THE LA TROBE ASIA BRIEF

VIETNAM'S ONLINE PLATFORM WORKERS

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"THE VIETNAMESE GOVERNMENT CAN PLAY A SIGNIFICANT ROLE IN IMPROVING ITS COUNTRY'S READINESS FOR ONLINE WORK."

MESSAGE FROM THE DIRECTOR

Welcome to the newest issue of the La Trobe Asia Brief, in which an emerging employment trend in Vietnam is examined with a critical lens, highlighting the support needed and the opportunities presented both in Vietnam and Australia.

Online employment, specifically microwork and freelancing, are becoming more popular in emerging economies across Asia. Fuelled by more reliable internet and a rise in working-from-home options, they provide the flexibility demanded by the market. They can, however, present challenges in providing workers stable and secure employment conditions.

The report also highlights the responsibilities of countries like Australia, which engages with workers in emerging economies across the region as a source of online labour.

I would sincerely like to thank Dr Yen Dan Tong, an emerging academic from La Trobe Business School, for her work in authoring this Brief in collaboration with researchers from Can Tho University in Vietnam, involving Phuong–Duy Nguyen, Le Dong Hau Pham and Nhu Y Nguyen, and Julio Mancuso Tradenta, a lecturer from La Trobe Business School. Their work was supported by the Australian Government through the Australian Alumni Grants Fund managed by Aus4Skills.

On behalf of the authors, I sincerely hope you enjoy reading these insights on Vietnam's online labour market and the challenges and opportunities it presents.

Professor Rebecca Strating
Director, La Trobe Asia

THE LA TROBE ASIA BRIEF #11

EXECUTIVE SUMMARY

The rise of digital labour platforms has introduced a new paradigm in the way people work, offering a promising alternative to traditional employment in today's digital era. With access to just a computer and the internet, workers can now engage and compete in global online job markets from anywhere, at any time. This emerging flexibility holds significant potential, particularly for individuals in developing countries such as Vietnam, where the rate of traditional informal employment remains notably high. However, achieving this potential may require government intervention and international cooperation.

Given Vietnam's prospective position as a supplier of digital labour, and the opportunities this presents for Australia as a digital labour demand centre, both countries stand to benefit significantly from cooperation in this area, especially considering the rapid recent development of their strategic partnership. On 7 March 2024, both countries affirmed their commitment to elevating their relationship to a Comprehensive Strategic Partnership, positioning Australia as one of Vietnam's top-tier partners. One of the key focuses of this enhanced partnership is expanded cooperation in digital transformation.

Aligned with this objective, this brief was funded by the Australian Alumni Grants Fund (AAGF) to consolidate the Vietnamese alumni's professional knowledge and skills; contribute to Vietnamese organisational change; and strengthen linkages between Australia and Vietnam.

More specifically, the brief seeks to provide inputs for government and development practitioners who can design policies or implement initiatives to leverage global opportunities for online platform workers in Vietnam.

This brief highlights areas where Vietnam, potentially supported by Australia as a strategic partner, can play a significant role in improving its country's readiness for online work. Some initiatives include:

- **Ensuring a supply of suitable workers:** This requires having the right training programmes in place and addressing negative or vague perceptions of online platforms from potential workers. Joint training programmes could support and subsidise various types of training for young people, in order for them to better understand the online labour market and have the skills and strategies to be more competitive.

- **Removing barriers involving the lack of English language literacy and IT proficiency:** The two governments could cooperate in implementing language and IT training programmes tailored to the needs of online workers, providing practical and hands-on skills related to online freelancing and microwork tasks.

- **Linking online outsourcing firms from Australia and online workers from Vietnam:** Australian outsourcing firms could take advantage of price competitiveness, as well as the availability and quality of Vietnam's skilled online labour. At the same time, both online freelancers and microworkers from Vietnam can benefit from this partnership.

Report authors and participants of The Vietnamese Online Labour Market' workshop on May 25, 2024 in Can Tho city, Vietnam

INTRODUCTION

Online platform workforces are expanding across Southeast Asia, including in emerging economies such as Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. While the proportion of workers engaged in these platforms remains relatively modest, the growth of digital labour platforms across various sectors is significant.

By 2021, the five largest English-speaking online platforms alone boasted approximately 14 million active workers. Current estimates suggest there could be as many as 205 million registered worker profiles on various online labour platforms. Of these, 24 million workers have ever worked through an online labour platform, and 6 million rely on it for full-time employment.

According to the Association of Southeast Asian Nations (ASEAN), Asia is leading the world in terms of employment on online location-based platforms, most notably India, which accounted for a third of English-speaking online platform workers in 2021. Beyond English-language platforms, Chinese-language online platforms already had at least 12 million registered workers by 2015.

The World Bank Working Group report, titled 'The Global Opportunity in Online Outsourcing' (2015), provides important definitions in this emerging market. The online outsourcing sector is characterised by two key categories: microwork and online freelancing. These categories not only differ in the nature of tasks performed online, but perhaps more importantly, in terms of the skills and expertise required for workers to complete them.

Microwork involves breaking down projects and tasks into microtasks that can be completed in seconds or minutes. These tasks typically require basic numeracy and literacy skills, such as image tagging, text transcription, and data entry. Microworkers are compensated with small amounts of money for each completed task. Barriers to entry in microwork are lower compared to online freelancing, making it particularly attractive to unemployed or underemployed individuals without specialised skills.

Online freelancing entails clients contracting professional services from distributed third-party workers. This category typically requires a higher level of expertise than microwork, with workers possessing higher technical or professional skills. Online freelancing tasks are larger projects performed over longer periods, ranging from hours to months. Examples include graphic design, web development, and technical report writing.

While some microwork and online freelancing tasks may overlap, the major distinction lies in the size and complexity of the tasks, as well as the compensation offered.

VIETNAM'S LABOUR MARKET TRENDS, 2013 – 2023

THE INFORMAL LABOUR FORCE ACCOUNTS FOR A LARGE PROPORTION OF THE LABOUR FORCE IN VIETNAM

As of 2023, approximately 33.3 million people, or 63.5% of Vietnam's labour force, are engaged in informal jobs. This marks a significant decrease from 2013 when 77.71% of the workforce was employed informally. Despite this decline, the rate of informal employment remains high.

VIETNAM'S LABOUR FORCE HAS MADE SIGNIFICANT PROGRESS IN EDUCATIONAL ATTAINMENTS

By 2022, the literacy rate amongst individuals aged 15 years and above reached 96.13%, reflecting a 1.33% increase from 2013 (94.80%). Historically, urban areas have achieved higher literacy rates than rural areas due to developmental disparities. However, recent efforts, including policies promoting universal primary education and eradicating illiteracy have gradually reduced this gap. In 2023, the urban/rural difference stands at 3.55%, an improvement from the 4.2% recorded in 2013.

TRAINING AND QUALIFICATIONS AMONGST THE WORKFORCE, HOWEVER, ARE LIMITED

As of 2023, around 14.1 million people, or 27% of the workforce, hold formal degrees and certificates. This underscores a significant challenge in enhancing the technical proficiency of the labour force. Consequently, there is a pressing need for the implementation of targeted policies and training programmes to address this issue in the near future.

INFORMAL LABOUR FORCE IN VIETNAM

77.71% IN 2013

63.5% IN 2023
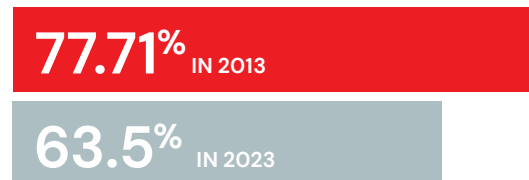
VIETNAM LITERACY RATE

94.8% IN 2013

96.13% IN 2023
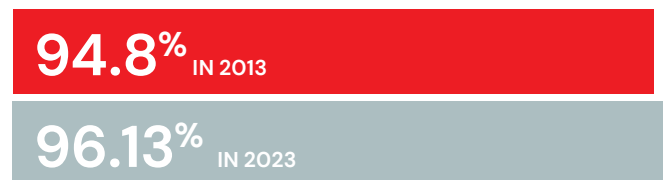
FORMAL DEGREES AND QUALIFICATIONS

14.1 million (27% of the workforce) in 2023

VIETNAMESE ONLINE LABOUR ON FREELANCER.COM

Freelancer.com, founded in 2009, is one of the leading freelancing platforms. It provides a digital environment where employers/clients can post their requests and find freelancers with the specific skills needed. Each freelancer has an online profile to share person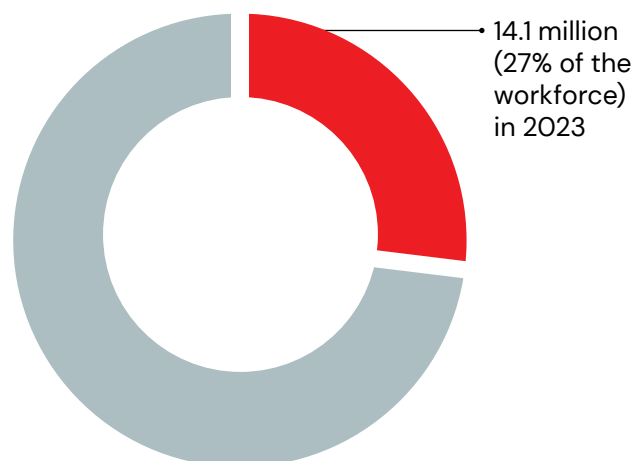al and work-related information, allowing employers to track their working history and performance details. As of 2024, Freelancers.com connects over 73 million employers and freelancers globally, spanning over 247 countries, regions, and territories.

For this analysis, data was collected on 9,784 Vietnamese workers from Freelancer.com platform using web-scraping between the 15th and 25th of September 2023. The information collected their skills, profiles and requested pay rates, aiming to provide insights into trends in online employment in Vietnam.

Our research is subject to limitations inherent in the data collection process. Ethical and legal considerations prompted us to confine our data gathering efforts to a single platform, Freelancer.com. This approach may introduce sample bias and restrict the generalisation of our findings. Nonetheless, as a leading platform in the online global market, Freelancer.com significantly influences the broader landscape. Additionally, our sample is limited to tasks and profiles in English, potentially generating language and cultural biases.

VIETNAMESE ONLINE PLATFORM WORKERS ON FREELANCER.COM PRIMARILY FOCUS ON PROGRAMMING, WRITING AND DESIGN

Vietnamese online workers have emerged as one of the top ten suppliers on Freelancer.com, reflecting the country's significant presence in the global crowdworking market. Jobs related to programming, writing and design attract a large number of Vietnamese platform workers.

Specifically, 72.59% of Vietnamese online workers engaged in occupational categories such as 'website, IT & software', 'design, media & architecture', and 'writing & content.' In comparison with our similar data in 2019, it also reveals an increase in the number of Vietnamese workers between 2019 and 2023, but the popularity of the occupational categories maintain the same ranking. The current trends on the Freelancer platform also show that top three occupational categories include 'design, media & architecture' (26.25%), 'website, IT & software' (19.39%), and 'writing & content' (11.11%). Vietnam's top categories align with this trend, however, the 'website, IT & software' field is leading. This suggests that Vietnamese platform workers on this category have a high potential to thrive in the global market.

NUMBER OF VIETNAMESE WORKERS ON FREELANCER.COM BETWEEN 2019 AND 2023 BY OCCUPATIONAL CATEGORIES

Legend: 2019 | 2023
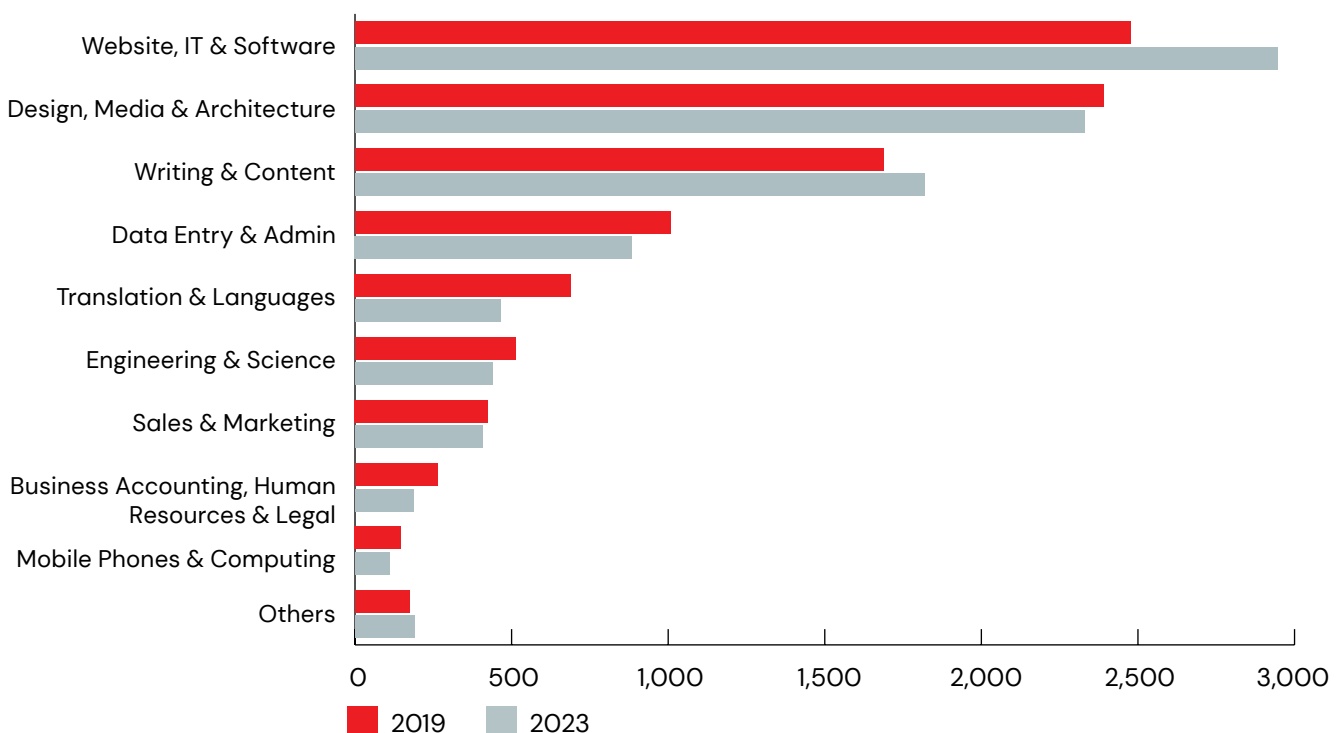
THE 'ANYWHERE' JOBS ARE NOT EVERYWHERE – THEY ARE MAINLY DONE BY WORKERS IN BIG CITIES

Online platform jobs can be carried out from any location and allow for flexible working conditions. However, empirical evidence indicates that these opportunities are primarily pursued by workers residing in major urban centres. This study examined the locations selected by Vietnamese online workers on their profiles and identified the top 10 provinces/cities. Notably, Ho Chi Minh City and Hanoi, as the largest cities in Vietnam, emerged as the primary hubs for online work. Da Nang secured the third position in terms of online worker concentration.

Further analysis of the online workforce distribution across Vietnam reveals that the majority of Vietnamese online workers on Freelancer.com are based in Ho Chi Minh City (~3,500 people), Hanoi (~3,000 people), and Da Nang City (~500 people). In contrast, other regions of Vietnam have a lower concentration of online workers, with approximately 100–200 workers per city/province, mainly in medium-sized cities or industrial provinces such as Dong Nai, Binh Duong, Hai Phong, Can Tho, Thua Thien Hue, Nghe An, and Khanh Hoa.

This distribution pattern suggests that while online platform workers can access job vacancies on digital labour platforms regardless of location, the online workforce in Vietnam is still predominantly sourced from developed socio-economic areas. The Southeast and Red River Delta regions emerge as the primary contributors to the platform economy, collectively accounting for over 75% of the total online workers in the country. This concentration underscores the influence of urbanisation, economic development, and infrastructure on the distribution of online work opportunities across Vietnam. It also highlights potential development opportunities for less urbanised areas.

'AN OPEN DOOR, WELCOMING ALL' BUT THE TALENT POOL ABLE TO WIN PROJECTS IS LIMITED

The Freelancer.com market emphasises skills-based requirements over formal education credentials. A significant majority of online platform workers, over 80%, do not report their educational background or lack formal education. Amongst the profiles that do include education information, specific levels of education remain unreported, highlighting the emphasis on practical skills and capabilities rather than traditional university degrees in this market.

Based on education level as a proxy to segment the degree of complexity, Vietnamese workers on this platform are more inclined towards low complexity tasks, which primarily associated with microwork.

While accessing work through the Freelancer.com market may appear straightforward, the actual number of Vietnamese workers with commissioned projects is relatively small. Out of the 9,784 active online workers on the platform, only 888 individuals have successfully secured projects through bidding. This represents just

9.1% of the total number of Vietnamese online workers participating on the platform. In comparison, the top leading countries such as India, Bangladesh or Pakistan managed to win projects at rates exceeding 90%. This indicates that while Vietnamese workers have emerged as one of the top ten suppliers, they still face challenges in securing projects compared to their counterparts from other leading countries.

Not surprisingly, prior experience continues to play a crucial role in the success of Vietnamese online workers on the Freelancer.com platform. Amongst the 9,784 profiles of Vietnamese workers on Freelancer.com, only 2,682 (27,4%) have disclosed their work experience, with 1,752 (17.9%) reporting having some experience. These self-reported experienced workers are more likely to secure projects (23% success rate) compared to rest of the workers (6%) who either do not disclose their experience or have no experience.

SOME VIETNAMESE WORKERS ON DIGITAL LABOUR PLATFORMS CAN HAVE GOOD EARNINGS

According to 2023 data, Vietnamese online workers utilising the Freelancer.com platform have the potential to earn a substantial income. To be conservative, we only consider the average asking price of those workers who have reviews. The average asking price is USD 18.99 per hour.

Official figures on hourly income of Vietnamese workers from the General Statistics Office are not available. For a reference, the average income of Vietnamese workers in 2023 is approximately VND 7.1 million per month, equivalent to USD 291. With a standard working week of 40 hours and four working weeks a month, Vietnamese workers earn roughly USD 1.82 per hour on average. This not only shows the high-income opportunity to Vietnamese workers, but also the potential low-cost option of hiring online workers from Vietnam.

RECOMMENDATIONS

This section integrates insights from multiple sources: the overview on Vietnamese online workers on Freelancer.com platform, presented in the previous section; the existing knowledge and research on the field of online outsourcing, as detailed in the World Bank's report 'The Global Opportunity in Online Outsourcing' (2015), and the World Economic Forum's paper 'Strategies for the New Economy – Skills as the Currency of the Labour Market' (2019); and takeaways from the workshop 'The Vietnamese Online Labour Market,' conducted by our research team on May 25, 2024, bringing together stakeholders including enterprises, educators, experienced freelance workers, students and researchers.

TASKS WHICH REQUIRE CREATIVITY, INTRICATE PROBLEM-SOLVING AND NUANCED UNDERSTANDING ARE STILL RELEVANT

Changes in demand for skills and the rise of generative AI tools give a discouraging outlook for online workers on platforms. A recent study examining the volume and type of work on online platforms after the introduction of ChatGPT found that occupations requiring higher education levels, such as writing and programming, are more susceptible to automation compared to manual microworks like data entry, video and audio editing, and social media postproduction.

The future landscape of online platforms is evolving rapidly, especially in response to the development of new tools, making it difficult to forecast growth opportunities and design policies accordingly. For example, the Vietnamese government faces decisions on whether to prioritise online freelancing or simpler microwork tasks. While technology may render some tasks redundant, it also creates potential for new job types. Uncertain futures will require different skills, but tasks that require creativity and problem solving are expected to remain in high demand. Short-term training focusing on these soft skills could prove beneficial.

IMPROVING THE COUNTRY'S READINESS FOR GLOBAL ONLINE LABOUR MARKET

Given the very low job success rate (only 9.1%) of Vietnamese workers on Freelancer.com, significant room exists for improvement. The Government of Vietnam can enhance its readiness for global online labour markets through several actions:

Ensuring the supply of well-trained workers: Both online freelancing and microwork require basic IT proficiency and most platforms require fluency in English. Online freelancing also requires specific technical skills. The Vietnamese government can capitalise on these opportunities by setting up a national level accredited training and certification programme to better prepare workers for online platforms, including basic IT and English skills, and developing short-term training to target specific skills gaps. It can also set up relevant strategies to improve project success on platform.

Infrastructure and enabling environment: Countries probably require similar infrastructure and enabling environment regardless of whether they compete in high or low complexity tasks. Similar to other developing countries, infrastructure in Vietnam remains a major obstacle to engaging in online labour platforms, especially for rural residents. Policies to expand access to fast, affordable, and reliable electricity and internet are key for the development of online labour platform industry, particularly for rural populations.

A MULTI-SEGMENT STRATEGY FOR VIETNAM

Vietnam may opt for a phased approach by initially targeting lower complexity tasks, and progressing up the value chain over time. With its large territory and population, Vietnam is well-positioned to target multiple segments and marketplaces, given its diverse capabilities and resources.

Developing the microwork segment aligns well with Vietnam's current stage. Our findings show that 80% of Vietnamese online workers on Freelancer.com do not report their educational background, or report a lack formal education. Based on education as a proxy to determine task complexity introduced by the World Bank's report, Vietnamese online workers on this platform can largely be classified as microworkers. Looking forward, Vietnam can leverage its diverse capabilities and resources to expand more decisively into the online freelancing segment.

Vietnam can adopt a multi-segment strategy that includes promoting its online outsourcing industry through intermediary or agency approaches. This approach enhances the ease of doing business in Vietnam, attracting international and local online outsourcing firms to operate in the country. Cities like Ho Chi Minh City, Hanoi, and Da Nang can be developed as hubs for the online outsourcing industry, supported by infrastructure such as co-working spaces, incubators, and networking events. These facilities provide online platform workers with access to workspace, mentorship, training, and networking opportunities crucial for thriving in the online outsourcing economy.

AUSTRALIAN – VIETNAM PARTNERSHIP: A WAY FORWARD

Given that both clients and workers on digital labour platforms can operate across countries, there is opportunity for international policy dialogue and coordination. In this case, albeit from different points of interest, there is a chance for building a stronger partnership between Australia (top 10 demander/

employer) and Vietnam (top 10 supplier/worker) to address these rising challenges in the online platform labour market.

Studies show that online platform workers are exposed to greater career uncertainty and have fewer protections than workers in traditional employment. Given the diversity and the unprecedented complexities of today's platform market, in which labour regulation has a decisive role to play, Australia can assist Vietnam in clarifying regulatory uncertainties to ensure decent work for online workers.

Ensuring a market of suitable workers requires having the right training programmes in place and addressing negative or vague perceptions of online platforms amongst potential workers. Joint training programmes could support various skill developments tailored for young people, enhancing their understanding and competitiveness in the online labour market.

The two governments could collaborate on implementing language and IT training programmes tailored to the needs of online workers, providing practical and hands-on skills related to online freelancing and microwork tasks. It's essential to ensure these training resources are accessible and affordable for microworkers, particularly those with high school education backgrounds.

Online freelancers require significantly higher skills for complex tasks, whereas microwork typically demands basic computer literacy, internet proficiency, and language skills for simpler tasks. To foster the microwork segment, bilateral cooperation could focus on developing inclusive platforms. These platforms should feature user-friendly interfaces and support in multiple languages, such as English and Vietnamese, to accommodate workers with secondary education levels.

There are promising opportunities for startups and businesses to newly establish or expand their operations in Vietnam as intermediaries or outsourcing agency. Australian outsourcing firms could take advantage of Vietnam's competitive pricing, as well as the availability and quality of Vietnam's skilled online labour. They can also capitalise on the promising opportunity to establish a strong presence in Vietnam, expand operations, and drive business growth in the region. At the same time, both online freelancers and microworkers from Vietnam will benefit from this partnership.

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