

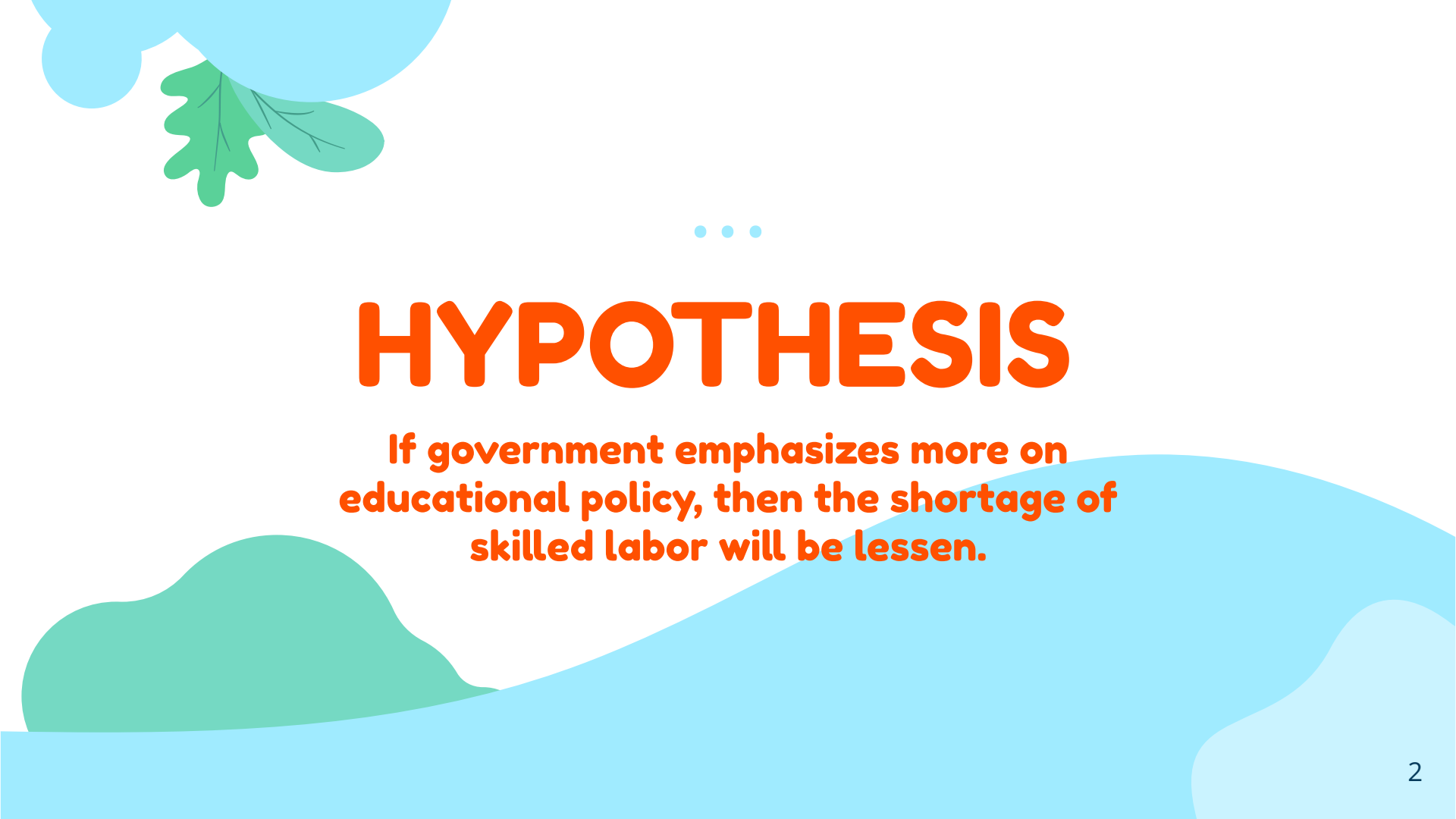


LAOS LABOR

Why do Laos faced

skilled labor shortage?

EE561: NONG KHIEW



...

HYPOTHESIS

If government emphasizes more on educational policy, then the shortage of skilled labor will be lessen.

MOTIVATIONS !

01

Laos main concern

Lack of skilled workers

02

Human Capital is low

Decrease productivity and thus profitability?

03

Lowest rate of literacy and numeracy

The reason behind is still perceived as unclear

04

High rates of people drop from school

Education gap



Overview

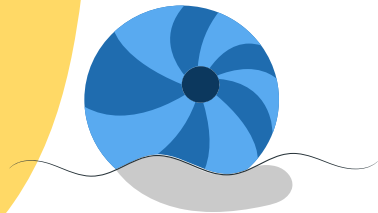
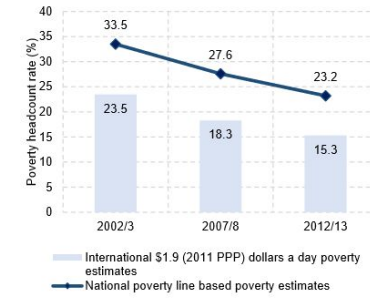
1. Accomplished impressive economic growth and poverty reduction

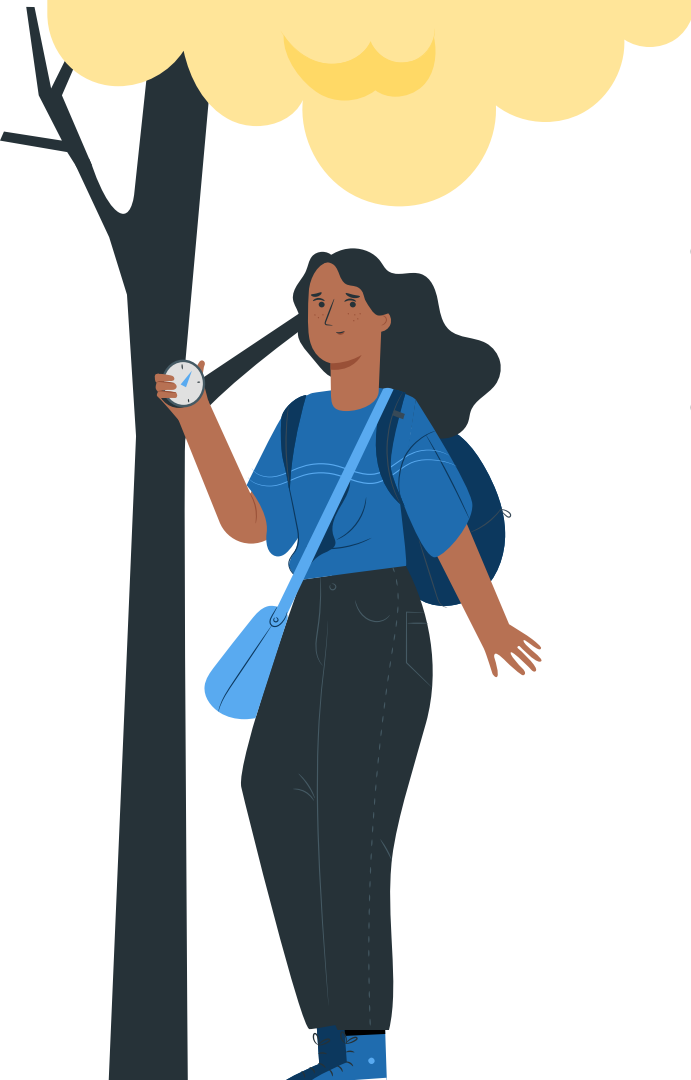
- The World bank 2017 : Laos has an average growth in GDP around 8%, annually.

2. Population growth affects capital intensive directly and generates fewer jobs.

- 3 quarters of employment :
Low levels of productivity.

Figure 1: Poverty trend in Lao PDR





- **The widen of opportunities for economic development and poverty alleviation.**
 - a. Skilled workforce need to be constructed
- **The low quality of education.**
 - a. The Early Grade Reading Assessment 2012 :
30 percent of students in grade 2 could not read and only 60 percent of students in grade 4 had achieved reading fluency.
 - b. The World Bank 2013 : literacy skills among adults in Laos are lower than in other countries.
 - c. Poor foundation skilled mismatch the demand of labor



FRAMEWORK

01. DEMAND FOR LAOS LABOR
02. SUPPLY IN LAOS LABOR
03. UNEMPLOYMENT
04. LAW REGARDING LABOR
05. EDUCATION IN LAOS

Demand for Laos Labor

WHY IT'S FALLING ?

- The impact of global financial crisis
- a downturn in the global economy has lead to declining demand for Lao exports; exports of mineral, garments, and agriculture products have been affected.
- Donald Trump election
- Lower FDI

<https://www.ceicdata.com/en/laos/labour-statistics>

Laos Labour demand from 2012 to 2018



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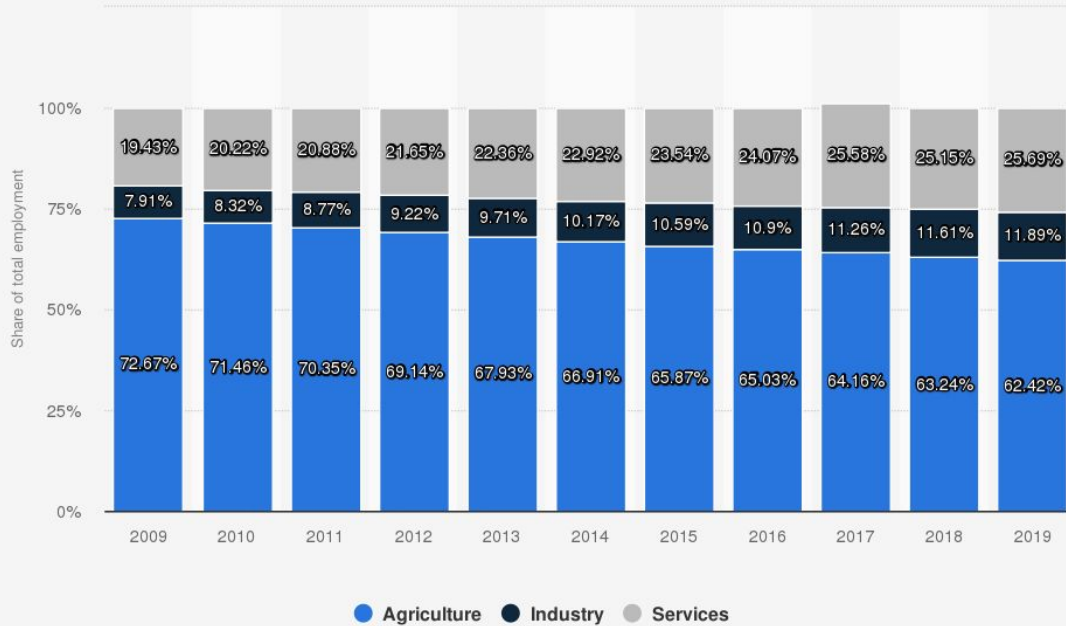
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Laos: Distribution of employment by economic sector from 2009 to 2019



Source
World Bank
© Statista 2020

Additional Information:
Laos; World Bank

The statistic shows the distribution of employment in Laos by economic sector from 2009 to 2019. In 2019, 62.42 percent of the employees in Laos were active in the agricultural sector, 11.89 percent in industry and 25.69 percent in the service sector.



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Proportions of employment by sector

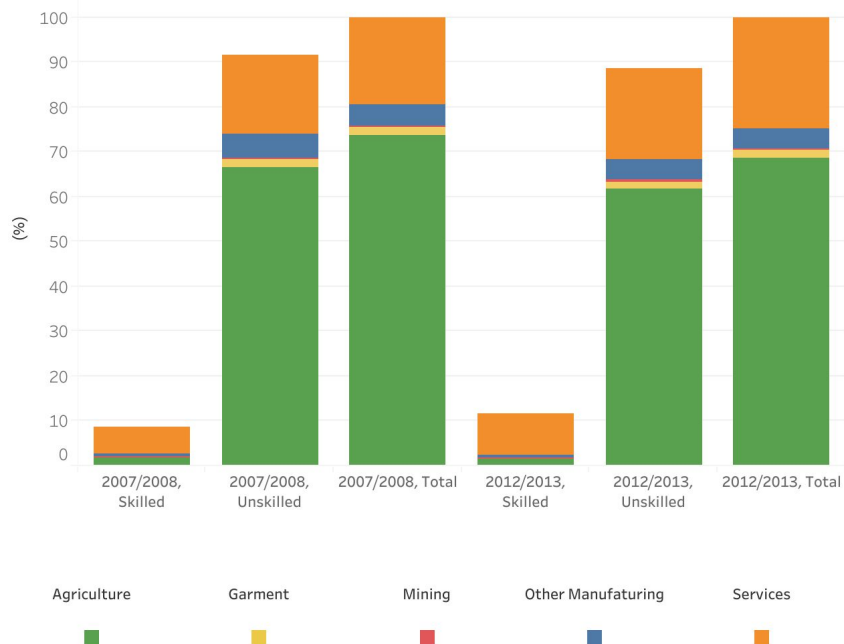


Chart: Open Development Laos. Source: The Labor Impact of Lao Export Growth, World Bank Group 2016.

Approximately 70 percent of workers in Laos are in the agriculture sector.



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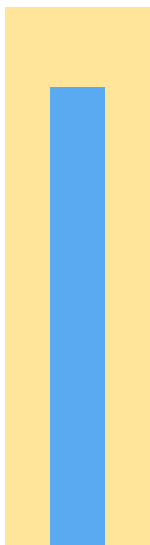
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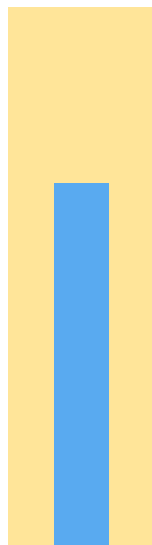
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value added (% of GDP) in Laos

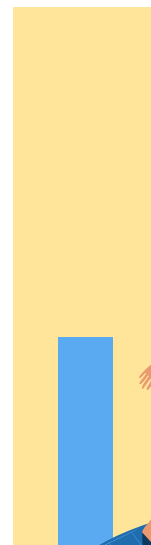
2016
17.56%



2017
16.12%



2018
15.71%



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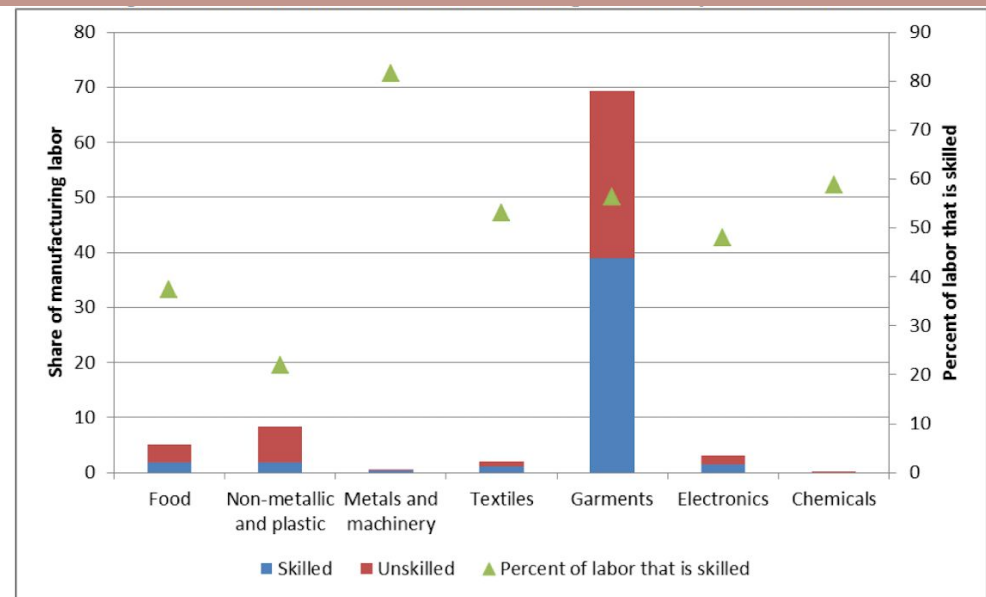
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Source: Laos | World Bank Development Indicators

Garment Sector



Source: World Bank Staff calculations based on data from World Bank enterprise surveys for 2012 for Lao PDR.

Note: Skilled and unskilled shares of manufacturing labor are measured on the left axis; percent of sectoral labor that is skilled is measured on the right axis.

Distribution of Lao Manufacturing Workers by Skill Level, most skilled workers in Lao PDR's manufacturing sector are employed in the garment sub-sector, but so are most unskilled manufacturing workers



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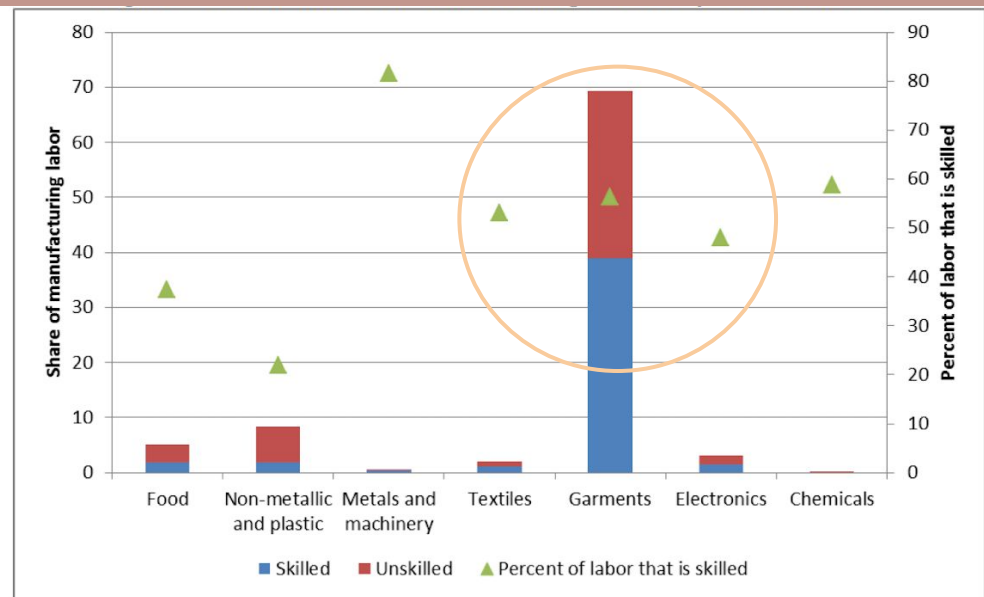
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Garment Sector



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Worker transitions across sectors and into and out of labor force status, **unskilled vs skilled**

	Skilled							Unskilled						
	Unemployed	Out of labor force	Agriculture	Mining	Garment	Other manufacturing	Services	Unemployed	Out of labor force	Agriculture	Mining	Garment	Other manufacturing	Services
Unemployed	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	22.22	50.00	0.00	0.00	0.00	27.78
Out of labor force	4.17	16.67	6.25	1.04	1.04	5.21	65.63	0.90	27.87	43.60	0.00	3.37	3.15	21.12
Agriculture	1.52	4.55	37.12	1.52	0.00	4.55	50.76	0.15	8.67	75.85	0.11	1.21	2.90	11.10
Mining								0.00	0.00	66.67	0.00	0.00	0.00	33.33
Garment	0.00	9.09	9.09	0.00	9.09	0.00	72.73	0.00	10.00	37.78	1.11	34.44	3.33	13.33
Other manufacturing	0.00	17.39	8.70	0.00	0.00	26.09	47.83	0.40	6.72	34.78	0.40	1.58	31.23	24.90
Services	1.85	4.31	8.00	0.00	0.31	3.38	82.15	0.37	8.60	28.13	0.74	1.60	5.16	55.41

Source: 2007/08 and 2012/13 Lao PDR Earnings and Consumption Survey.

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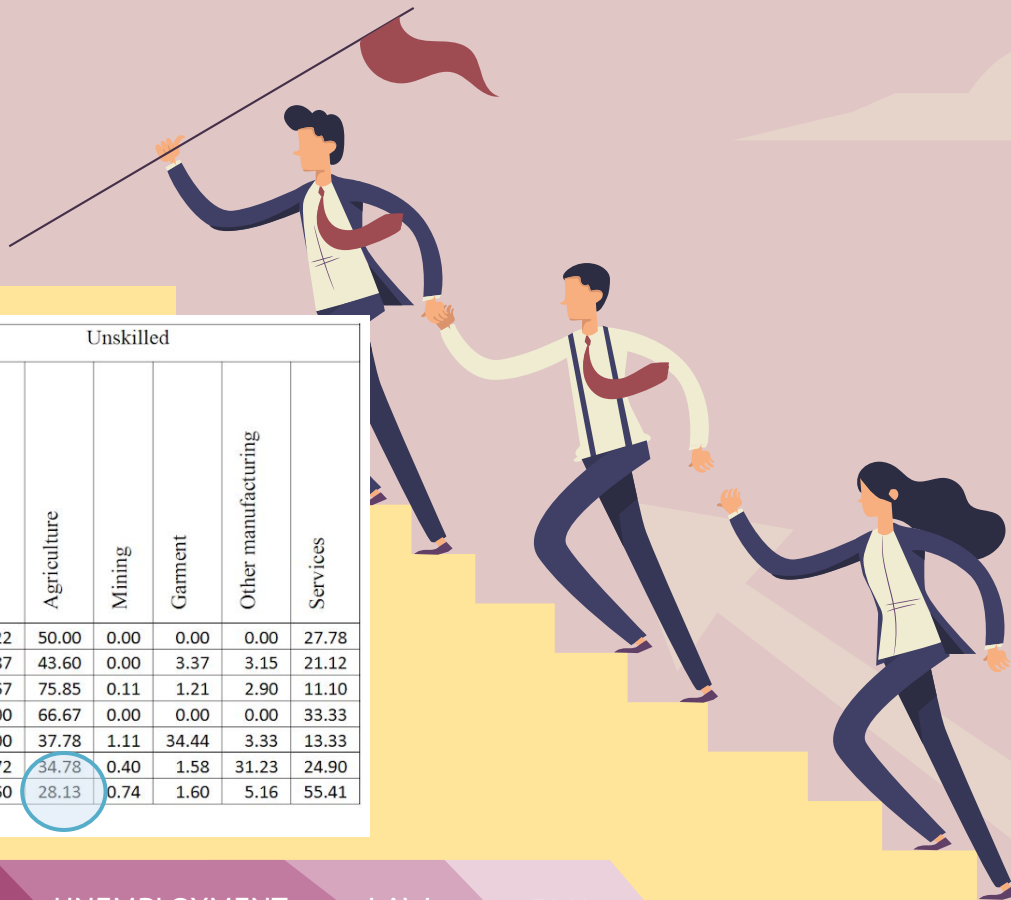
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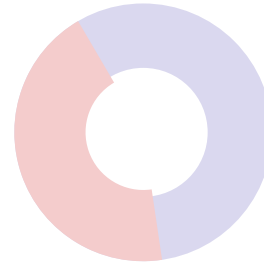
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Overview



48.96%

Skilled Labor



51.04%

Unskilled Labor

Source: Laos | World Bank Development Indicators

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Labor supply

1. Increasing in work participation
 - Declining of unemployment
 - Lower unemployment in rural areas



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2. Rural Vs. Urban

- Higher unemployment in urban areas

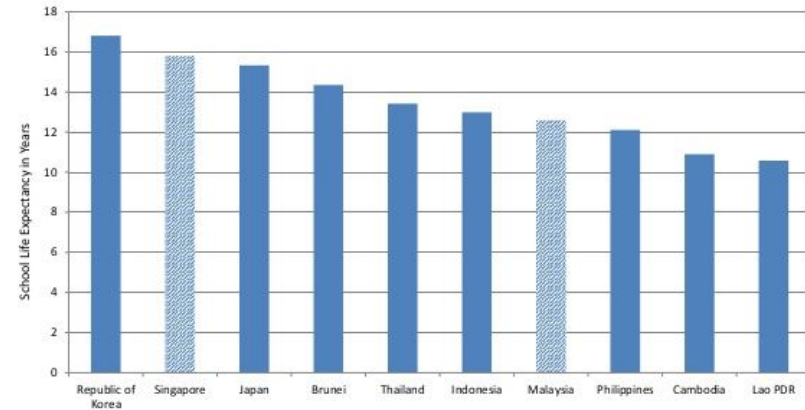
3. Schooling rates are low compared to other ASEAN countries

- Lower literacy rates = lower productivity
- 15% of workforce (primary schooling)



Education and skills in ASEAN countries

School life expectancy primary to tertiary



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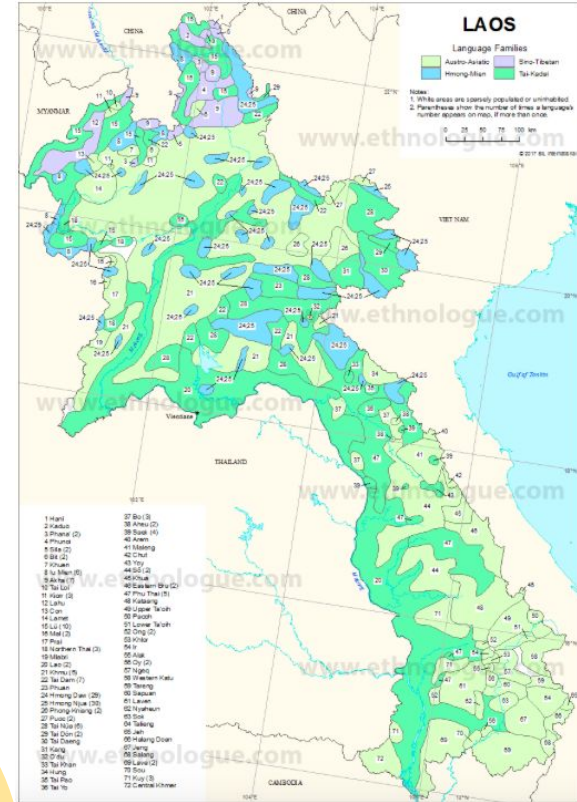
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Lao PDR's population

- (Jica)
- Population: around 7 million people
- Labor force: around 4.75 million

Classification based on geographic location

- Valleys and Lowlands: 70%
- Hillsides: 20%
- Highlands: 10%



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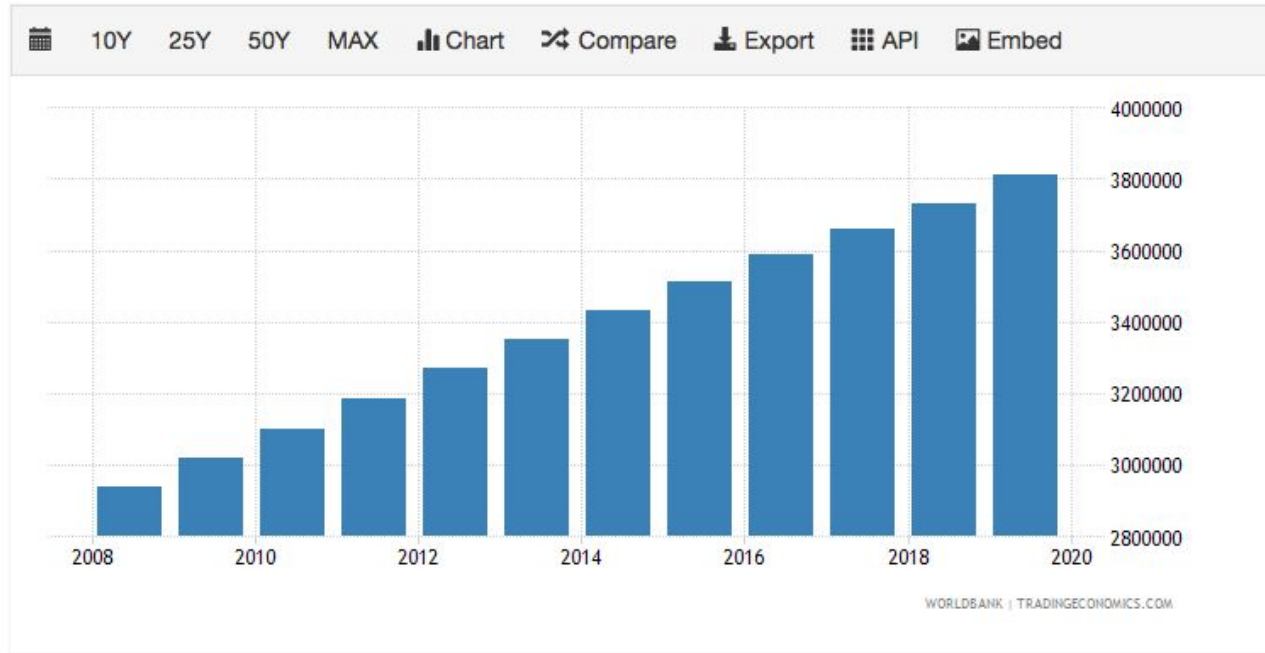
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Laos labor force



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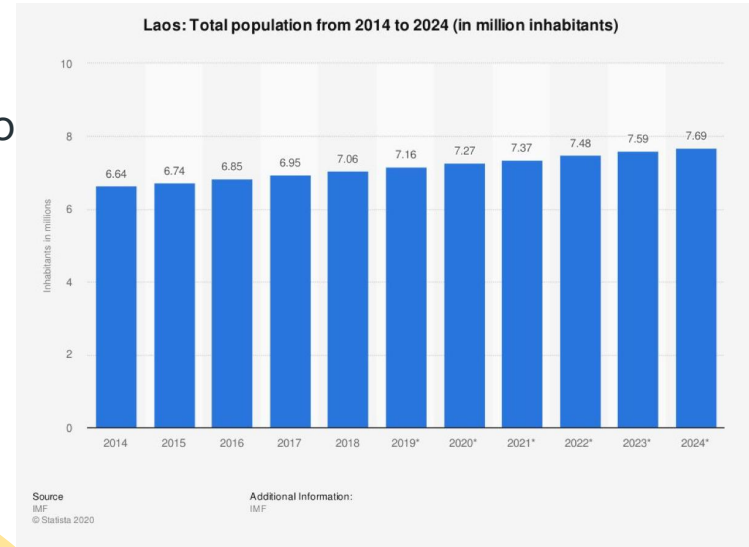
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Other facts

- Excess labor supply
- Only some group can access to education (National University)
- Age of labor force: 15+



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Unemployment Laws in Laos

Unemployment is the share of the labor force who does not have work but available for, and seeking for being employed.

The unemployment rate in Laos is measured by the number of people who is actively seeking for a job, as the percentage of labor force.

YEAR	UNEMPLOYMENT RATE
2019	0.63%
2018	0.64%
2017	0.66%

Social Security Program for Unemployment

Qualification: In the last 24 months, the ones must have at least 12 months of contributions, and get unemployed and complete the registration as unemployed for at least 30 days.



FRAMEWORK

Source :
<https://www.statista.com/statistics/808758/unemployment-rate-in-laos/>

Labor Force in Laos

The labor force participation rate refers to the number of total population whose age is 15 and older, as percentage.

The labor force is considered to be economically active for Laos.

The total labor force includes the employed and the unemployed individuals of total population of Laos.

YEAR	Labor Force Participation Rate
2019	78.47%
2018	78.42%
2017	78.45%



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Source :
https://www.theglobaleconomy.com/Laos/labor_force_participation/

Labor Law In Laos

Quota of foreign employee:

- 20% for manual employee of the total workforce
- 25% for skilled employee of the total workforce



Limitation of foreign employee

- Age of the worker must be more than or equal to 20 years old
- Expert level required for the position
- No criminal record, and healthy
- Work contract is start from under 12 months to 5 years for maximum
- Some special case can be consider to extend more than 5 years



Source : <https://www.dfdl.com/resources/legal-and-tax-updates/lao-pdr-labor-law-important-update/>

Contract duration



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Labor Law in Laos

Termination of contract

Employer is obligated for a severance payment to a worker who got fired by the employer.

(i.e., unexpected frailty, and repetition)



Severance package

Fixed to 10% of the earlier month's wage multiply by the quantity of years worked.

Working hours



Over time

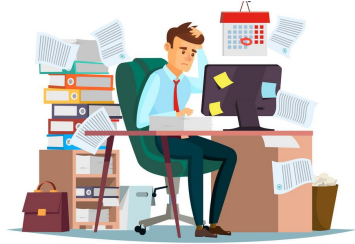
- Not more than 4 consecutive days for extra working
- 4pm to 10pm has expend to 300% of their hourly wage
- 10pm to 6:00am has expend to 350% of their hourly wage



Source :

<https://www.dfdl.com/resources/legal-and-tax-updates/lao-pdr-labor-law-important-update/>

Labor Law in Laos



Collective bargaining

- By the Labour Administration Office and enlisted with the suitable position.
Include for individual leave, maternity leave, installment of pay, probation periods, and termination

Employee's Representative

- Workers' agent must appoint by the worker
- 10 to 50 workers must have a workers' agent
- 51 to 100 workers must select two delegates, and one extra agent for each further 100 workers..



Health and Security Measures

- <100 employees must have an individual liable for the security and health of representatives
- > 100 employees must build up a health and security unit or committee
- > 50 employees must have at least one medical staff
- < 50 employees must have at least first aid kit



Source :

<https://www.dfdl.com/resources/legal-and-tax-updates/ao-pdr-labor-law-important-update/>

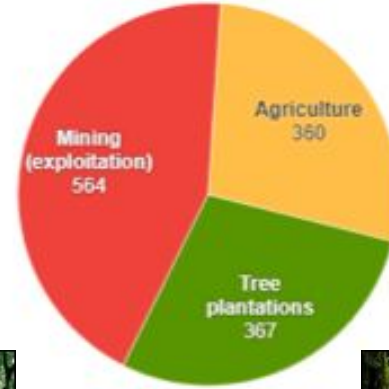


Government Concessions

Sub-sector of Investment Projects under Concessions in Laos

Government concessions in Laos refers to the economic arrangement that the Lao Government rents state land with yearly fee.

The government concessions authorizes to the foreign investors in order to conduct the economic activities, comprising of, for example, the agriculture and, hydropower, tree plantations, mining, infrastructure, manufacturing, as well as the real estate.



Rubber-planting project
by Dien Bien Company



Coffee Plantation
in Laos

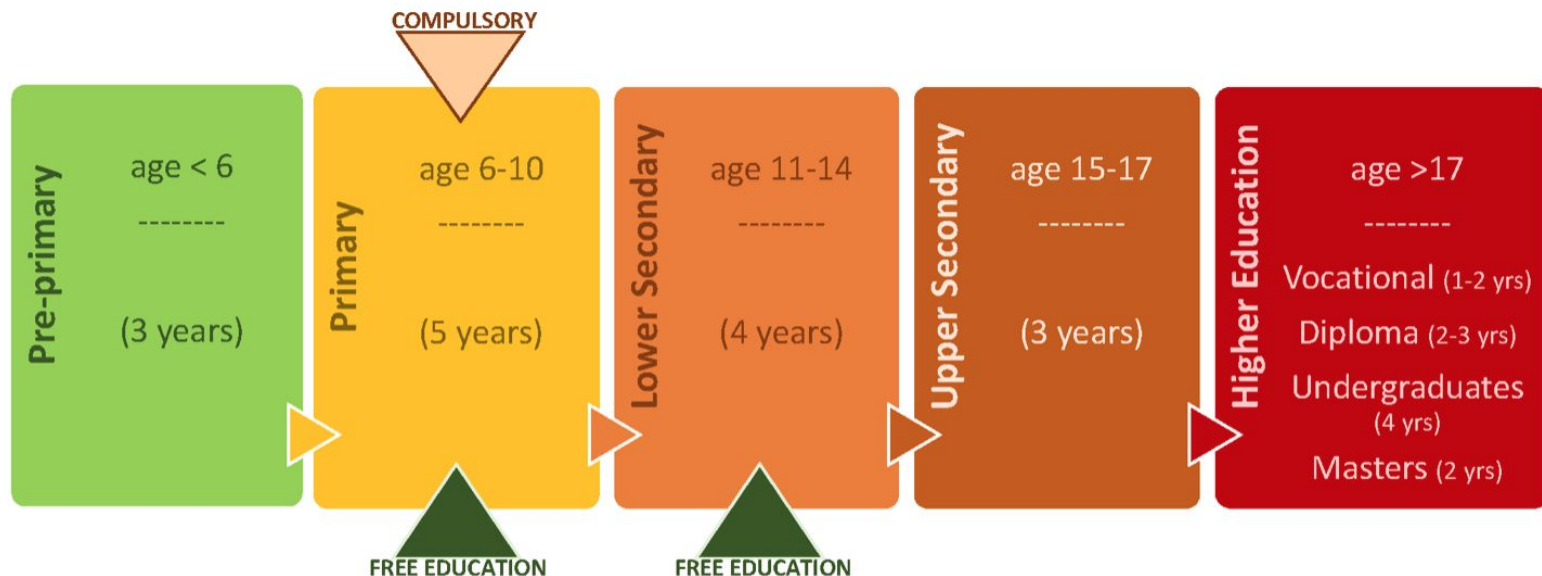
Source :

<https://laos.opendevelopmentmekong.net/topics/state-land-leases-and-concessions/>
<https://www.ssa.gov/policy/do cs/proqdesc/ssptw/2014-2015 /asia/laos.html>



FRAMEWORK

Laos Education System



Laos's curriculum

- The curriculum plans provide direction to the education community by emphasize policies and requirement.
- Lao's primary curriculum is constructed three elements :
 - Formal curriculum
 - Class and school activities
 - extracurricular



Laos's examination

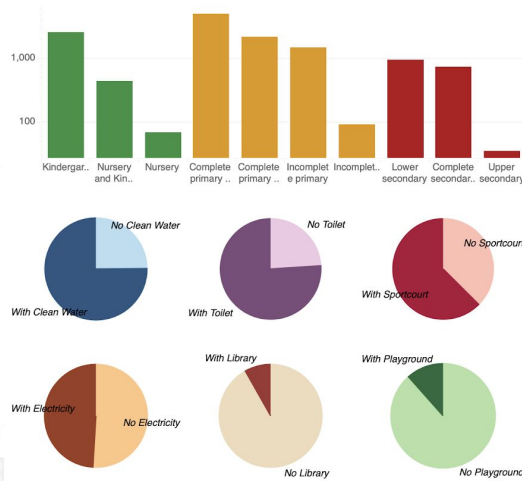
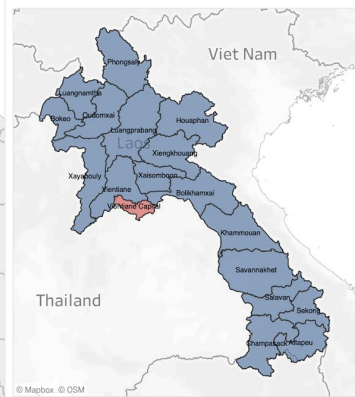
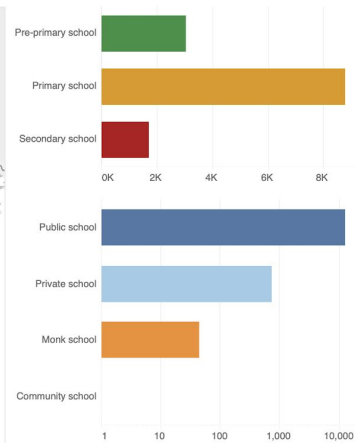
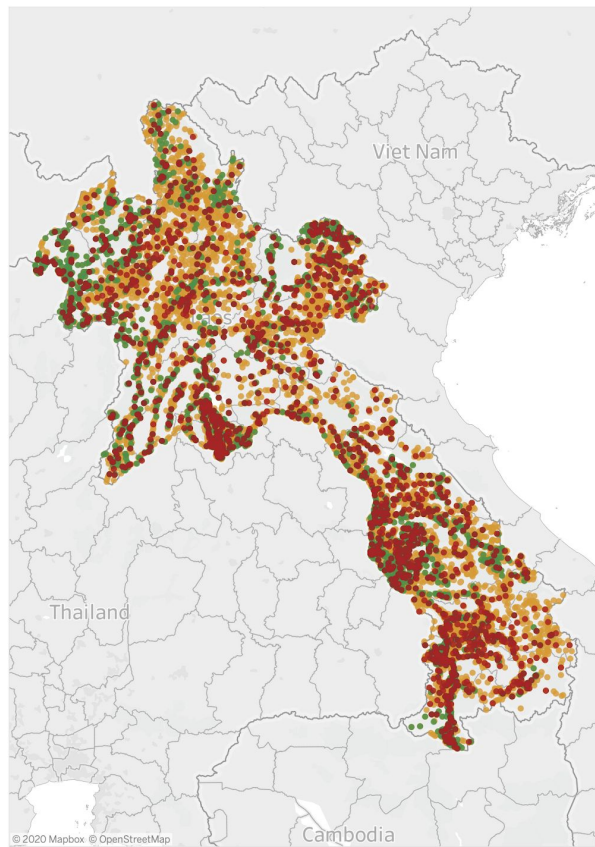
- Laos has national examinations for secondary level.
- It help to develop the student learning outcomes.



Laos Education and problem

- Between 2000 and 2010, the teaching situation is improving from 76.7% to 95.6% and the quality of education is also rising.
- The country still faces problem with the number of children remaining out of school.
- The laotian educational systems is lack of teachers.
- Gap in terms of education between boy and girls, rich and poor, urban and rural areas.
- Quality of learning outcomes is low.
- Lack of technology in education.
- Lack of standard facilities





Province	Schools	Electricity	Water	Toilet	Library	Playgro
Bokeo	446	227	367	371	36	
Boikhamxai	436	344	396	409	46	
Champasack	1,171	721	868	741	114	
Houaphan	1,121	239	834	841	67	
Khammouan	936	354	544	565	73	
Luangnamtha	617	277	495	535	35	
Luangprabang	976	395	716	807	73	
Oudomxai	647	290	509	528	49	
Phongsaly	708	104	281	357	26	
Salavan	765	267	504	506	67	
Savannakhet	1,953	741	1,410	1,289	149	
Sekong	288	81	186	230	33	
Vientiane	699	588	614	616	61	
Vientiane Capital	1,029	996	999	1,008	117	
Xaisomboon	138	68	103	107	13	
Xayabouly	765	486	679	718	69	
Xiangkhouang	601	331	469	464	56	
Grand Total	13,554	6,647	10,182	10,302	1,110	1

Source: Lao EDUInfo (2014), <http://www.laoeduinfo.org/>

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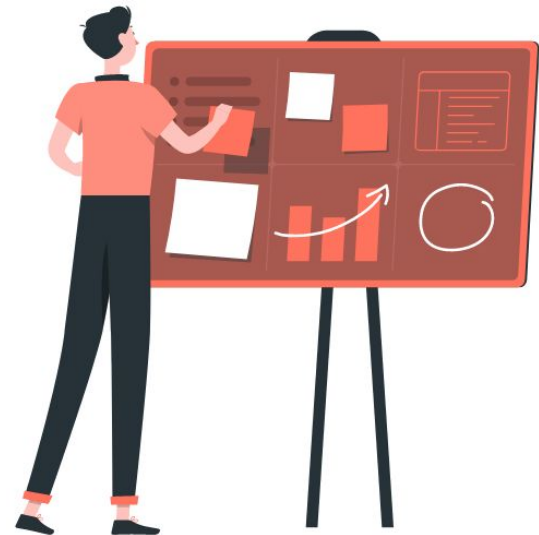
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University in Laos

- Laos has 11 universities including
- National University of Laos (#4791 world rank) founded in 1996
 - The only national university
 - Accept graduates from ivy leagues
 - Notable doctoral program (John Hopkins' level)
- Mahidol University (#488 world rank)



If government emphasizes more on educational policy, then the shortage of skilled labor will be lessen.

Analyse

Government implication will cope with the shortage of skilled labor

- Better technology for education
- Accessibility

Thus, the unemployment rate will eventually decrease regarding the improvement in education.



RESULT



Conclusion & policy implications

- Poor foundation skilled mismatch the demand of labor
- Laos labor forces' schooling level
- Expansion of life learning opportunities
(Scholarship)
- Teachers' wages hike
- Offer free breakfast and lunch

CONCLUSION



LAOS LABOR

Group Members

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EE561: NONG KHIEW



An illustration of three stylized human figures in a minimalist landscape. On the left, a person with reddish-brown hair, wearing a dark blue long-sleeved shirt and red trousers, stands with their back to the viewer, gesturing with their right hand. In the center, a person with dark hair, wearing a dark blue suit, stands looking through a pair of binoculars. On the right, a person with dark hair, wearing a red long-sleeved shirt and dark purple trousers, stands with their back to the viewer, pointing their right hand towards a large dark blue rectangular screen. The screen displays the word 'sources' in white bold text, followed by a bulleted list of seven URLs. The background is a light blue sky with a few white clouds and a yellow ground. The screen is positioned in the center-right of the image.

sources

- <http://documents1.worldbank.org/curated/en/551421468047786244/pdf/AUS9112-MAIN-REPORT-REVIS-ED.pdf>
- https://www.ilo.org/wcmsp5/groups/public/---asia/--ro-bangkok/documents/genericdocument/wcms_614379.pdf
- <https://tradingeconomics.com/laos/labor-force-total-wb-data.html>
- <https://www.statista.com/statistics/804983/employment-by-economic-sector-in-laos/#statisticContainer>
- <https://laos.opendevdevelopmentmekong.net/topics/labor/>
- <https://www.statista.com/statistics/804983/employment-by-economic-sector-in-laos/#statisticContainer>

THANK YOU!

Q & A

