

Impacts of industrialization on rural employment in Nghi Son economic zone, Tinh Gia District, Thanh Hoa Province

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Abstract

This research focuses on the impact of industrialization on rural employment in Nghi Son economic zone where has been seen as an important southern economic zone of Thanh Hoa province which was built in 2006 and included 12 communes. The cultivated land that is seen as a crucial tool for the survival of peasants was dispossessed for building numerous factories to establish a new industrial town. Although industrialization has created a wide range of jobs for residents, the peasants are not able to catch up with the strong development of economic development. The industrial enterprises were not employed all redundant labor of Hai Yen commune. So, farmers obviously fell into unemployment situation as an obvious result.

Keywords—Industrialization, rural employment, industrialization, jobs, farmer, Hai Yen commune, unemployment.

I. INTRODUCTION

Vietnam is recently in the process of industrialization and modernization in which the nation has achieved significant success despite the global economic crisis. A key example is that Nghi Son Economic Zone- the biggest southern economic zone of Thanh Hoa province- accounted for roughly 43 percent of the total (annual report of Thanh Hoa Province People Committee, 2021). In 2013 Thanh Hoa province became one of the leading provinces in attracting investment during the economic transition. It has been argued that Hai Yen commune has been affected the most during the industrializing stage. In fact, five of six communes were taken overall agricultural and homestead land and local residents will be moved except Bac Yen commune will be merged into TinhHai Commune according to the phase 2 of Nghi Son EZ's strategy. Also, it cannot be denied that industrialization and modernization have brought many changes to improve the quality of life. For instance, it creates new jobs, and changes occupation structure following the tendency of increasing labor in the industrial, construction, and service sectors and decreasing labor in the agricultural sector. In the same way, the industrialization process improves local infrastructure, expands the urbanization process, and assists local people access new technology and abundance of industrial

production. In other words, local households own a large amount of money from the land withdrawal process. Above all, the industrialization and modernization process were a turning point changing the socio-economic situation in the locality.

However, it should be highlighted that farmers in TinhGiaDistrict are seriously injured the most by the strong speech of industrialization and modernization process. Needless to say, during the economic change process, the cultivated land which is a crucial tool for survival of was dispossessed for building numerous factories to establish a new industrial town. As mentioned in the previous part of the essay, although industrialization has created a wide range of jobs for residents, farmers actually are incapable to attain them because of their inactive with the changes and having unsuitable skills for required jobs. Thus, with many shortcomings, farmers struggle to become workers in enterprises in the industrial zone. As a consequence, they fall into unemployment situations, even social evils.

II. LITERATURE REVIEW

H. Azadi, P. Ho, et. (2010) in Agricultural land conversion (ALC) drivers a comparison between less developed, developing and developed countries: "In

developing countries with rapid economic growth, the economic structure tends to shift from an agricultural-based to a non-agricultural-based economy". On the other hand, though developing countries show the highest, developed countries show the lowest rate of land loss the ALC's trend for all three groups are increasing. Whereas the developing and developed countries have respectively experienced the highest and lowest average of ALC. Obviously, this result leads to the conclusion that agricultural land conversion will be continuing in the future if there is no government intervention to halt it. In that case, urbanization could be considered as the main cause of the ALC, especially in developing countries where the urbanization has the fastest growth while developed countries have been successful in managing their urbanization process and therefore receive the least impacts.

According to FAO (2011): Rural employment refers to any activity, occupation, work, business, or service performed by rural people for remuneration, profit, social or family gain, or by force, in cash or kind, including under a contract of hire, written or oral, expressed or implied, and regardless if the activity is performed on a self-directed, part-time, full-time or casual basis. Similarly, rural employment is comprised of agricultural employment, which includes both on-farm self-employment and wage employment in the agricultural sector, as well as non-agricultural employment, which includes non-farm self-employment and wage employment.

Farmer households are engaged in agriculture, to earn a livelihood on their land, used mainly family labor for production, usually located in the system's larger economy, but mainly characterized by participation in the local market and tend to operate with a degree of imperfection (Frank Ellis, 1998).

The Political Economy textbook of economists of the Soviet Union states that: "*Socialist industrialization is the development of large-scale industry, firstly, heavy industry, the development of national economy bases on the advance of facilities and technical basic*" (Nguyen Van Hao, 1999).

Households are engaged in agriculture, to earn a livelihood on their land, used mainly family labor for production, usually located in the system's larger economy, but mainly characterized by participation in the local market and tend to operate with a degree of imperfection (Frank Ellis). Dao The Tuan (1997) argues that "farmers are the main household agricultural activities in the broadest sense, including forestry, fisheries and non-agricultural activities in rural areas". Nguyen SinhCuc

researchers in analyzing a rural survey in 2001 said that "agricultural households are households or 50% of all employees regularly participate directly or indirectly farming activities, livestock, agricultural services (soil, irrigation, crop varieties, crop protection...) and the usual source of life based on agriculture.

According to Hoang Ba Thinh, industrialization and transformation of family life in rural Vietnam in the year 1997 has contributed to changes in many aspects of rural families towards restructuring of the industry, improving living standards, creating new jobs, reducing labor and increasing non-agricultural labor.

III. RESEARCH METHODS

Collecting data methods

Secondary data

Data for this research were collected from both annual reports of commune, district, city statistical office and previous research, published books, magazines, the internet, newspaper, scientists...

Data about planning the development of Nghi Son economic zone, the situation of the emigrant to resettlement area, the chance and challenge of farmer in strong industrialization process from the management of Nghi Son economic zone.

Information about the socio-economic development of TinhGia district, the process of land withdrawal, the development of Nghi Son economic zone, planning of the industrial zone and industrialization that reported annually in the district office from TinhGiaDistrict People Committee.

Primary data

Primary data were collected from the household survey in Hai Yen commune where agricultural land conversion is at a high rate.

Questionnaire:

In this research, I used a questionnaire as an effective tool to interview household farmers to know the current state of their job, members of the household, other economic activities, household income, the desired farmer about future life

In-depth interview:

In-depth interview with deputy chairman to know the impact of land conversion on rural employment and how to resolve this problem.

In-Depth interview with the chief of the district of People's Committee secretariat to get information related

to impacts of industrialization on rural employment in Nghi Son economic zone.

In-depth interview with president of Hai Yen commune to gain information about land conversion, jobs and farmer life, etc in Hai Yen commune.

In-depth interview with leader of Van Yen and Trung Yen commune to get information relate to research problems.

There are 10 households to know deeply about their employment and production activities in the past as well as present.

3.2.2 Data processing and analysis methods

Data processing: SPSS and Excel were used to analyze quantitative and qualitative data. Descriptive methods were practiced for calculating simple statistical indicators such as percentage, sum, the correlate between variables, test relationship between variables.

IV. RESEARCH RESULTS

4.1. Impacts of Industrialization on employment structure in Hai Yen commune

4.1.1. The rural employment before land conversion

Previously, Tinh Gia were one of low living standard district of Thanh Hoa province where the land is mainly rich soil but always is arid condition, salt – marsh and exhausted soil as the nature condition, there is no river and irrigational works. Wet rice cultivation wasn't giving high productivity, almost about more than 100kg/sao (500m²) (L.N.D, vice chairman in Hai Yen commune). To the year 2000 Hai Yen commune changed to cultivate peanut, sweet potato, sesame which brought high productivity but expenditure of inputs is too much. Thus, farmer standard of living still was poor all year round. In order to add more in agricultural productivity, farmer was ardent to raise livestock. Nevertheless, many years farmer was lost income by the rage of epidemic diseases.

4.1.2. The rural employment after land conversion

After land conversion to industrial zone the local people must face with too many difficult problems. The lack of land for agricultural production was 86 ideas, due to in the last they were the farmers with main job in agricultural production. Now they moved all means of production to industrial zone which taken their job and livelihood, if they do not effort to find job in enterprises they will be easy to fall in jobless. They think that after the transfer of land, the companies will have to take jobs to people who lost the land but that did not happen. The farmers were struggling with finding a new livelihood but not simple.

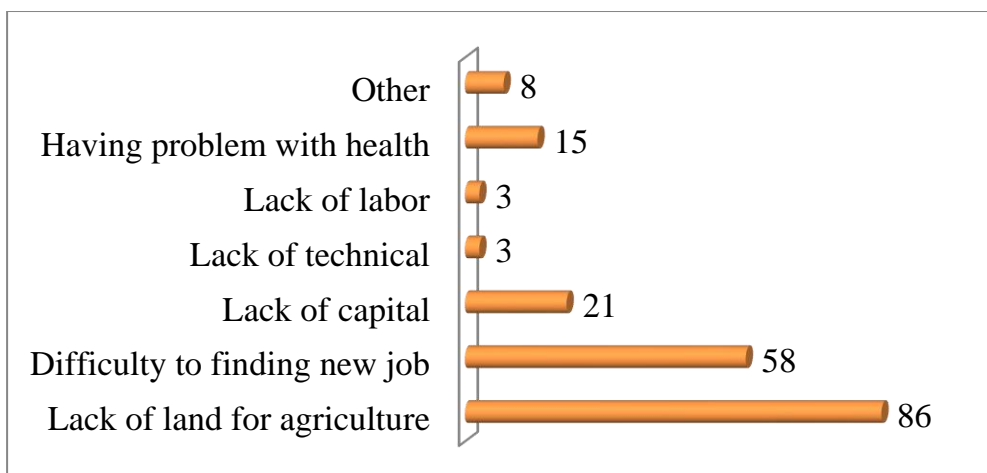


Fig.1: Difficulty of households face with after land conversion

Source: Household survey 2021

During of my research, I divided the labor in Hai Yen commune in three kind of group. Group I includes laborers work in stable income situation with contracts and social insurance as civil servants and workers who work in enterprises in industrial zone. Group II, who work in informal sector like extra jobs, service, trading with unstable salary and no contracts and social insurance. Group III, who are in working age but unemployment, they are difficult in finding jobs and have no income and

become dependent people raise, that raises total dependent people to 256 people in both of Van Yen and Trung Yen village.

The employment structure of Hai Yen commune changes quickly and absolutely when they change habitat from a place that had large land area to cultivate to a place had only homestead land. Farmers lost means of production from agricultural activities, so this situation forced farmer to change job. However, beside advantage of

industrialization process was given such as created new jobs in industry sector, improved infrastructure, and brought huge compensation which never they can see in

their live before. There was too much pressure to famer when they approach new job which job require high education, good abilities in.

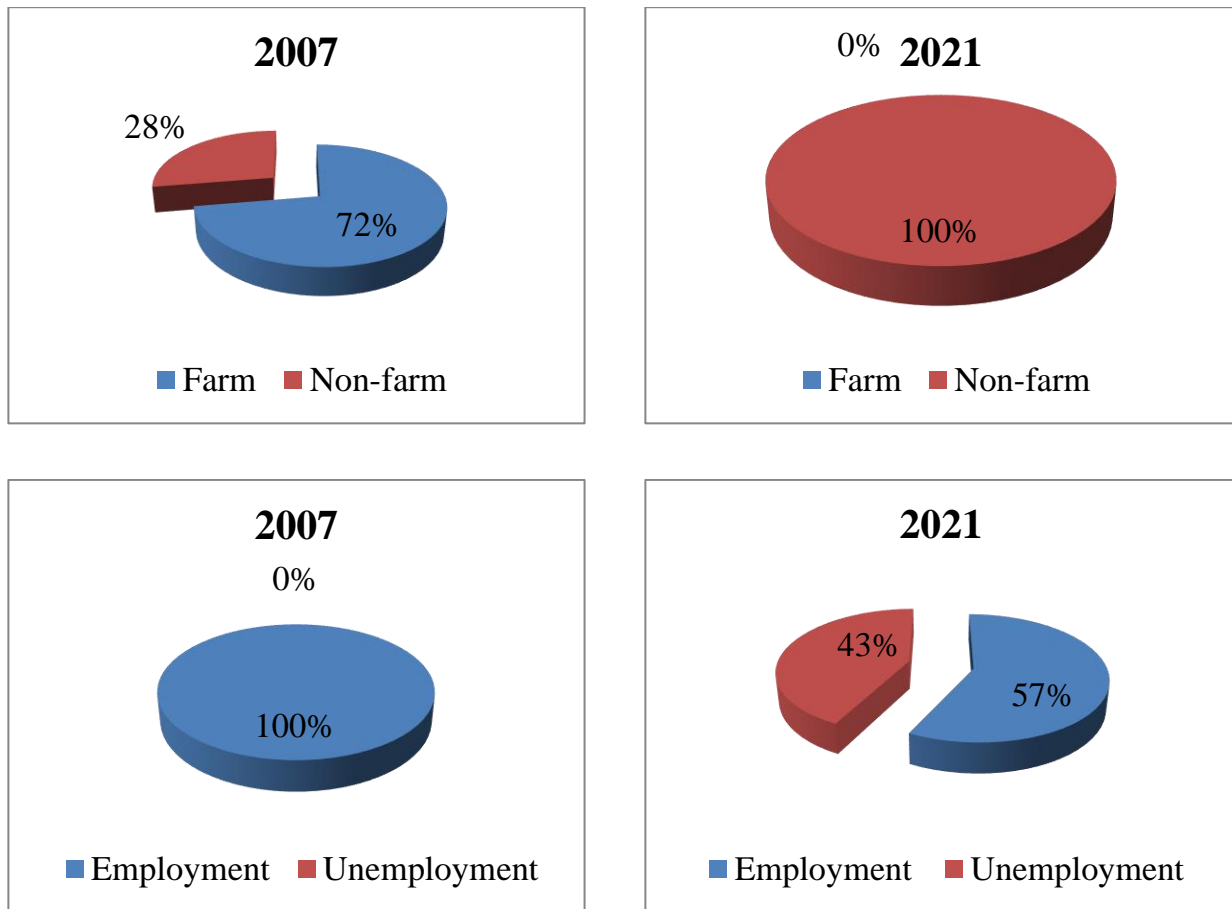


Fig.2: Occupation changing process of laborers in Hai Yen commune

Source: Household survey 2021

The study result indicates about labor force change before and after land conversion (2007 and 2021). Meanwhile in 2007, the group of farm employment accounted for largest proportion (72%), non-farm was only 28%, but 2021, 100% labors of Hai Yen commune work in non-farm activities. Paradoxically, 100% labor had employment in 2007, but there was only 57% in 2014 while 43% unemployed labor.

Meanwhile, before land conversion the rural people activated mainly in agriculture sector which accounted for 72%. After land conversion the main activity was around industrial sector, the worker who works in industrial enterprise and civil servants (34%) have formal employment. However, many of rural people do casual jobs without long-term contracts and social insurance in 2021(23.2%) which was only 4.6% in 2007. Thus, the change in occupation structure of peasant households after

withdrawal land can be seen as the end of farm employment and enlarge industrial job in both of formal and informal jobs.

Unemployed people who have not employment but they were activating to find the job or waiting for work against (Nguyen Huu Dung, 1997). In order to suitable with research situation in Hai Yen commune, I classified unemployed people who are in working age did not have jobs and finding job.

The unemployed labor increased significant due to land conversion the famers lost means of production and employment while Government had not satisfied the pace switch careers of peasant. The working age from 18 to 35 years old, are suitable with enterprise requirements. Nevertheless, the labor upper 35-year-old, are difficult to apply the job in the factories due to health condition, working time, slow adaptation with technology and so on.

Moreover, female labors were recruited when they got married and have enough their child because at that time female labor will concentrate on their work and don't have hesitate time during working time.

4.2. The impact of industrialization on job quality

Industrialization process modifies land conversion situation in Hai Yen which not only creates

opportunities as large amount of compensation money, urbanization, infrastructure, but also puts pressure on cultivated land, jobs and natural environment. Therefore, it is crucial to improve advantages and minimize disadvantages of industrialization process in Nghi Son EZ.

Table 1: Factors affect labor qualification of surveyed households in 2021

| No | Indicators | 2021 | | | |
|----|-----------------------|--------|---------|----------|-----------|
| | | Unit | Group I | Group II | Group III |
| 1 | Labor | | | | |
| | + Number of labors | Person | 99 | 67 | 123 |
| | + Percentage | % | 34.3 | 23.2 | 42.6 |
| | + Average | Person | 1.02 | 0.69 | 1.27 |
| 2 | Education level | | | | |
| | + Illiterate | % | 0.0 | 1.7 | 2.5 |
| | + Primary education | % | 3.8 | 3.4 | 11.2 |
| | + Secondary education | % | 30.4 | 37.9 | 57.1 |
| | + High school | % | 31.6 | 36.2 | 28.0 |
| | + Intermediate | % | 1.3 | 6.9 | 0.6 |
| | + College | % | 8.9 | 13.8 | 0.6 |
| | + University | % | 24.1 | 0.0 | 0.0 |
| 3 | Gender | | | | |
| | + Male | % | 41.1 | 57.1 | 47.3 |
| | + Female | % | 58.9 | 42.9 | 52.7 |
| 4 | Age | | | | |
| | + From 18-35 | % | 63.0 | 54.0 | 27.4 |
| | + More than 36 | % | 37.0 | 46.0 | 72.6 |

Source: Household survey 2021

When compared between education levels within 3 groups of labor the outcome of the research shows that. Group I had highest education level within all three groups of labor. Group I included workers, civil servants or staff office in enterprises. There were 15 in total 19 people with university level work as state office, 2 people work as staff office in joint-venture companies and had high income. The workers of Hai Yen commune worked in enterprises in industrial zone often are unskilled labor with level of under high school. It can be seen that the education had a strong effect on employed inhabitant that mean the higher education level the better employment people have, civil servants who often have high levels of education and unemployment people almost have low education level in total of 159 unemployed people there are 91 people with

secondary education, 44 people in high school and 18 people primary education and 4 people illiterate. Labor Group II who work in informal sector often do not have high education level, some of them have intermediate and college level try to run their business. Thus, the education level which is required quite high in industrial sector but Hai Yen people cannot meet this requirement. They only suit unskilled employment.

4.3. The impact of industrialization on location of employment

4.3.1 The location of employment

The vigorous fluctuation of Nghi Son economic zone impacted strongly on totally socio-economic situation of Hai Yen commune.

The Nghi Son economic zone with high demand of labor and employment attract many labors from other areas meanwhile a lot of people in Hai Yen commune are still jobless and have to find job in other areas.

According to annual report of Hai Yen commune People Committee, in 2007, 20 cases migrated to other

location to earn a living and the household’s survey shows that in 2021 this number reached 30 cases. There is the trend of slight increase in emigration in Hai Yen commune. In 2021, only 51% of people worker in commune but 28% of people work outside Hai Yen commune and 21% work outside ThanhHoa province.

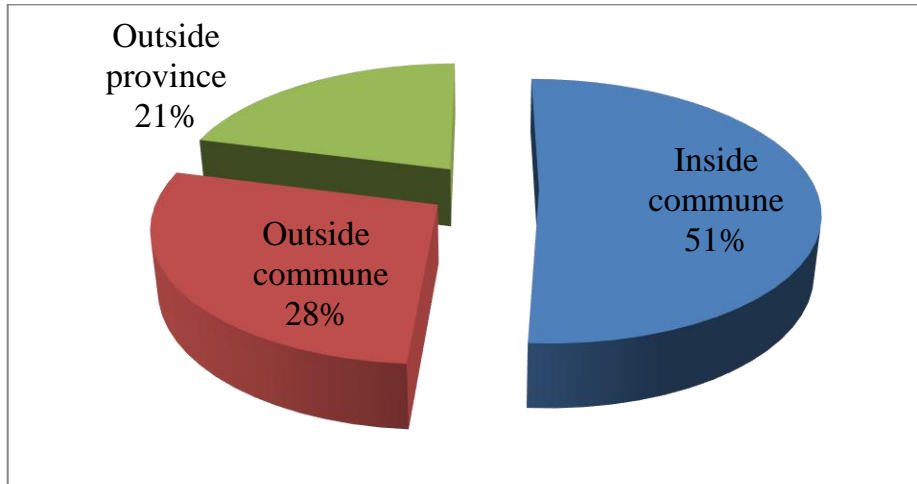


Fig.3: Labor location

Source: Household survey 2021

International migration in Hai Yen commune seem to be very scarce, in the period of 2006 – 2007, many organizations and companies advertised and recruited people for labor export. However, no one was successful because most of these companies are bogus.

In order to convenient for household’s life the laborers in Hai Yen commune have a trend working near

their family. Moreover, as if they work far from their house the income of laborer will not enough to transportation or other activities with circumstance of accommodation hire. The farm’s thought still cannot go far away from village bamboo hedges.

3.3.2. Perspective of workers about workplace

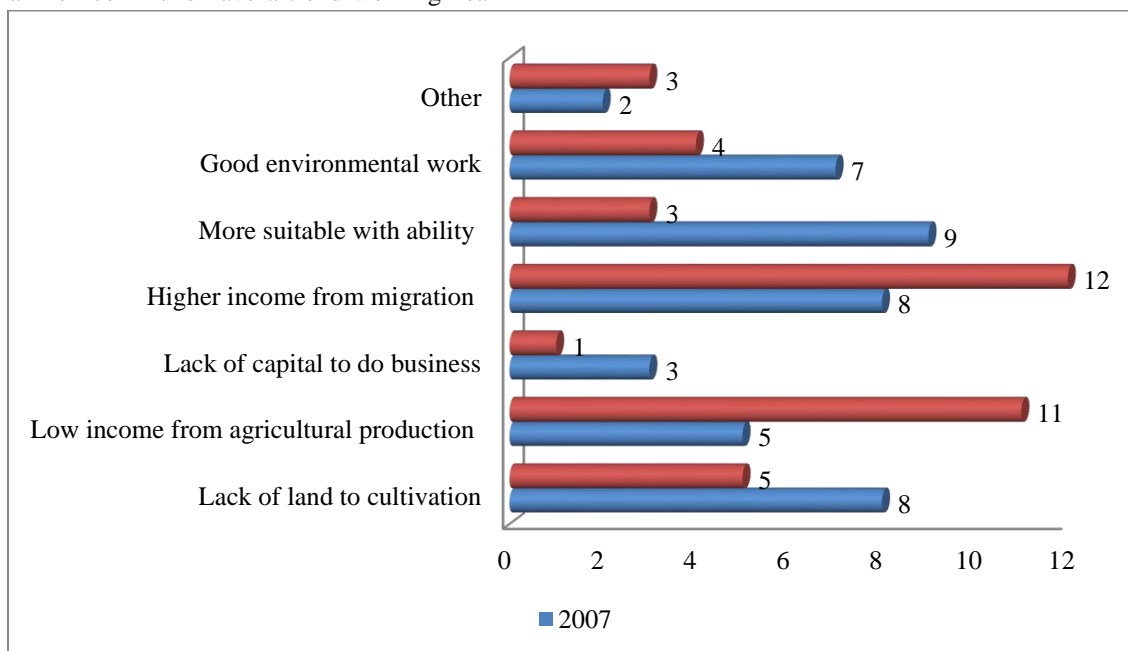


Fig.4: The reasons for migration

Source: Household survey 2021

There are many reasons migration to work, many laborers went to Binh Duong industrial zone to work their income was mostly from 4 to 5 million VND/ month, those people worked there from before land conversion (2007) to now some of them return the commune but some of them still work there and help others relationship to migration to work. Comparison with the income of workers in Nghi Son economic zone who income only has around 3 million VND/ month that is lower than others industrial zone peasant ever worked before. However, depend on the different position and qualification of employment, the workers in Nghi Son economic zone have the different income. For example, workers in Nghi Son cement company if they are unskilled labor their income often around 3 million VND/ month but with labor of intermediate level they earned around 4 million VND/ month and labor of university level have salary around 1000 USD/ month. The laborers in Hai Yen commune often are unskilled workers so really difficulty to improve their salary if they do not study and upgrade their knowledge.

V. CONCLUSION

The industrialization made powerful changes in employment structure in Nghi Son economic zone. It changed one hundred percentages from agricultural to non-agricultural production activities, from a farmer to urban people quickly and strongly. In one way, these changes have several positive impacts. In reality, many new jobs were created in industrial companies which helped a large number of local people have stable income which they could not earn from agricultural work. In other words, the extra jobs around industrial zone were a big opportunity to local people. More importantly, this change helps farmers become new workers in the industrial area. On the other hand, there are many negative impacts on local people that should not be ignored. A typical example is that a huge number of farmers fell in unemployment. Indeed, the changing employment and local households' food security did not guarantee when they are not able to access stable jobs.

The employment quality of Nghi Son economic zone was impacted strongly by industrialization process. Majority laborers in Hai Yen commune were unskilled workers due to low education level so their income is not too high as much as skilled workers. However, cannot be rejected that working in the enterprises as a worker will give better income to the farmers. We found that the industrial labor proportion is much lower than proportion of unemployed labor. Thus, the industrial enterprises were not admitted all redundant labor of Hai Yen commune. In

the research we have seen that the main income source of households had relied on saving interest.

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