewpoint on the desire to take early retirement of female laborers who accumulate sufficient working years but have not reached eligible*

*retirement age?*, all enterprises/organizations representatives indicated that they agree and are willing to retire laborers at an earlier age. Some argued that if the laborers' health conditions are not sufficient or if they do not have extended working needs, the enterprise should let them take early retirement. In fact, many enterprises/organizations, which for the most part are equitized and ownership-transformed state-owned enterprises, have their laborers take early retirement in accordance with Decree No. 41, No. 110, No. 132, and others. Some enterprises report that there are laborers who have accumulated sufficient working years but cannot take early retirement due to fear of deduction in their pension. Therefore, some enterprises propose that the Government should issue a policy for laborers to enjoy full pension after to encourage early retirement (*enterprise in footwear sector*). See Box C.20.

**Box C.20 Enterprises/Organizations are Willing to Have Laborers Take Early Retirement**

“...If the enterprise could have a proposal, we would like to propose to the government to offer pension without deduction for laborers who have accumulated sufficient working years but have not reach eligible retirement age to take early retirement. There will be no harm to the enterprise, in the other hand, giving chance for the successors to show their capability. It is not easy to find the successor for managing positions, especially when the old, experienced laborers are still in office, giving small chance for the qualified youngsters to show up.” (*In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry*)

The will to offer female laborer early retirement proved that enterprises/organizations do not want to employ older laborers due to their shortcomings, which could affect efficiency and productivity. This attitude will be clearer after the analysis of enterprises/organizations' viewpoint on female retirement age.

**3. Enterprises/organizations viewpoint on employing retired female workers**

Six of the 10 interviewed representatives replied that they would not employ retired female workers to continue working in the enterprises, giving that older laborers' health is often insufficient and the efficiency and quality of work is low, while their wages are high compared to the younger ones. Consequently, the enterprise prefers using young laborers.

Half of the interviewed enterprises/organizations said that they would use laborers after retirement under short-term contracts of collaboration or consultancy. This route is taken provided that the laborer's health condition and working capacity is not diminished, the laborer no longer holds managing position, the enterprise is meeting a demand due to lack of human resources, and the extended working time lasts only from 1 to 3 years. However, there are only 3 enterprises/organizations keeping retired laborers (researching institute, university and health care center): agencies where working experience is fundamental and the older the laborers are the higher prestige and professional levels they get.

Only 2 enterprises/organizations said that they are willing to and already recruit retired laborers (health care center and university). See Box C.21.

### **Box C.21 Enterprises/Organizations Viewpoint on Employing Retired Female Workers**

“...However, in some particular sector such as scientific research work, the group would bring great effects thanks to the laborer’s working experience and social prestige. It is not necessary to extend the retirement age as these laborer could continue working by short-term contract or working as consultants or collaborators after retirement. We are now applying consultant contracts with retired experienced experts who has worked in the institute” *(In-depth interview with Mr. Nguyen Dinh S. Head of Administration and General Affair Division of an Institute)*

“... In general, wage of laborers at that age is often high, resulting in high salary cost while their productivities are low. Therefore, female laborers above 55 are not as effective as the younger ones.” *(In-depth interview with Mr. Trinh Khac T., Deputy Headmaster of an University)*

“...I do not accept as at that retirement age of 55, the laborers cannot meet the job requirement in both terms of health and mind condition. Therefore, if they continue working, the efficiency will be very low. We do not want to employ them” *(In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry)*

“...In case they are still healthy and wish to continue working and the department also need them in the position, the enterprise should think about the short term contract after finishing all procedure for their retirement. It depends on the real situation.” *(In-depth interview with Ms. Phan Tuyet M., Deputy Head of Human Resource Division of a SOE in publishing industry)*

“... Basically we obey the law to retire them. However, for some cases we accept to employ them for further couple of years provided that the laborers are in good health condition and well-qualified, they are involved in some unfinished projects or there are no qualified new laborer recruited for that post. The extra working time should be 1-2 years, the work and wage should be kept unchanged.” *(In-depth interview with Mr. Dang Pham M., Director of a SOE in fiber production industry)*

“... We always support retired laborers those who still want to make contribution for the society. Retired laborers are welcomed as long as their health, efficiency, knowledge and prestige are sufficient. In fact, retired doctors and staffs from hospitals account for 1/3 of our staffs; and they are proved to be well-experienced in medical treatment, which is indispensable for such a health care centers like ours.” *(In-depth interview with Mr. Tran Hung S., Manager of a private health care center)*

“... We have never employed female laborers who are above 55. If there were an application from this group, it would take me a little time to consider since I think that women’s health after the age of 55 is insufficient for working. They might be healthy without any illness but it would be hard for them to work continuously 8 hours per day and 5 days per week.” *(In-depth interview with Mr. Ngo Viet P, Deputy Director of an enterprise in packing production)*

## **4. Opinion of enterprises/organizations on female retirement age**

Of the 10 interviewed enterprises/organizations, 8 stated that current regulation on female retirement age is reasonable and should be kept. The reasons were that at that age, female workers' health cannot meet the job requirement, older laborers do not necessary need to work, some even work perfunctorily waiting for their retirement, and the enterprise also would like to replace them with the younger laborers to increase the working effectiveness (see Box C.22).

### **Box C.22 Enterprises/Organizations that Think Current Retirement Age Is Reasonable**

“... Personally I think that current retirement age is reasonable as frankly speaking, the aged workers themselves do not want to work any more. Raising retirement age will cause trouble for both workers since their pension would be reduced if they would like to retire at earlier age, and for enterprises as they have to employ aged and weak laborers. I believe that over 80% of the laborers do not wish the retirement age to be extended, they even looking forward to retirement. The raising would only serve senior managements or researchers as the older they are, the more experience they gets and the better they work.” *(In-depth interview with Ms. Phan Tuyet M., Deputy Head of Personnel Division of a SOE in publishing industry)*

“... Female laborer retirement age should be 50 because the working efficiency will be much lower than the younger ones while wage is higher due to longer working time and wage. Besides, aged laborers also result in high cost of social expense due to bad health and illness. Therefore, for the purpose of getting profit, enterprises would like to employ laborers in full energy. Some laborers wish to continue working because of personal affairs but the whole society and the enterprise have to give them preference treatment” *(In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry)*

“...This has never happened in my enterprises. In fact, I do not employ laborers at age 55 and no one could force me to use aged laborers (up to 60 years old if the retirement age is extended). The regulation may only be applied in SOE or big size enterprises” *(In-depth interview with Mr. Ngo Viet P, Deputy Director of an enterprise in packing production)*

Only 1 enterprise (in footwear production sector) thought that retirement age should be reduced to 50 for woman and 55 for man. A private enterprise said that it does not care about these regulations as they do not apply regulations on retirement age.

Eight out of 10 do not agree to extend retirement age. Their reasons are also health conditions and working capacity of aged female laborers.

Representative of a private health care center, where most laborers are retired female workers, also does not assent to the idea of extending female retirement age giving the reason that they will meet difficulty in recruiting doctors (see Box C.23).

### **Box C.23 Most Enterprises/Organizations Do Not Agree to Extend Female Retirement Age**

“...I myself do not agree with that idea as at that age the laborer should take rest. Their health condition, working time and efficiency is really low. From the age of 50, women health is often not good, and from the age of 52, their efficiencies are dramatically reduced. Since the health get worse by years, they cannot meet higher requirement of modern technology. Therefore, the enterprise may oppose to the idea of extending retirement age to 60. That idea is not reasonable as it should be based on different working environments. In intellectual or scientific research environment, the retirement age could be extended to over 55 for women and over 60 for man basing on occupations such as doctor, scientific researchers, etc. However, the idea is not suitable for production sector” *(In-depth interview with Ms. Nguyen Bich L. Deputy Director of an enterprise in Leather and footwear industry)*

“...If the female retirement age were extended, we would face difficulty in human resource. For example if the female retirement age were extended to 60, most of our working retired laborer would be male one since female workers' working capacity at age 60 are considerably decreased and cannot meet the job's requirement. We could only use those who are under 60.” *(In-depth interview with Mr. Tran Hung S., Manager of a private health care center)*

Only the university and researching institute advocate for extending retirement age, but only in their sectors. These sectors need experience required of professors, doctors, and scientists. Representative from the university said that for both male and female leading experts, professors or PhDs who are still in good health and working condition, retirement age should be extended to an additional 2-3 years. Representative from the research institute thought that raising retirement age would have a positive impact in the scientific research sector with the extended experience and social prestige. However, they argue that it is not necessary to extend the female retirement age up to over 55 as these laborers could continue working by short-term contract or working as consultants or collaborators after retirement (see Box C.24).

**Box C.24 Universities and Institutes Advocate for Extending Female Retirement Age**

“... The current regulation is reasonable. The retirement age of man is 60 and woman is 55. However, for high-technical skilled people such as those who have doctor diploma and higher certificate or experts, retirement age can be extended to more 2-3 years.” (In-depth interview with Mr. Trinh Khac T., Deputy Headmaster of an University)

“... Extending retirement age for female laborer in our research sector is the done thing as we can utilize their knowledge and experience. If the female retirement age were extended, our institute would enjoy temporary advantages such as more experienced people for research works” (In-depth interview with Mr. Nguyen Dinh S. Head of Administration and General Affair Division of an Institute)

Enterprises/organizations all think that if the policy of extending female retirement age were applied, enterprises would face more difficulties than advantages. The advantage is they can make best use of experience and skill of older laborers. However, the number of laborers, who are still in good health and have a sound mind at age 55 or above, is small; therefore, they seem to face more difficulties.

The potential difficulties would be problems in reasonable work allocation based on laborer's health and working ability; renewal of the labor force; and limited capabilities of older female laborers to apply new technologies. Enterprises' productivity and competitiveness would also be reduced due to high wages paid to older laborers while the working effectiveness is lower than the younger ones (see Box C.25).

**Box C.25 Difficulties of Enterprises/Organizations If Female Retirement Age Is Extended**

“... If the woman retirement age were extended to above 55, we would face difficulties in increasing the number of young staffs as well as in applying new technology. As the result, the University's performance would be sluggish and we could not make a breakthrough.” (In-depth interview with Mr. Trinh Khac T., Deputy Headmaster of an University)

“... If the retirement age were extended, the enterprise would be in big difficulty as we could not arrange the work for those who in the age of 55-60, even in manager position due to low working efficiency. If all female workers above 55 were used, our productivity would be dramatically reduced. Their wage, which is paid by products made, would be much lower than the younger one. The labor then would have to suffer low wage due to low productivity, while the enterprise could not develop due to large number of old aged laborers. Both the enterprise and the labor would be in trouble. The enterprise could not offer favorable condition for

them to work. Moreover, big number of aged laborers would have adverse effects on the enterprise's production." *(In-depth interview with Ms. Nguyen Bich L., Deputy Director of an enterprise in Leather and footwear industry)*

"... Of course it would be a big problem as whether the government had any support for enterprises that employ female workers who could not work effectively. For example a series of female workers are recruited in one year and all are going to retire at the same year, how the enterprise could fill in the vacancy. Besides, social security fund would be burdened since the older the workers, the weaker they are. In fact, it would be the enterprise that suffers the most due to big number of aged female workers with weak health and high wage, giving the requirement to minimize operation cost in a severe market competition, especially after joining WTO. Therefore, how could we make up for these expenses?" *(In-depth interview with Ms. Phan Tuyet M., Deputy Head of Human Resource Division of a SOE in publishing industry)*

"... If the retirement age were extended it would be hard to allocate the work and to refresh the labor force. In general, worker at retirement age's wages are often high, resulting in high social insurance cost. Moreover, aged laborers with poor health often suffer from diseases, causing more cost for enterprise and affecting the enterprise's initiative in production... This is an unpredicted situation so we now haven't got any solution for it as we always wish to decrease the retirement age for female worker in such production work as our enterprise." *(In-depth interview with Mr. Dang Pham M., Director of a SOE in fiber production industry)*

"... It would be hard to allocate work for female aged labor in such direct jobs as shopkeeper or manual work since their working effectiveness is not ensured but the wage coefficient is very high as stipulated by government regulation. Moreover, in some enterprises where major part of the labor force is female, it is a great problem and would directly affect the business" *(In-depth interview with Ms. Nguyen Thi Thuy H., personnel manager of a SOE in commercial sector)*

Most enterprises/organizations indicate they have not found the solution or have any plan for the potential problems if the retirement age is extended. Some enterprises/organizations have thought about adjusting the policy on training and labor use but still agree that it would be a problem if there were many older female workers. Limitations of older female workers in health as well as in the ability to acquire knowledge will make training options more difficult for the enterprises.

## **CONCLUSION**

The research has pointed out that most women in retirement age object to extending retirement age. Some women would like to retire at an earlier age. Many women would like to receive pension and be able to work after retirement.

Retired women do not think that current regulation is unequal or shows bias toward woman over men. They think that the regulation is reasonable, equal and therefore, would like no changes.

Enterprises and organizations advocate a quick procedure for female workers to take early retirement. They also do not wish to recruit retired female workers. From their point of view, health issues, training, and productivity of female workers are considered disadvantages. Enterprises and organizations also disagree with extending retirement age for women.

## ANNEX D. Status of Women Participation in Leadership Positions

**To date, few women occupy high-ranking positions in Vietnam, while a large segment of women works in low-status jobs.** The 2006 MOLISA survey on labor and employment indicates that only 3.27 percent of the women have a “leader” position. Women engaged in manual works/jobs make up the highest proportion (66.25 percent), followed by the personal services, guarding official (8.1 percent), and skilled handicraft (9.2 percent). The proportion of women with positions requiring high qualifications and skills, medium-level technical skilled workers, and officials and technical workers is still very low (Table D.1)

**Table D.1 Female Employment by Type of Occupations in 2006**

|   | Female            |              | Male              |              |
|---|-------------------|--------------|-------------------|--------------|
|   | Quantity          | Ratio        | Quantity          | Ratio        |
| <b>Total</b>  | <b>21,655,413</b> | <b>48.61</b> | <b>22,893,514</b> | <b>51.39</b> |
| Current occupation  | 21,655,413        | 100.00       | 22,893,514        | 100.00       |
| <b>Leader in all fields and levels</b>  | <b>708,289</b>    | <b>3.27</b>  | <b>723,964</b>    | <b>3.16</b>  |
| High-level professional at all fields   | 829,543           | 3.83         | 907,691           | 3.96         |
| Mid-level professional at all fields  | 730,062           | 3.37         | 476,585           | 2.08         |
| Staff (elementary professionals, white-collar technical personnel at all fields ) | 191,275           | 0.88         | 204,853           | 0.89         |
| Skilled workers in personal services, social safety protection and sales          | 1,754,087         | 8.10         | 1,101,965         | 4.81         |
| Skilled workers in agriculture, silviculture, and aquaculture                     | 805,213           | 3.72         | 1,242,651         | 5.43         |
| Skilled handicraftsmen and other relating skilled manual workers                  | 1,991,553         | 9.20         | 3,415,880         | 14.92        |
| Assemblers and machine operators  | 298,456           | 1.38         | 1,318,356         | 5.76         |
| Unskilled workers   | 14,346,652        | 66.25        | 13,500,708        | 58.97        |
| Others  | 283               | 0.00         | 860               | 0.00         |

Source: MOLISA 2006 survey on labor and employment.

### 1. Women in National Assembly and people-elected organizations

To date, women account for 25.76 percent of total number of National Assembly representatives (Table D.2). Vietnam has been recognized by the UN Committee on the Elimination of Discrimination Against Women (CEDAW) for this advancement in the National Assembly. The proportion of women participants in National Assembly has continuously increased across the Session VIII, IX, X, and XI (with aggregated increase of 10 percent from Session VIII to XI) achieving to 27.31 percent at the Session XI and reduced to 25.76 percent in the Session XII (failing to achieve the target of 30 percent).

**Table D.2 Ratio of Women in National Assembly**

| Session | Duration  | Total participants<br>(persons) | Female participants |           |
|---------|-----------|---------------------------------|---------------------|-----------|
|         |           |                                 | Number (persons)    | Ratio (%) |
| VIII    | 1987-1992 | 496                             | 88                  | 17.7      |
| IX      | 1992-1997 | 395                             | 73                  | 18.48     |
| X       | 1997-2002 | 450                             | 118                 | 26.22     |
| XI      | 2002-2007 | 498                             | 136                 | 27.31     |
| XII     | 2007-2012 | 493                             | 127                 | 25.76     |

Source: National Assembly (2006).

For the positions in the People's Council Representative, the lower percentage of women are observed at the lower administrative level. To date, the proportion of women in People's Council at commune/ward level stands at 20.11 percent; the figure is 23.20 percent for district level and 23.8 percent for provincial and city level for the Session 2004–2009 (Table D.3). In general, the proportion of women in People's Council has increased at all 3 levels for the last 3 sessions, and it has more rapidly increased at the lower level compared to the higher level. From the Session 1994-1999 to the Session 2004-2009, the increase was 5.61 percent at commune/ward level, 5.5 percent at district level, and 3.48 percent at provincial and city level. The disparity in women participation in People's Council at all levels has narrowed during the 3 sessions.

**Table D.3 Ratio of Women in People's Council at All Levels**

|                   | 1994-1999 | 1999-2004 | 2004-2009 |
|-------------------|-----------|-----------|-----------|
| At Province level | 20.40     | 22.33     | 23.88     |
| At District level | 18.10     | 20.12     | 23.20     |
| At Commune level  | 14.40     | 16.56     | 20.11     |

Source: National Assembly 1997; Ministry of Home Affairs 2004.

## 2. Women in Communist Party Secretariat Committee

In contrast to the participation of women in the People's Council at all levels, the proportion of women in the Communist Party Secretariat Committee is higher at the lower level. For the Session XII of the Communist Party Congress (2007-2012), there are no women in the Politburo; women account for 8.12 percent of Central Party Committee, 11.75 percent of provincial/city Party Executing Board, 14.75 percent at district level, 15.18 percent at commune level (Table D.4).

**The women participation in Communist Party Secretariat Committee has increased unevenly through the years.** The last 3 Congress sessions, women percentage at central and provincial and city levels remained unchanged while some increase has been achieved at district and commune levels, but with slow increase rates.

**Table D.4 Ratio of Women in Executive Committees of the Party**

| Order | Executive Committees of the Party                      | 1996-2000 (%) | 2001-2005 (%) | 2006-2010 (%) |
|-------|--|---------------|---------------|---------------|
| 1     | Member of the Politburo of The Party Central Committee |               |               | 0             |
| 2     | Member of Central Executive Board                      | 10.59         | 8.9           | 8.12          |
| 3     | Member of Provincial Executive Board                   | 11.3          | 11.32         | 11.75         |
| 4     | Member of District Executive Board                     | 11.68         | 12.89         | 14.75         |
| 5     | Member of Commune Executive Board                      | 10.73         | 11.88         | 15.18         |

Source: The Central Party's Organizational Department, 2006.

### 3. Women in public administration institutions, public agencies, party and mass organizations

In public administration institutions, women account for 37 percent of the total number of officials, while women in management and leader positions constitute only 10.5 percent at central level and nearly 5 percent at local levels (provincial, district, commune). For the Session 2004-2009, Vietnam has one woman Deputy State President, 4 ministries and similar (accounts for 12.5 percent of total number of ministers), 24 deputy ministers (9.15 percent), 203 department leaders (12.2 percent for position of directors and 9.15 percent for position of deputy director). At district and commune levels, women who hold the position of Chairman of People Committee make up very small proportion, only 3 percent of total number of Chairman of People Committee (Table D.5).

For the 2 latest sessions (1989-1994 to 2004-2009), the ratio of women holding a minister and a similar position has increased. No increase has been observed for the positions of deputy minister, department directors and similar, the ratio of women in such positions even decreased, a sharp decrease is observed at lower levels, especially at levels of district and commune (People's Committee). Men still are over represented in the leader positions.

**Table D.5 Ratio of Female Leaders in the State Management Organizations**

| Order | Title levels  | 1989-1994 (%) | 1999-2004 (%) | 2004-2009 (%) |
|-------|---|---------------|---------------|---------------|
| 1     | At Ministerial and equivalent level                 | 9.52          | 11.29         | 12.50         |
| 2     | At Vice ministerial and equivalent level            | 7.05          | 12.85         | 9.15          |
| 3     | Head of Departments and equivalent level            | 13.03         | 12.20         | 12.20         |
| 4     | Deputy director of departments and equivalent level | 8.90          | 8.10          | 9.15          |
| 5     | Presidents of Province People's Committees          | 2.00          | 1.64          | 3.12          |
| 6     | Presidents of District People's Committees          | 1.40          | 5.27          | 3.62          |
| 7     | Presidents of Commune People's Committees           | 2.80          | 5.27          | 3.42          |

Source: Document for National Women Progress 2002, Review report for the implementation of Directive 37/CT-TW on the women official affairs; Central Party Executive Board, 2004; Review report of the implementation of the National plan on women advancement 2006.

**Table D.6 Structure of Leaders by Sex in Administrative, Public Service Agencies and Party's Organizations, Associations, Unions**

|                                 | Administrative institutions (%) | Public service agencies (%) | Party's organizations, Associations, Unions (%) |
|---------------------------------|---------------------------------|-----------------------------|---|
| 1. Men                          | 93.29                           | 50.57                       | 84.18   |
| 2. Women, including:            | 6.71                            | 49.43                       | 15.82   |
| 2.1. at central level           | 5.12                            | 10.35                       | 16.90   |
| 2.2. at province level          | 10.51                           | 14.81                       | 19.93   |
| 2.3. at district, commune level | 7.08                            | 54.18                       | 15.39   |

Source: Census of economic, administrative, public services organizations, party and mass organizations 2002.

The ratio of women leaders and managers is highest in public service agencies. It is even as high as the men (49.43 percent compared to 50.57 percent). However, there are large differences across the levels. The ratio is only 15 percent at central and provincial/city level; it is much higher at district/commune level, even higher than men leader ratio (54.18 percent compared to 45.82 percent)

In the Party's organizations, associations, unions in general, the ratio of women in leader and management positions is higher compared to the public administration sector, but achieved at only 15.82 percent in average. This ratio stands at 15.39 percent at district and commune level, higher ratio is at central and provincial/city level, but still less than 20 percent (respectively are 16.9 percent and 19.9 percent)

#### 4. Women leaders and managers in economic organizations

According to 2006 VHLSS data from the General Statistics Office, the ratio of women leaders and managers in economic and business organizations is still low, standing at only 22.08 percent of total numbers of leaders and managers in the survey population (Table D.7). The ratio is higher in the non-state sector with 35.7 percent, follows by the state sector with 16.32 percent, and lowest ratio is observed in household economic sector (15.3 percent).

**Table D.7 Structure of Leaders and Managers by Gender in Business Units, 2006**

| Economics sectors           | Women | Men   | General |
|-----------------------------|-------|-------|---------|
| State-owned enterprises     | 16.32 | 83.68 | 100.00  |
| Non state-owned enterprises | 35.17 | 64.83 | 100.00  |
| Household Economy           | 15.3  | 84.7  | 100.00  |
| General                     | 22.08 | 77.92 | 100.00  |

Source: GSO VHLSS 2006

In the context of market economy, women with a leader and manager role in economic organizations are required to be more dynamic and more proactive in renovating the business,

applying the advanced technology in production to create more jobs and income for workers, and bring more benefits to the country. Many women have been rewarded by the Federal Union of Labour, and Reward of Kovalepskaia for their incentives and innovative works in management, and in application of new technology in production for better economic returns.

In conclusion, Vietnam women constitute more than a half of country population and play very important roles in the labor force, making a considerable contribution to the socio- economic development of the country. Vietnam women have been working very hard to enhance their management and leadership roles and to function well with the important assignments by the Party, National Assembly and local authority. For the last year, the ratio of women in management and leading position has experienced an improvement, but the increase is still modest and not evenly distributed at all levels and all areas. The CEDAW has raised concerns about the ratio of women in policy-implementing institutions, especially at district and commune level.

## **5. A number of the key reasons**

The analysis indicates that in general, the ratio of women holding key leader positions is still low. Although there has been an increased ratio of women leader in all levels, sectors, and areas, the increase is modest. There are many leader positions where there is no increase for women and even a decrease. Men still dominate in leader positions in all areas and levels.

Some reasons for this current status for women in holding management and leader position follows:

- Lack of attention, guidelines, and encouragement in promoting women to the key leader and management positions.
- There does still exist social bias against women, disbelief in the leadership capacity of women, and bias in assessment and evaluation for promotion of women.
- Women are under work pressure, as well as social and family pressure; women tend to have less time to manage their work because of family workload. This can also lead to less time to improve qualification. Some women are not confident and not fully aware of their potential in leadership roles and responsibility in management.
- Many women, who are interested in promotion and have tried to upgrade qualifications, are often not promoted because they get caught up in the regulation on the age for promotion.





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