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RESEARCH ARTICLE

THE STUDY ON FACTORS INFLUENCING WAGES: THE CASE OF LABORERS IN NON-STATE ENTERPRISES IN TRAVINH PROVINCE, VIETNAM

*Hong Ha Nguyen

Department of Finance-Banking, TraVinh University, Viet Nam

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ABSTRACT

The study on factors influencing wages, *the case of laborers in non-state enterprises in Tra Vinh province*, was conducted by gathering primary data of 390 laborers working in non-state enterprises in 06 districts and 01 city in TraVinh province. The study showed that there are a number of factors influencing the wages of workers such as occupation, working experience, education, working environment, ethnicity and religion. Through the research, a number of solutions will be recommended, including developing adequate welfare policies for non-state workers, and vocational training for laborers, improving the working environment, and adopting credit policies to support ethnic minority workers, etc. in order to increase the salary of the laborers in non-state enterprises in TraVinh province as well as in Vietnam in the future.

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INTRODUCTION

The goal of every country in the world is to create sustainable jobs for all people (Sandra Polaski, 2014), who are capable of working and wanting to work for the best way out of poverty, and the main factor to attract workers are wages, salaries and income. According to the Central Institute for Economic Management (2012), "wages is a part of national income distributed to the workers, and it is influenced by a number of factors such as the level of production development, the relationship between accumulation and consumption in each period, and the policies of the state to perform political economic tasks in that period. Thus, the wages of workers depend on the socio-economic situation of the country. If the economic conditions develop together with the advanced technology, the labor productivity increases. Also, the wages and incomes of laborers increase. Salary policies are significant for socio-economic situations and increasing salary reasonably can be considered a healthy stimulus measure (Central Institute for Economic Management, 2012). According to Nguyen Huu Dung, wage policy is one of the most important aspects of the market economy, and wage policy is an integrated problem that has strong political, social and economic relations (Nguyen, 2010).

These are related to ownership, resource allocation, accumulation and consumption, human resources development, and social security. TraVinh currently has about 1,819 non-state opened enterprises. Of which, there are 1,794 private enterprises and 25 foreign-invested enterprises (TraVinh Statistical Office, 2018). The number of employees in the non-state sector is 17,172, an increase of 16% compared to 2016. They mostly work in the following key sectors as manufacturing (8,136 employees), accounting for 47.5%; construction (2,035 employees), accounting for 11.8%; sales and retailing (4,401 people), accounting for 25.6%, ... Of which, the average salary in this area is 3,590,000 VND / person / month (TraVinh Statistical Office, 2018).

Literature review

One's salary depends on his or her age (Bojas, 2005). Wage is relatively low for young workers, and it rises as they are mature and accumulate human capital, and can be mitigated for older workers. This can be presented through the relationship and the number of years of schooling by a "school-based salary curve" showing the wages of the firms willing to pay correspondingly for each educational level, and the relationship between wages and years of schooling (Mincer, 1974; Borjas, 2005). Normally, agricultural workers are paid less than those who work in industry and services, and in the same occupation, the income of workers depends on the profession (type of work) and work experience of employees

*Corresponding author: Hong Ha Nguyen,
Department of Finance-Banking, TraVinh University, Viet Nam.

due to complex jobs paid higher than simple jobs and those with longer working hours are likely to be quick to complete and better than the less experienced, so they are paid higher. (Mincer, 1974; Bojas, 2005). According to Pham ThiPhongLan and Truong Hoang Minh (The current technical and financial status of the crab fishing industry in the PhuQuoc island, KienGiang province, 2014), the experience is the biggest factor influencing the income, especially in the traditional fishing trade. The author used the direct interview method and then encoded the data to calculate the mean, standard deviation, maximum, minimum and percent value. The differences will be compared through ANOVA and T-test with a significance level of 5%. Also, the author used a multivariable regression of independent variables that affect yield and profit. Pham Le Thong re-evaluates the profitability of learning and provides further evidence of the benefits of education for learners in a market economy (*The impact of education level on labor income in the Mekong Delta, 2012*). The authors selected the study subjects as wage earners in the Mekong delta. The results of the estimation of the personal income function show that education is the most important factor determining personal income. The author also used the descriptive statistics tool of the variables in the model. In *"Factors affecting income of ethnic minorities in the Mekong Delta"* (Nguyen QuocNghi and Bui Van Trinh, 2010), the authors used a stratified data collection method in combination with a random sampling method and then used a linear regression model to determine the factors affecting the per capita income of the ethnic minority household. Through the research results, a number of solutions will be recommended to improve the income stability for the Cham and the Khmer ethnic people. The results of the study are the scientific basis for relevant agencies in the formulation of policies related to social security for ethnic minorities in the Mekong Delta in particular and the whole country in general. In *"Factors affecting the income of laborers in Ho Chi Minh City"* (Pham Viet Hung, Tran Hoang Nam, Nguyen Thi Ai Lac and Su Thi Hang Hang, 2010), the authors used the descriptive statistics method, eliminated the wrong variable markers, tested the model's fit, tested the multi-collinear phenomenon, tested the variance of the variance by comparison method to squared value.

Then the authors analyzed the variables and gave several policy suggestions. According to Dinh Phi Ho (2015), official credit impacts on household income in Vietnam. The author used a linear regression model with cross-sectional data that provides an analytical framework with 10 factors affecting household income in rural areas. To ensure the reliability of the regression model, the author used the following tests, including partial correlation test of regression coefficient, model fit test, multi-collinearity test, self-correlation and covariance of residuals varied with comparison with squared values. Then the author used the normalized coefficients of conversions to form the percentages to determine the order of influence of the factors.

MATERIALS AND METHODS

Research models: Based on relevant domestic and foreign studies. The author proposes a model to study the factors influencing the salary of workers in non-state enterprises in TraVinh province.

$$Y_i = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \dots + b_6X_6 + u$$

Inside:

- Dependent variable is Salary, symbol Y: (unit: 1000 VND /person/month)
- Independent variables X_i ($i = 1 - 6$) include: job, experience, qualification, ethnicity, religion, working environment.

Data and implementation methods

The study was conducted by interviewing directly 390 workers (according to the sample size of Hoang Trong and Chu Nguyen Mong Ngoc, 2008), currently working in non-state enterprises in 07 districts, including CauNgang, CauKe, Tieu Can, DuyenHai, Tra Cu, ChauThanh, Cang Long and 01 city, TraVinh city by the method of multivariate regression analysis in order to analyze factors influencing wages of employees from non-state enterprises in the locality with table 1.

Table 1. Factors influencing wages of labourers

Variable name	Symbol Variable	Basic selection of variables	Expect mark
Salary	Y	Mincer, 1974;Dinh Phi Ho, 2012	
Job	X_1	Pham Viet Hung et al., 2010); Pham ThiPhongLan and Truong Hoang Minh, 2014)	+
Experience	X_2	Mincer, 1974;Dinh Phi Ho, 2012;and Bojas, 2005	+
Qualification	X_3	Mincer, 1974;Dinh Phi Ho, 2012;and Pham Le Thong, 2008	+
Ethnicity	X_4	Nguyen QuocNghi& Bui Van Trinh, 2011	+/-
Religion	X_5	Consulting experts' ideas	+
Work environment	X_6	Bui ThiThu Minh & Le Nguyen Doan Khoi, 2014; Chu ThiLan&Quyen Ha, 2014	+

(Source: aggregate from studies)

Table 2. Regression results of the model multi-collinear

Variables	Coefficient	Standard error	t	Sig	VIF
Job (X_1)	2783.982***	215.91	12.8	0.000	1.615
Experience (X_2)	83529***	15.03	5.55	0.000	1.345
Qualification (X_3)	82027.46**	29265.15	-2.24	0.026	1.634
Ethnicity (X_4)	-367138.6***	80251.67	-4.57	0.000	1.144
Religion (X_5)	80959.21**	36873.73	2.20	0.030	2.152
Work environment (X_6)	-311.47**	110.35	-2.82	0.005	1.077
Constant	1483428	252421.90	5.88	0.000	1.615

R2 adjustment: 0,7182; Statistical value F: 31,25; Prob value> F: 0.000.

Note: *** Significance level 1%, ** Significance level 5%,

a. Dependent Variable: Income

RESULTS AND DISCUSSION

To determine the factors affecting the income of laborers in non-state enterprises in TraVinh province, multivariate regression analysis and average accreditation were used. In order to test the multi-collinearity in the model, testing through the multipliers of the variance (VIF) of the variables was not found to be multi-collinear. According to Table 2, the regression results show that: the labor force, experience has a significance level of 1%; working environment has a meaningful 5%; education, skills, ethnicity, religion have meaning 10%, affecting the salary of workers in non-state enterprises in TraVinh province. (*truongvinhphuoc 2017*).

Policy implications

The government should develop appropriate welfare policies: The State needs to provide policy support and legal assistance in the settlement of employee remuneration and labor disputes for laborers and employers. Businesses need to support additional costs to ensure the minimum living standard of workers. This will help them reduce the cost of part of the employee's total income

Flexible salary mechanism should be put into operation: Proposing the minimum wage should provide a method of calculation that is appropriate to the changes in the financial market, and should be fully accounted for, including housing, consumption, electricity and water costs. Stabilizing macroeconomics, consumer goods prices, and essential goods and especially stabilizing financial markets and monetary units would be important. Also, it should be necessary to increase the cumulative capacity of workers, by improving the efficiency of labor market management by the law of minimum wage and personal income tax, corporate income tax. Improving employee incomes to increase long-term accumulation should be noted.

Employers must have financial policies to support non-state employees: Trade unions and socio-political organizations should be encouraged to set up a savings fund to support workers. Also, investors should be encouraged to create more demand in the labor market to create jobs and push up labor prices, leading to higher wages and incomes for workers, thus boosting the people's living standards. The increase in domestic consumption demand creates a momentum for sustainable economic growth and the market for other products consumption to support the domestic market. To do so, the first thing to do is to create a favorable business environment to attract investors by perfecting legal institutions and regulations in the legal system. This would motivate investors with advanced management skills, advanced science technology and technology transfer to train highly skilled laborers to meet their work demands.

It is better to develop an effective working environment: Enterprises should also create a favorable and safe working environment for workers. The state sector plays an important role in providing regulations, policies, welfare and public services such as health, high quality education for workers, stabilizing and regulating labor market balance, and synchronizing solutions to support the demand to encourage investors to participate in the labor market segment. Moreover, supply-side measures should be adopted to increase access to employment and the conditions for workers to improve their skills.

Improving the effectiveness of the vocational training should be taken into account: The state should support enterprises or vocational training centers for workers in the informal market to improve their qualifications and ability to seek their own income. At the same time, tax cuts for businesses create more jobs for the informal sector. On the other hand, it is better to examine the benefits of corporate welfare policies for workers working for them in the informal and official markets.

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